

# CITY OF POWAY

## CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2010



VETERANS PARK  
DEDICATED NOVEMBER 11, 2010



# City of Poway

Poway, California

*Comprehensive Annual Financial Report*

*For the year ended June 30, 2010*

PREPARED BY THE CITY OF POWAY, CALIFORNIA

FINANCE DIVISION



**City of Poway**  
**Basic Financial Statements**  
**For the year ended June 30, 2010**

**Table of Contents**

---

	<u>Page</u>
 <b><u>INTRODUCTORY SECTION</u></b>	
Table of Contents.....	i
Letter of Transmittal .....	v
Principal Officials .....	xvi
Organizational Chart .....	xvii
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	xviii
 <b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditors’ Report.....</b>	<b>1</b>
<b>Management’s Discussion and Analysis (Required Supplementary Information) .....</b>	<b>3</b>
 <b>Basic Financial Statements:</b>	
 <b>Government - Wide Financial Statements:</b>	
Statement of Net Assets.....	16
Statement of Activities and Changes in Net Assets.....	18
 <b>Fund Financial Statements:</b>	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet .....	24
Reconciliation of Governmental Funds Balances Sheet to the Government-Wide Statement of Net Assets.....	26
Statement of Revenues, Expenditures and Changes in Fund Balances.....	28
Reconciliation of Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets .....	30
 <i>Proprietary Fund Financial Statements:</i>	
Statement of Net Assets .....	32
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	33
Statement of Cash Flows.....	34
 <i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Assets .....	36
 <b>Notes to Basic Financial Statements.....</b>	 <b>37</b>

**City of Poway**  
**Basic Financial Statements**  
**For the year ended June 30, 2010**

**Table of Contents, Continued**

---

	<u>Page</u>
<b><u>FINANCIAL SECTION, Continued</u></b>	
<b>Required Supplementary Information:</b>	
Budgetary Information .....	76
Budgetary Comparison Schedule - General Fund .....	77
Budgetary Comparison Schedule - Low/Moderate Income Housing Special Revenue Fund.....	78
Defined Benefit Pension Plans.....	79
 <b>Supplementary Information:</b>	
 <i>Non-Major Governmental Funds:</i>	
Combining Balance Sheet.....	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	92
<i>Non-Major Special Revenue Funds:</i>	
City of Poway RDA Debt Service Fund .....	97
Fire Protection.....	98
800 MHz Communication System .....	99
Gas Tax.....	100
Street Improvement .....	101
Drainage Special .....	102
Maintenance Districts .....	103
Miscellaneous Grants.....	104
Community Development Block Grant .....	105
Transportation Development Act .....	106
Proposition A Special .....	107
Royal Mobilehome Park Administration.....	108
Traffic Congestion AB 2928.....	109
Bette Bendixen .....	110
Poway Road Beautification.....	111
Poway Valley Senior Center Endowment.....	112
Old Poway Park Tree.....	113
Poway Public Arts Special Revenue Fund.....	114
Kumeyaay Endowment .....	115
Poway Fine Arts Center .....	116
Senior Volunteer Patrol .....	117
Prop 1B Transportation Bond Special Revenue Fund.....	118
Storm Water Management Special Revenue Fund.....	119
Fire Equipment Trust Special Revenue Fund.....	120
Public Art Trust Special Revenue Fund .....	121
Regional Arterial Mitigation Special Revenue Fund.....	122
Fire Protection Impact Fees.....	123
BEGIN Program.....	124
Mary Patricia Ross.....	125
Library Permanent .....	126

**City of Poway**  
**Basic Financial Statements**  
**For the year ended June 30, 2010**

**Table of Contents, Continued**

---

	<u>Page</u>
<b><u>FINANCIAL SECTION, Continued</u></b>	
<i>Non-Major Governmental Funds, Continued:</i>	
City Debt Service Fund.....	127
Park Improvement Capital Project Fund .....	128
Municipal Improvement Capital Project Fund .....	129
<i>Internal Service Funds:</i>	
Combining Statement of Net Assets .....	132
Combining Statement of Revenues, Expenses and Changes in Net Assets .....	133
Combining Statement of Cash Flows .....	134
<i>Agency Funds:</i>	
Statement of Fiduciary Net Assets .....	136
Combining Statement of Changes in Assets and Liabilities.....	137
 <b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance (Including the Provisions Contained in the Guidelines for Compliance Audits) and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	
	139
 <b><u>STATISTICAL SECTION</u></b>	
Net Assets by Component – Current and Prior Four Years .....	142
Changes in Net Assets for Governmental Activities – Current and Prior Four Years .....	143
Changes in Net Assets for Business-Type Activities – Current and Prior Four Years .....	144
Changes in Net Assets for Primary Government - Current and Prior Four Years .....	145
Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	146
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	148
Assessed Value of Taxable Property General Property Tax – Last Ten Fiscal Years.....	150
Direct and Overlapping Property Tax Rates General Property Tax – Last Ten Fiscal Years .....	152
Principal Secured Property Tax Payers General Property Tax – Current Year and Nine Years Ago.....	153
Assessed Value of Taxable Property Redevelopment Tax Increment Property Tax – Last Ten Fiscal Years .....	154
Redevelopment Property Tax Levies and Collections – Last Ten Fiscal Years .....	156
General Property Tax Levies and Collections – Last Ten Fiscal Years .....	157
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years .....	158
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years .....	160
Direct and Overlapping Debt as of June 30, 2009 .....	161
Legal Debt Margin Information – Last Ten Fiscal Years.....	162

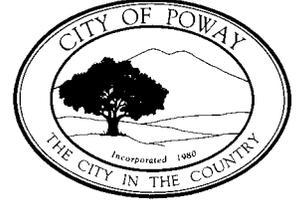
**City of Poway**  
**Basic Financial Statements**  
**For the year ended June 30, 2010**

**Table of Contents, Continued**

---

	<u>Page</u>
<b><u>STATISTICAL SECTION, Continued</u></b>	
Pledged Revenue Coverage - Last Ten Fiscal Years .....	164
Demographic and Economic Statistics - Last Ten Calendar Years .....	165
Principal Employers - Current and Prior Three Years .....	166
Full-Time-Equivalent City Employees by Function - Last Six Fiscal Years.....	167
Operating Indicators - Current and Prior Three Years.....	168
Capital Assets Statistics - Current and Prior Three Years.....	169

# CITY OF POWAY



DON HIGGINSON, Mayor  
JIM CUNNINGHAM, Deputy Mayor  
MERRILEE BOYACK, Councilmember  
DAVE GROSCH, Councilmember  
JOHN MULLIN, Councilmember

December 22, 2010

Honorable Mayor and Members of the City Council  
Poway, California

This Comprehensive Annual Financial Report (CAFR) is prepared in order to provide you and the community with a report of the financial transactions of the City of Poway, for the year ended June 30, 2010. Responsibility for the accuracy, completeness, and fairness of the report rests with the City.

We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, as measured by the financial activity of its various fund types; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The significant accounting policies of the City are described in the Notes to Financial Statements. These accounting policies have been approved by the City's independent certified public accountants, and are in conformance with the recommendations of the American Institute of Certified Public Accountants and the Governmental Accounting Standards Board (GASB).

This report is prepared following the guidelines set forth by the Government Finance Officers Association of the United States and Canada and the California Society of Municipal Finance Officers.

In accordance with the above-mentioned guidelines, the report is divided into three sections:

1. Introductory Section - including this letter of transmittal, the City's organizational chart, and the list of principal officers.
2. Financial Section - including the independent report from the City's certified public accountants, management's discussion and analysis, basic financial statements, notes to financial statements, and required supplementary information.
3. Statistical Section - including other pertinent unaudited financial tables and information that presents historical trends, demographics, and miscellaneous data about the City.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **The Reporting Entity and Its Services**

Included within the City's financial statements is the financial information of the Poway Redevelopment Agency and the Poway Public Financing Authority. Although the entities are legally separate from the City, their financial operations are closely related. Their activities are included with the activities of the City, because the City Council serves as the Board of Directors and is able to impose its will on both entities. There is, therefore, a financial benefit/burden relationship. This financial presentation is in accordance with GASB Codification, Section 2100.

The City of Poway was incorporated December 1, 1980, under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (law enforcement, fire suppression/paramedics), community services, development services, public works, general administrative services, and capital improvements.

The Poway Redevelopment Agency was established April 26, 1983, pursuant to the State of California Health and Safety Codes, Section 33000, entitled "Community Redevelopment Law." Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational, and public facilities.

The Poway Public Financing Authority is a joint powers authority organized pursuant to the State of California Government Code, Section 6500. The authority exists under a Joint Exercise of Power Agreement dated October 8, 1991, between the City of Poway and the Poway Redevelopment Agency. Its purpose is to assist in financing and refinancing projects for the benefit of the City and the Agency.

## **History**

Poway, from Indian words meaning "where the waters meet," first gained prominence in the 1800s as an important link in Southern California's stagecoach network. Today the City is a thriving, civic-spirited community, located in the coastal foothills of San Diego County, just twenty miles north of downtown San Diego and three miles east of Interstate 15.

The City of Poway flourishes with a family-oriented population of 52,056 and covers 39 square miles with elevations ranging from 450 to 2,250 feet above sea level. Poway is a full-service general-law city governed by a council of five members-at-large serving staggered four-year terms. In 1990, the City had its first mayor directly elected by the voters. The City absorbed existing special districts as of February 1, 1981. The City provides water, sewage collection, fire, paramedic, parks and recreation, planning and building, street maintenance, and redevelopment services. Law enforcement services are contracted through the San Diego County Sheriff's Department, and wastewater treatment is provided by the City of San Diego.

Poway is predominately a single-family community that has the lowest crime rate in the County. The Poway Unified School District is a top performer in the State and nation, and is a source of great pride for the City.

As part of San Diego County, Poway has a relatively dry climate with frost-free temperatures over 300 days per year, and rainfall of about 10 inches, which falls principally between October and April. The average daytime temperature in Poway is about 74° F.

Poway has been popularly dubbed the "City in the Country." Poway has set aside over 65 percent of total land use as open space, nearly 3,000 acres of dedicated public open space, 568 acres of developed parkland featuring community parks and centers, and 82 miles of riding and hiking trails.

Poway has the third highest median household income in San Diego County, at \$105,420 for 2010. Home lots are often larger than in most other areas, with a median sales price of \$486,250 in June 2010. Like many areas of the country, especially in Southern California, the June 2010 median sales price represents a 30.2% increase from the June 2009 median sales price of \$373,500 but is comparable to the June 2008 median sales price of \$455,000. While Poway has not been immune to the national downturn in housing prices, Poway's property tax base has not been materially affected as of this date.

### **Economic Condition and Outlook**

The global recession has had a profound effect on the City's financial outlook. Although the national economy is showing signs of recovery, unemployment rates remain high and sales tax revenues in Poway remain relatively flat. We continue to be concerned with the State's ability to balance its budget and its overall financial condition. The State raid of \$13.7 million of Poway redevelopment funds in FY 2009-10, and another take of \$2.8 million in FY 2010-11, has effectively stalled our redevelopment plans for several years.

In light of these challenges, we have taken necessary steps over the last few years to strengthen the General Fund to adapt to what we believed would be a slow economic recovery. The City has made strategic cuts to the General Fund totaling \$3.7 million over the last two years. Additional budgetary savings were achieved when employees began paying 3% of salary toward their pension costs in FY 2009-10, saving the City \$520,000 across all funds. Furthermore, Council authorized the use of the \$1.4 million Pension Stabilization Fund in February 2010, along with another \$230,000 from undesignated General Fund Reserves, to pay down the Safety Services unfunded pension liability. This will net about \$330,000 in savings to the General Fund operating budget for each of the next five years.

Through strategic financial management, the City has also been able to preserve essential community services and public infrastructure. The City plans to assess and evaluate its budget quarterly and will make additional adjustments as necessary to ensure a sustainable budget.

**Economic Development:** Poway's local economy is based primarily on general consumer goods, automobile and transportation related sales, and business and industry. In recent years, new retail development in the Poway Business Park has generated growth in our sales tax base. While automobile sales have traditionally led the way, with the development of the Business Park, other sectors such as business and industry and general consumer goods have helped to diversify the City's sales tax base. While diversification has helped, the slowdown in the larger economy, including automobile sales, is still reflected in the City's sales tax revenue. Declines in local sales tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next few years.

The Business Park now represents approximately 8.9 million square feet of developed space, with an average overall vacancy rate of 5.7%, which is among the lowest in San Diego County through the second quarter of 2010. The Park is comprised of approximately 532 businesses, with a workforce of more than 18,000 people. Next year, we expect the Business Park will see little new development activity as developers, lenders, and business owners seek to weather the recession while looking for continued signs of economic recovery.

Though the recession has impacted many businesses, the Poway Business Park is well positioned to be a strong growth center for San Diego County in the years ahead. We have seen early signs of this trend with a prominent defense contractor continuing to expand its operations in the Park. Also,

In-N-Out Burger is currently under construction in the Business Park and is expected to be complete in 2011. Additionally, Sysco Foods, currently located in the Park, plans to expand their business operations by 100,000 square feet in the year ahead.

Partnering with the Chamber of Commerce, the City has reinvested in the "Poway: Your First Choice" campaign to promote the importance of shopping locally. As part of the campaign, the City co-sponsored movie ads that promote shopping in Poway as well as the Poway Road of Cars. In addition, community discount cards are available through the Chamber that enable patrons to secure discounts from participating businesses, which has proven to be another successful outreach method.

### **Major Accomplishments**

**Public Safety:** The City of Poway remains one of the safest cities in San Diego County. Public safety is managed by the Department of Safety Services through two entities: contract law enforcement with the County of San Diego Sheriff's Department and the City's Fire Department.

Poway Sheriff deputies continued their aggressive zero-tolerance policy enforcement toward gang-related crimes. Deputies conducted detailed documentation of known gang members and partnered with the District Attorney's Office to ensure gang-related crimes are prosecuted by the District Attorney's Gang Unit.

During the last year, traffic-related deaths, injury, and property damage collisions were reduced through increased traffic enforcement operations. Deputies analyzed crash data and altered work schedules by placing more deputies on duty to conduct enforcement operations during the times when collisions were most likely to occur.

Poway Sheriff deputies continued their partnership with the Poway Unified School District by providing School Resource Officers and increased student interaction. Several community outreach education presentations on the abuse of OxyContin and other related drugs were conducted. Deputies offered monthly Smart Start driver safety education presentations targeting new and future-licensed teenage drivers and their parents/guardians.

In 2009, the Poway Fire Department responded to 3,764 emergency responses with approximately 70% of the incidents as Emergency Medical Services (EMS) related. New fire station-alerting communication systems were installed in each of its three fire stations resulting in improved incident notification and firefighter reaction to calls for response. The Department introduced new automated handheld devices for initiating and processing patient treatment information and ambulance billing. This new equipment is carried on all first responder units including engines, ambulances, and a ladder truck.

A new fire engine designed for response to vegetation fires was purchased and placed into service at Fire Station #1. The new truck replaces an aging vehicle and is equipped with the latest technology to support firefighters who combat vegetation fires. The Department completed the replacement and upgrade of 33% of the Mobile Data Computers (MDC) in use on fire apparatus. These new MDCs operate at a faster speed and improve emergency incident management, response mapping, and resource allocation. The Department replaced two aging EKG heart monitors used by paramedics with the latest in advanced life-saving equipment.

**Disaster Preparedness:** The City of Poway continues to improve its Emergency Planning and Disaster Preparedness activities. These improvements build upon the effectiveness of the Emergency Operations Plan by maintaining up-to-date information available in the City's Emergency Operations Center (EOC). New computers, display boards, video-conferencing technology, and aircraft down-

linking capabilities were installed in the EOC. The City remains committed to training employees, minimizing our risk to the effects of disasters, and providing educational opportunities to community members. Staff received refresher training on the use of WebEOC, AlertSanDiego emergency notification system, Disaster Service Worker, and care and shelter operations.

The City also completed the implementation of a Care and Shelter program with three local faith-based organizations. This \$80,000 Red Cross grant program includes the repositioning of supplies and training congregation members to be Care and Shelter workers. When combined with the City's Community Park Care and Shelter facility, over 2,400 evacuees may be able to seek temporary care and shelter within Poway. Poway's Community Emergency Response Team (CERT) consists of 63 members divided into three separate groups. During the last year, Poway CERT participated in eight training sessions, three community education events, and two County-wide drills.

To protect the lives of firefighters, and to provide for greater structure protection, the City continued administering the Wildfire Defensible Space Program (WDSP). This program requires 100 feet of defensible space be cleared around habitable structures within the Wildfire Urban Interface Area. Staff continues to work with residents to ensure that the amount of flammable vegetation is significantly reduced on properties.

**Community Services:** The Department continues to develop new partnership opportunities with local non-profit organizations to provide services within the community. For example, a local church assumed responsibility for the Spring Egg Hunt, and the Community Band Festival was spearheaded by the Pomerado Community Band. The Community Services Department plays a key role in the City's disaster preparedness efforts, and is working in conjunction with Safety Services and the American Red Cross to develop and implement an expanded Emergency Shelter Program, enlisting the services of several local churches, and training their members to operate emergency shelters as-needed.

The City hosted 19 community-wide events, such as Christmas in the Park and the Summer Concert Series; 21 smaller-scaled events that showcased the City's unique facilities and park settings; and weekly family-oriented freestyle skate events for those 14 and under at the Poway Skate Park.

Access to programs and facilities were improved through enhanced web content, online ticketing capabilities, and automated Skate Park access, which also increased safety. Further operational analysis is underway to identify additional areas for greater cost savings and possible opportunities for revenue generation.

**Redevelopment:** Efforts began in 2009 to identify a qualified buyer for the City-owned Poway Royal Estates Mobilehome Park. In 2010, the City sold the Park to Hometown America for \$38.3 million. As a requirement of the sale, Hometown will complete an extensive list of Park repairs and renovations and honor lease terms for existing residents for as long as they reside in the Park. The close of escrow occurred in July of FY 2010-11.

In an effort to revitalize the auto district located at the east end of Poway Road, the Redevelopment Agency purchased the vacant Chrysler dealership on Poway Road in 2010. In turn, the Agency facilitated a ground lease to Poway Toyota, which will enable Toyota to terminate its lease and expand operations on the Agency-owned property and the two adjacent parcels purchased by Toyota. Toyota will invest an estimated \$10.1 million to purchase the land and expand business operations in Poway. Lowe's Home Improvement Store has purchased the current Poway Toyota and previously vacated Poway Chevrolet sites. Lowe's has submitted plans proposing to build a new 150,000 square-foot Lowe's home improvement store on the 11-acre site. Once complete, the total private investment associated with this project will total well over \$30 million. These changes will improve the long-term viability of the business community at the eastern end of Poway Road.

Redevelopment Services continues to solicit restaurant operators to develop a full-service restaurant on the 1.23-acre Agency-owned site adjacent to the Hampton Inn & Suites hotel in the Poway Business Park. The goal is to create synergy between the hotel and the restaurant that will serve guests, and create a regional dining destination.

**Development Services:** On June 1, 2010, the City Council approved an update to the Transportation Element of the General Plan. This Element had not had a major update since 1991, and staff had been working on this update for approximately 3 years. The updated Element has downsized several road sections, changed the roadway level of service threshold, and modified the City-wide bicycle element.

The Wildfire Defensible Space Program (WDSP) has been very successful since its implementation in 2009. Originally, a total of 921 properties were identified as needing brush clearance. To date, all but six of the properties are in compliance with the requirements of the program. Staff continues to monitor the non-compliant properties and four out of the six properties are expected to be in compliance by the end of November 2010. Currently, there are several strategies being developed and implemented that would enhance the ongoing administration, monitoring, and reporting of the WDSP. Two of the key strategies currently underway are: (1) development of a special permitting module and entering of all the data in the electronic tracking system; and (2) prioritization of the properties that would require annual inspections (such as those in the high fire hazard areas) and other properties that may be inspected on a biennial basis.

**Technology Upgrades:** The City's website was redesigned in November 2009 to improve navigation and give more prominence to online applications. The enhancements included improved search functionality on the home page, style templates to enhance the design, and additional tools that facilitate updates and maintain consistency across the web pages. The Poway Center for the Performing Arts' website was upgraded in January 2010 and migrated to the same content management system as the main Poway website. This has made it efficient for staff to maintain the information and reduce hosting costs.

In December 2009, Development Services implemented an application tracking system that allows staff to track the status, progress, and history of all projects, permits, and code compliance cases in one easily accessible place. This application provides greater efficiency since information is now easily located in one database available to staff in several departments, and the data is accessible through standard and custom reports. Paper documents are now scanned and attached to the electronic record for enhanced recordkeeping. Future enhancements will include online access to permit and project information so customers can check the status of their projects and staff can access and input data using mobile units in the field.

The Information Technology staff has also successfully upgraded the City's server infrastructure and moved to virtual servers this year. In January 2010, the City successfully virtualized 24 production servers at City Hall and implemented a centralized Storage Area Network (SAN) appliance which reduced the electricity consumption and the amount of physical hardware in the data center. Enhancements planned for the next fiscal year include upgrades to the server hardware at the Public Works facility.

Another technology focus has been the continued development of the City's Geographic Information System (GIS). The most important GIS enhancement this fiscal year was the completion of the Water and Wastewater Data Conversion project. The City now has detailed, easily accessible utility information that allows for analysis of existing infrastructure and provides staff with the information needed for maintenance and emergency repairs. Additional GIS layers currently being worked on include: street signs, street lights, street signals, and storm drain facilities.

**Energy Efficient Initiatives:** A comprehensive energy audit of 45 City-owned and operated facilities was recently completed. The audit reports identify and prioritize energy efficiency improvement projects, including the replacement of HVAC equipment, interior and exterior lighting fixtures, and the installation of energy monitoring equipment to measure and verify energy savings. Additionally, the audit identified sites best suited for the installation of renewable energy technologies to expand on-site renewable energy generation capacity and reduce the City's energy consumption. Post-assessment activities include identifying and applying for available energy efficiency incentives, rebates, and finance opportunities to implement energy and renewable energy improvements. The environmental programs division is also working on several project activities utilizing the Energy Efficiency and Conservation Block Grant (EECBG) funds received through the American Recovery and Reinvestment Act (ARRA).

### **Major On-Going Initiatives**

**Housing:** Despite the tight lending market, 23 of The Meadows homes have sold or are in escrow, and expected to close in the coming months. This affordable for-sale housing development, which includes 33 homes, is located on Metate Lane and York Avenue. Homes at The Meadows are available to low- and moderate-income households and include a variety of "green" energy efficient elements including photovoltaic systems, dual pane windows, low-flow toilets, tankless water heaters, energy efficient appliances, and drought-tolerant landscaping.

The 71-unit affordable apartment complex known as Brighton Place, located on Brighton Avenue near Midland Road, was awarded a 9% tax credit allocation from the State of California. The tax credits will attract the needed equity investment to support construction commencement in FY 2011. The project will feature a Craftsman style two-story design with ample open space and on-site resident services. Construction is scheduled to begin in late 2010, and will complement the overall Old Poway Park area revitalization effort. Extensive improvements to Midland Road and construction of the Train Depot at Old Poway Park were completed in FY 2010.

Design of Monte Vista, a 62-unit affordable multi-family development located on Monte Vista Road near Pomerado Hospital is also underway. The site, situated on 2.5 acres, will have underground parking with almost 50% of the site dedicated to open space for use by residents. The project will include townhomes designed in a contemporary architectural style that will enhance the surrounding uses. Monte Vista will offer onsite resident services and will include numerous "green" energy features.

The Redevelopment Agency, in partnership with local non-profit housing developer Community HousingWorks, rehabilitated the 52-unit Oak Knoll Villas apartment complex on Oak Knoll Road. With the help of a loan from the Redevelopment Agency, rents for this development were permanently converted to affordable rents for low-income households. The renovated apartment complex complements the City's Oak Knoll area revitalization efforts already underway. The revitalization work includes sewer and road improvements along with the undergrounding of utilities along Oak Knoll Road.

Working with Poway Family Housing Partners, L.P., the Redevelopment Agency acquired a 52-unit apartment complex adjacent to Oak Knoll Villas on Oak Knoll Road during FY 2010. Renovations to this development are expected to be underway during FY 2011, and will include interior and exterior improvements along with improvements to the private driveway adjacent to the apartment complex geared toward improving safety for pedestrians and vehicles. Once complete, units will be available to low-income households.

**Water:** Following several years of historically dry conditions and reduced availability of water deliveries from Northern California for environmental reasons, for the first time in nearly two decades, the Metropolitan Water District (MWD) announced forthcoming mandatory water reductions in Spring 2009.

As a result, the City of Poway's water supply was reduced by 8% effective July 1, 2009. This reduction was based on a three-year average of City-wide water use for fiscal years 2004-05, 2005-06, and 2006-07. Exceeding this mandatory water reduction would result in steep financial penalties attached to the City's cost to purchase water.

To achieve the necessary water use savings, the City of Poway implemented mandatory water use restrictions focused primarily on landscape irrigation, significantly expanded public education, and launched new programs to help customers with their efforts to reduce water use. The focus was creating "long-term, sustainable change in the way water users think about and use our limited water supply." These programs were created and coordinated by a small group of employees temporarily reassigned for one year from multiple City departments in April 2009.

During FY 2010, wholesale water costs continued to rise dramatically. A 40% increase in the cost of raw water required the City to adjust rates to cover its costs. Simultaneously, the City Council approved a block rate structure to encourage conservation by water customers.

These efforts, combined with above average rainfall and cooler temperatures, yielded tremendous water conservation success. Overall water use in Poway during Fiscal Year 2009-10 decreased by more than 30% compared to two years ago in FY 2007-08. Residents and businesses are to be commended for their efforts to use water as efficiently as possible.

Poway's future water supply remains uncertain. While weather conditions have improved, a La Niña is predicted for 2010-2011, which means warm, dry weather. Restrictions on water deliveries from Northern California remain, indefinitely. New California legislation approved during FY 2009-10 calls for 20% conservation by 2020. The cost of raw water is expected to continue to increase. In the water industry, water conservation is commonly discussed as the cheapest source of new water. These factors combined means that a focus on water-efficiency must be part of the City's long-term outlook.

**Capital Improvement Projects (CIP):** There are 18 CIP projects that are either under construction or are substantially complete. Some of the major projects are street improvements on Oak Knoll Road, Poway Midland Railroad Train Depot, High Valley Pump Station, St. Andrews Sewer Pump Station, Veterans Park, and the FY 2009-10 Street Overlay.

There is currently one project, the High Valley Waterline Replacement project, which is in the pre-construction phase. This project has a construction cost estimate of \$980,000.

There are 19 CIP projects totaling approximately \$6.1 million that are in various stages of design. It is expected that construction on most of these will begin within the next two years. Some of the major projects currently being designed are Valle Verde Traffic Calming and Solera Way Sidewalk, the Arbolitos Sports Field Renovation and Lights, the Clearwell Redundant Pipeline, and the Sewer Master Plan Update.

**Technology:** Projects that started this fiscal year and will continue into next year include the Employee Self Service Application and the deployment of Microsoft Sharepoint. The Employee Self Service application will allow staff to electronically enter hours for payroll reporting and then receive pay and benefit information electronically. It allows employees to review and update personal information such as home address and emergency contact information. These enhancements will reduce the time spent preparing, delivering, and processing timecards and pay stubs. The Sharepoint project will be

implemented in November 2010, as a replacement to the City's current intranet site. Sharepoint provides exceptional content management capabilities and will also be a collaborative tool that is fully integrated with the Microsoft Office Suite.

### **Accounting System and Budgetary Control**

The City's accounting records for governmental fund types and the Agency funds are maintained on the modified accrual basis of accounting. The modifications to the accrual basis of accounting are described in the Notes to Financial Statements. The accounting records for proprietary funds (water and sewer) and the internal service funds are maintained on the full accrual basis of accounting. Accordingly, revenues are recognized in the accounting period earned, and expenses are recognized in the period incurred.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of this cost/benefit relationship requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Financial transactions are continuously updated in the City's computerized financial reporting system, and all managers have instant access to the current budget information for which they are responsible. These financial reports compare the budgeted figures to the recorded transactions and compute the resulting variance. These reports form the basis of the budgetary control system that allows for the timely review and continuous assessment of the financial position and results of operations.

Additionally, an encumbrance system is employed as an extension of the formal budget integration. The estimated purchase order amounts are encumbered prior to releasing the order to a vendor. Purchase orders which would result in an overrun of balances at the functional level, are normally not released until budget transfers are approved by the City Manager or additional appropriations are authorized by the City Council. Open encumbrances are reported as annual reservations of fund balances at year-end. The level of budgetary control (the level on which expenditures may not legally exceed appropriations) is the individual fund level.

Financial reports that are available for management and legislative review include quarterly reports of investments, Capital Improvement Projects, as well as first and third quarter budget status reports. At the end of six months, a midyear report is distributed, which assesses the City's financial position and results of operations and projects activity for the remainder of the fiscal year. The interim report forms the basis for the budget projections for the upcoming fiscal year's budget. A budget review committee, consisting of five Council-designated citizens, reviews the City's financial operations and budget controls twice each year. After the Fiscal Year 2007-08 and 2008-09 two-year budget, the City resumed adopting a one-year budget for Fiscal Year 2009-10. This decision was made because volatility of the economy makes it difficult to predict revenues and expenses further out with confidence.

The City's investment policy is reviewed annually for changes in State regulations and is approved by the City Council. Since Fiscal Year 1996-97, the City has utilized a professional investment

management company to assist in the investment of its funds. The investment management company actively monitors the portfolio and advises the City of various investment strategies that assist the City in meeting its stated investment goals of (1) safety of principal, (2) liquidity, and (3) return on investment.

### **Risk Management**

The City of Poway is a member of the California Joint Powers Insurance Authority (Authority), a consortium of approximately 122 public entities. The Authority's governing board consists of one member from each participating entity and is responsible for the selection of management as well as budgeting and finance. Insurance activities are financed by charges to members, and no long-term debt has been incurred. The Authority changed its deposit funding model over the next three to five years to build up to a 75% funding level. As part of this transition, the Authority has evaluated every member's claims experience to assign a pro-rata portion of the Authority's unfunded liability. Poway's share of the funding requirement is estimated to be a little more than \$1 million between the General Liability and the Worker's Compensation pools.

At June 30, 2010, for general liability, the City is self-insured for each loss to the extent of \$30,000. Losses between \$30,001 and \$10,000,000 are shared by the participating entities. Costs of covered claims between \$10,000,001 and \$50,000,000 are paid by excess insurance. As for workers' compensation, the City is responsible for the first \$50,000 of each claim. Costs between \$50,001 and \$2,000,000 are shared by the participating entities. Costs between \$2,000,001 and \$200,000,000 are paid by excess insurance purchased by the Authority. The Authority does maintain reserves, which are regularly reviewed by an independent third party. Because of the low deductible amounts of the self-insurance program, the City does not maintain reserves or a sinking fund for its unpaid claims and judgments. They are expended as they occur, and the City intends to pay all of its unpaid claims and judgments from available resources.

### **Independent Audit**

The Government Code of the State of California requires general law cities such as Poway to be audited annually by independent certified public accountants selected by the City Council. This requirement has been met and the auditors' independent report is included in this report. Also, please refer to the Management Discussion and Analysis section for an in-depth review of this year's Financial Statements.

### **GFOA Certificate of Achievement for Excellence in Financial Reporting**

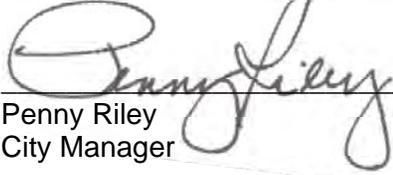
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Poway, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable, efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report conforms to the program requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

**Acknowledgments**

Preparation of the City's Comprehensive Annual Financial Report is an undertaking of the Administrative Services Department. Special credit is due to Andrew White, Finance Manager; Maria Weston, Senior Accountant; and the entire Finance Division staff. Their yearlong hard work and dedication have made this report possible.

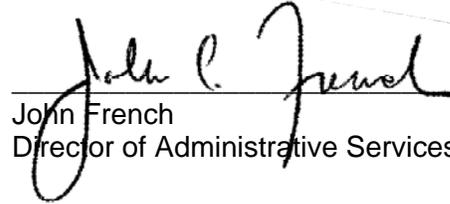
We also thank the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



---

Penny Riley  
City Manager



---

John French  
Director of Administrative Services

City Council

Mayor  
Deputy Mayor  
Council:

Don Higginson  
Carl Kruse  
Merrilee Boyack  
Jim Cunningham  
John Mullin

Appointed Officials

City Manager  
Assistant City Manager  
City Attorney  
City Clerk

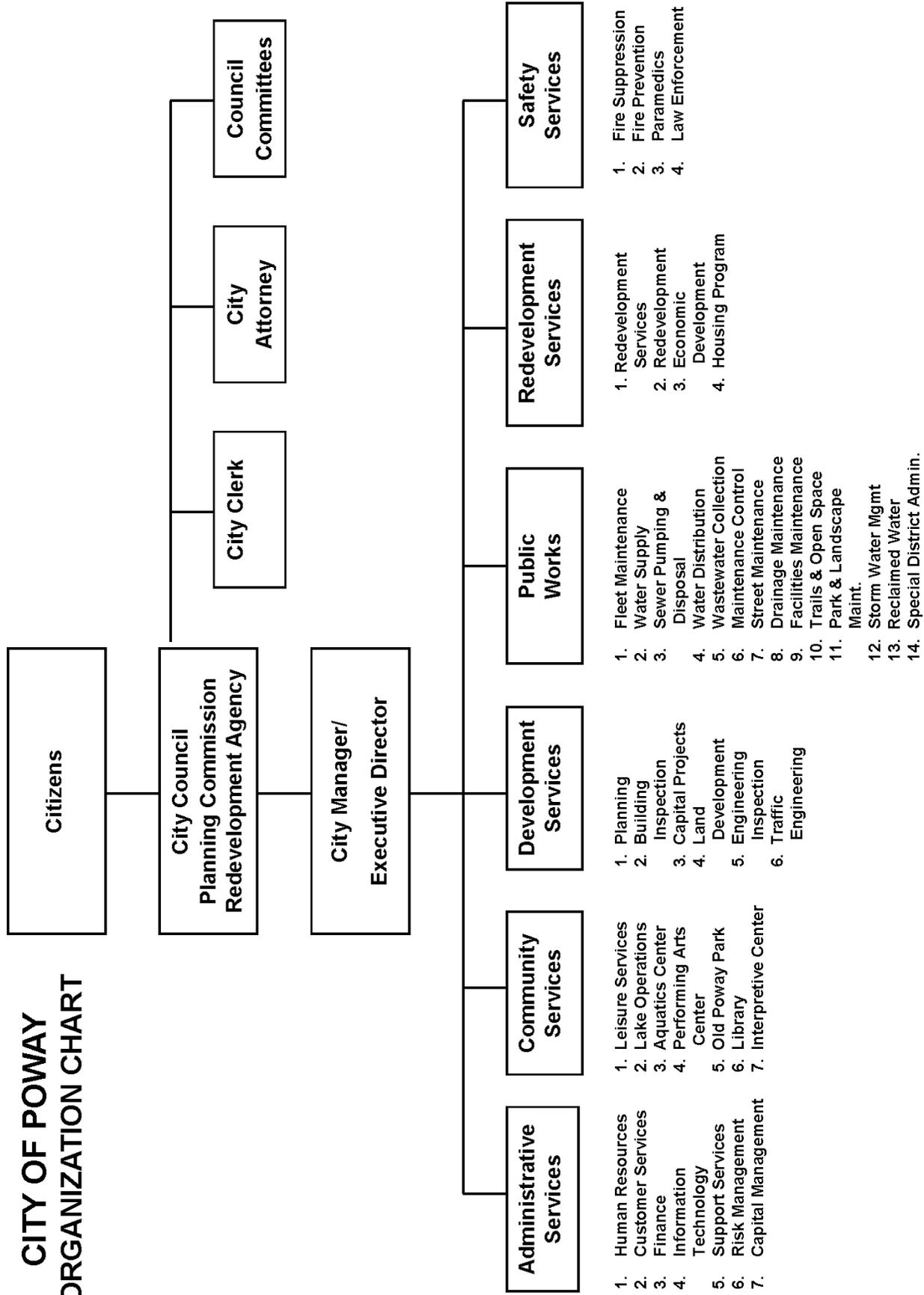
Penny Riley  
Tina White  
Lisa Foster  
Linda Troyan

Administrative Personnel

Director of Administrative Services/Treasurer  
Director of Development Services  
Director of Public Works  
Director of Redevelopment Services & Community Services  
Director of Safety Services

Steve Didier  
Robert Manis  
Leah Browder  
Dena Fuentes  
Mark Sanchez

# CITY OF POWAY ORGANIZATION CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Poway  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Poway  
Poway, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poway, California (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Mayor and Members of the City Council  
of the City of Poway  
Poway, California  
Page 2

The accompanying Management's Discussion and Analysis, budgetary information, budgetary comparison schedules and Schedule of Funding Progress of Defined Benefit Pension Plans as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Caporicci & Larson, Inc.*

Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants  
San Diego, California  
December 22, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Poway (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. It should be read in conjunction with the accompanying transmittal letter beginning on page i and the accompanying basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **FINANCIAL HIGHLIGHTS**

- The City's net assets decreased by 1% to \$136,615 as a result of this year's operations.
- During the year, the City's expenses exceeded taxes, other governmental revenues and business activity revenues by \$1,391.
- The total revenues from all sources were \$124,984.
- The total cost of all City programs was \$126,375.
- Governmental net assets were \$57,506.
- The General Fund reported excess expenditures over revenues and other financing uses of \$1,342.
- Actual revenues received in the General Fund were more than the final budget by \$1,531 while actual expenditures were \$3,741 less than final budget before other financing sources and uses.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$31,725 or 87% of total General Fund expenditures (excluding other financing uses).

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements, which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements describe how City services are financed in the short term as well as what resources are available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

#### **Reporting the City as a Whole**

##### **The Statement of Net Assets and the Statement of Activities (Government-wide)**

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are accounted for regardless of when cash is received or paid.

These two statements report the City's net assets and changes thereto. Net assets, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other nonfinancial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Assets and the Statement of Activities present information about the following:

- Governmental activities - All of the City's basic services are considered to be governmental activities, including general government, public safety, public works, and community services. Property taxes, sales taxes, motor vehicle license fees and franchise fees finance most of these activities.
- Proprietary activities/Business-type activities - The City charges a fee to customers to cover all or most of the cost of the services provided. The City's Water and Sewer systems are reported in this category.
- Component unit - The City's governmental activities include the blending of one separate legal entity: the Poway Redevelopment Agency. Although legally separate, this "component unit" is important because the City is financially accountable for it.

## Reporting the City's Most Significant Funds

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds that aid in the administration of resources for particular purposes or to meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two kinds of funds, *governmental* and *proprietary*, use different accounting approaches as explained below.

- *Governmental funds* - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* through a reconciliation in Note 1 in the Notes to Basic Financial Statements.
- *Proprietary funds* - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

## The City as Trustee

### Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for certain amounts held on behalf of developers, property owners, and others. These fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. The City is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the City's other financial statements because the assets cannot be used to finance operations.

## THE CITY AS A WHOLE

Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business activities.

**Table 1**  
**City of Poway Net Assets**  
*(in Thousands)*

	Governmental Activities		Business Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets:</b>						
Current and other assets	\$ 154,240	\$ 175,442	\$ 37,862	\$ 37,257	\$ 192,102	\$ 212,699
Capital assets	199,065	195,035	44,889	40,696	243,954	235,731
<b>Total assets</b>	353,305	370,477	82,751	77,953	436,056	448,430
<b>Liabilities:</b>						
Long-term debt outstanding	287,225	294,554	1,662	1,883	288,887	296,437
Other liabilities	8,574	11,520	1,980	2,467	10,554	13,987
<b>Total liabilities</b>	295,799	306,074	3,642	4,350	299,441	310,424
<b>Net assets:</b>						
Invested in capital assets, net of debt	46,412	36,714	43,226	39,128	89,638	75,842
Restricted	78,370	99,252	280	280	78,650	99,532
Unrestricted	(67,275)	(71,563)	35,602	34,195	(31,673)	(37,368)
<b>Total net assets</b>	<u>\$ 57,506</u>	<u>\$ 64,403</u>	<u>\$ 79,109</u>	<u>\$ 73,603</u>	<u>\$ 136,615</u>	<u>\$ 138,006</u>

The City's combined net assets for the fiscal year ended June 30, 2010, were \$136,615. The City has chosen to account for its water and sewer operations as enterprise funds, which is shown as Business Activities on Table 1. The City's net assets for governmental activities decreased 10.7% from \$64,403 to \$57,506. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets decreased \$21,202, or 12.1% principally due to a decrease in cash and investments. The decrease was related to a \$13.7 million Supplemental Educational Revenue Augmentation Fund (SERAF) payment required by the state and expenditures on capital projects.
- Capital assets increased \$4,030 (net of depreciation and disposition) as detailed in Table 4. Additions were made for construction in progress for various City projects including the Oak Knoll Widening project and Machinery and Equipment for the purchase of fire apparatus.
- Governmental long-term debt decreased \$7,329. The decrease is primarily due to the scheduled principal payments. (See Table 5 for additional detail.)
- Other liabilities decreased by a net \$2.9 million. The decrease was related to reduced payments by the Redevelopment Agency for tax sharing and owner participation payments because of the \$13.7 million SERAF payment that was previously mentioned.

- Invested in capital assets net of debt increased \$9.7 to the amortization of debt and additions not funded by debt.
- Restricted net assets decreased by \$20,882, or 21.0%, again due to the SERAF payment, expenditures on capital projects and a reclassification of General Fund net assets that had previously been reported as restricted and have now been moved to unrestricted.
- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements, increased by \$4.3, or 6.0%, primarily due to current year operations and the above mentioned reclassification of General Fund net assets to unrestricted.

## Governmental Activities

The cost of all Governmental activities this year was \$100,626 as shown on Table 2 and 2.1. Of this cost, \$10,858 was paid for by those who directly benefited from the programs, \$8,862 was subsidized by grants received from other governmental organizations for both capital and operating activities, and \$74,009 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$19,720. Items of significance within Table 2 are:

### Revenues:

- Charges for services decreased by 8.1% primarily due to decrease in Public Safety fines and penalties and a non-recurring payment from the County related to law enforcement services, Public Works decreased because the prior year included a one time payment of \$324 which should have been included in the grants category and a decrease in Community Services, however, there was no large individual item that made up that decrease.
- Grants and contributions increased by 11.7% primarily because of increased funding for street maintenance.
- The General Revenue category decreased 0.4% primarily due to decreases in sales tax and investment earnings.

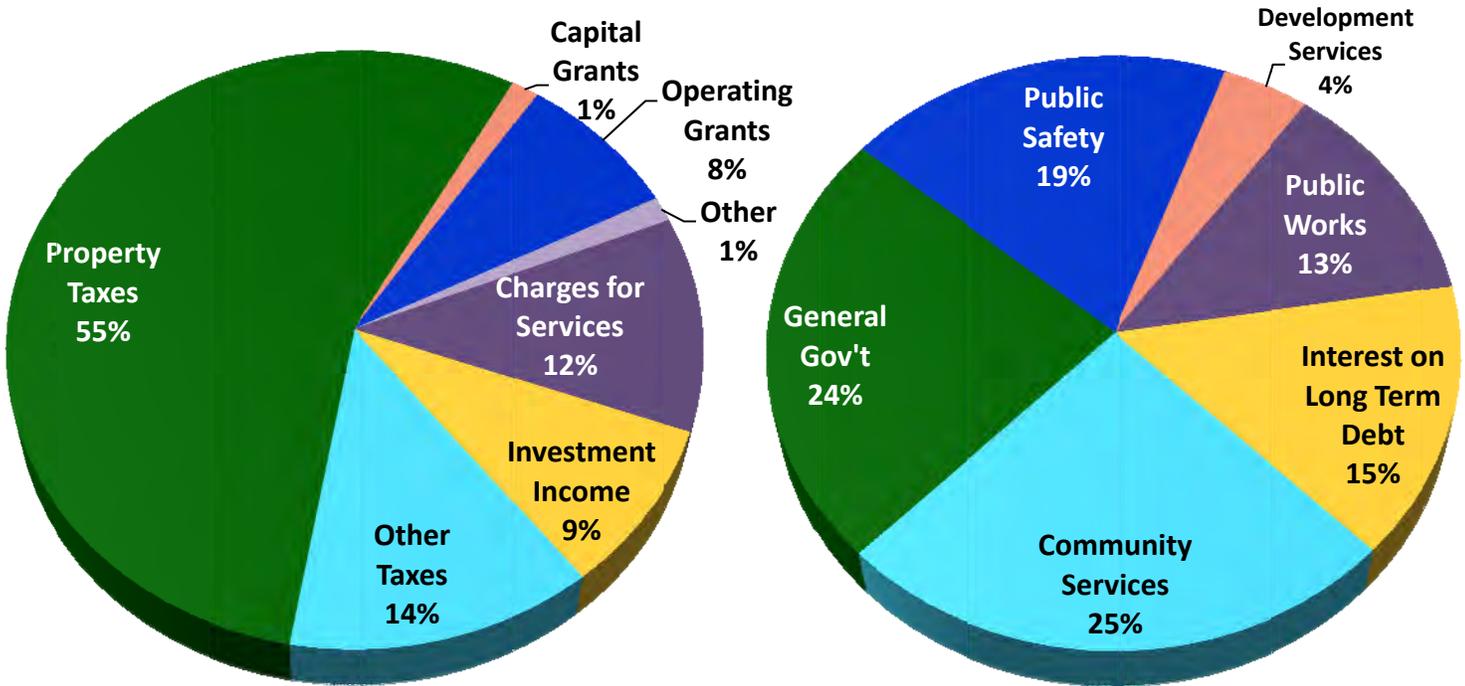
### Expenses:

- General Government Expenses increased \$683 or 3.0%. The increase was the net result of reduced administrative expenditures and an increase in spending on projects for which financial assistance was provided, but that were not capitalized.
- The Public Safety line increased by 1.3%. There were no significant changes in this category.
- Public Works had a 12.3% increase in expenses. This increase was due to an increase in street maintenance expenditures.
- The Development Services department decreased by \$802, or 15.4%. The decrease was caused because of reduced staffing and the reduced use of outside consultants.
- Community Services increased by \$9,018 or 55.7%. The increase was the net result of the Supplemental Educational Augmentation Revenue Fund payment and the related reduction in tax shift and tax increment payments.
- Interest and fiscal charges decreased by 10.3%. The previous fiscal year included the payment of approximately \$1.5 million of accrued but not recorded interest on several interfund loans.

**Table 2**  
**City of Poway Changes in Net Assets**  
*(in Thousands)*

	Governmental Activities		Business Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 10,858	\$ 11,809	\$ 26,533	\$ 25,367	\$ 37,391	\$ 37,176
Operating grants and contributions	7,615	5,826	-	-	7,615	5,826
Capital grants and contributions	1,247	2,110	4,226	-	5,473	2,110
General revenues:						
Property taxes	51,527	51,191	-	-	51,527	51,191
Other taxes	12,472	12,934	-	-	12,472	12,934
Other	9,539	10,486	967	7,642	10,506	18,128
<b>Total revenues</b>	<b>93,258</b>	<b>94,356</b>	<b>31,726</b>	<b>33,009</b>	<b>124,984</b>	<b>127,365</b>
<b>Expenses:</b>						
General government	23,948	23,261			23,948	23,261
Public safety	19,475	19,228			19,475	19,228
Public works	12,596	11,214			12,596	11,214
Development Svcs	4,424	5,226			4,424	5,226
Community Svcs	25,214	16,196			25,214	16,196
Interest and charges	14,969	16,692			14,969	16,692
Water			18,226	18,698	18,226	18,698
Sewer			7,523	8,011	7,523	8,011
<b>Total expenses</b>	<b>100,626</b>	<b>91,817</b>	<b>25,749</b>	<b>26,709</b>	<b>126,375</b>	<b>118,526</b>
<b>Change in net assets before transfers</b>	<b>(7,368)</b>	<b>2,539</b>	<b>5,977</b>	<b>6,300</b>	<b>(1,391)</b>	<b>8,839</b>
<b>Transfers</b>	<b>471</b>	<b>148</b>	<b>(471)</b>	<b>(148)</b>	<b>-</b>	<b>-</b>
<b>Change in net assets after transfers</b>	<b>(6,897)</b>	<b>2,687</b>	<b>5,506</b>	<b>6,152</b>	<b>(1,391)</b>	<b>8,839</b>
<b>Net assets - 7/1</b>	<b>64,403</b>	<b>61,716</b>	<b>73,603</b>	<b>67,451</b>	<b>138,006</b>	<b>129,167</b>
<b>Net assets - 6/30</b>	<b>\$ 57,506</b>	<b>\$ 64,403</b>	<b>\$ 79,109</b>	<b>\$ 73,603</b>	<b>\$ 136,615</b>	<b>\$ 138,006</b>

**Fiscal Year 2010  
Governmental Activities**  
(Graphic representation of Table 2 in percentages)



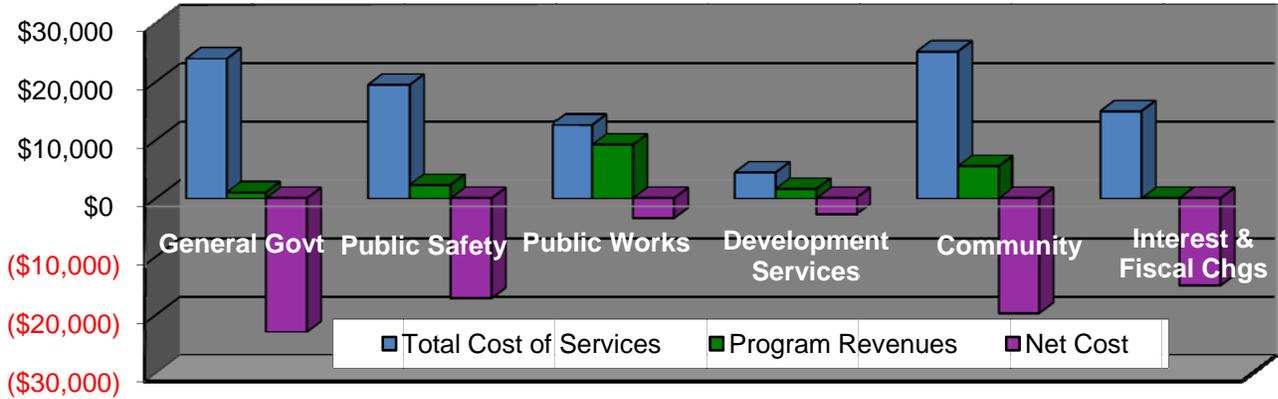
**Net Cost of Governmental Activities**

The City's programs include: General Government, Public Safety, Public Works, and Community Services. Each program's net cost (total cost less revenues generated by the activities) is presented on Table 2.1. The net cost shows the extent to which the City's general taxes support each of the City's programs.

**Table 2.1**  
**Net Cost of Governmental Activities**  
(in Thousands)

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2010	2009	2010	2009	2010	2009
General government	\$ 23,948	\$ 23,261	\$ 1,037	\$ 819	\$ (22,911)	\$ (22,442)
Public safety	19,475	19,228	2,323	2,792	(17,152)	(16,436)
Public works	12,596	11,214	9,196	8,943	(3,400)	(2,271)
Development services	4,424	5,226	1,635	1,716	(2,789)	(3,510)
Community services	25,214	16,196	5,529	5,475	(19,685)	(10,721)
Interest and fiscal chgs	14,969	16,692	-	-	(14,969)	(16,692)
<b>Totals</b>	<b>\$ 100,626</b>	<b>\$ 91,817</b>	<b>\$ 19,720</b>	<b>\$ 19,745</b>	<b>\$ (80,906)</b>	<b>\$ (72,072)</b>

**Total Cost of Services, Program Revenues & Net Cost  
Governmental Activities (in Thousands)**



Total resources available during the year to finance governmental operations were \$158,132 consisting of Net Assets at July 1, 2009, of \$64,403, Program Revenues of \$19,720, General Revenues of \$73,538 and \$471 of Transfers. Total Governmental Activities during the year were \$100,626; thus Net Assets decreased by \$6,894 to \$57,506. As noted elsewhere the material large unusual item that contributed to this decrease was the Redevelopment Agency's \$13.7 million Supplemental Educational Revenue Augmentation Fund payment. As discussed previously, sales tax and investment earnings decreases also contributed to the reduction in Net Assets.

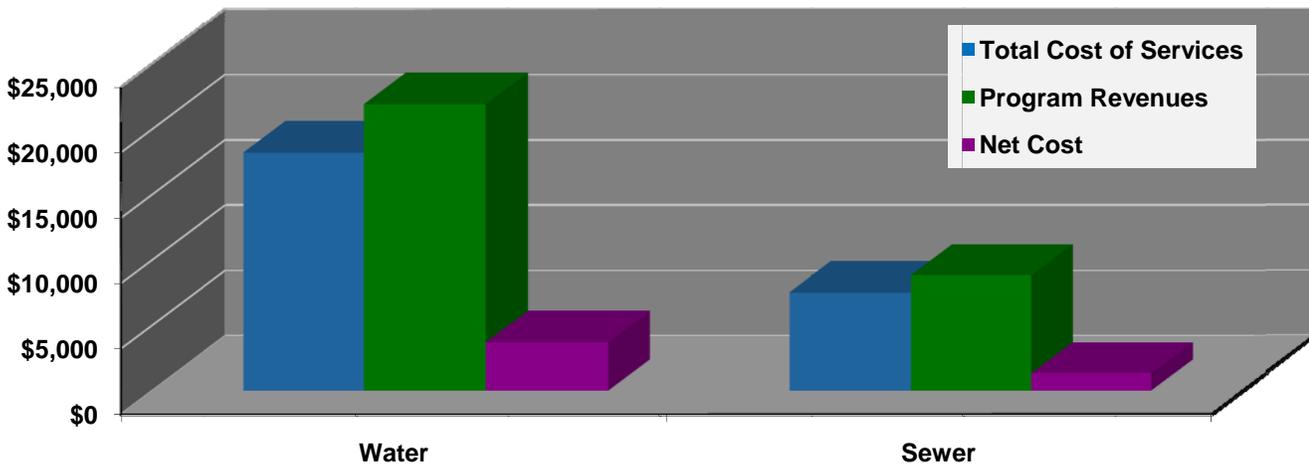
**Business-Type Activities**

Net assets of the Proprietary Funds (Business-Type activities) at June 30, 2010, as reflected in Table 1 were \$79,109. As shown in Table 2, program revenues were \$30,759, while the cost of providing all Proprietary (Business-Type) Activities this year was \$25,749 resulting in an increase of \$5,010. The additional \$496 of other revenues and transfers resulted in a Net Assets increase of \$5,506 or 7.5%.

**Table 2.2  
Net Cost of Business Activities  
(in Thousands)**

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2010	2009	2010	2009	2010	2009
Water	\$ 18,226	\$ 18,698	\$ 21,918	\$ 16,715	\$ 3,692	\$ (1,983)
Sewer	7,523	8,011	8,841	8,652	1,318	641
Totals	\$ 25,749	\$ 26,709	\$ 30,759	\$ 25,367	\$ 5,010	\$ (1,342)

**Total Cost of Services, Program Revenues & Net Cost – Business Activities (in thousands)**



## **Major Funds Budgetary Highlights**

### **General Fund:**

The final appropriations for the City's General Fund at year-end were \$3,741 more than actual expenditures prior to other financing uses. The largest component of the budget to actual variance was principally in the Capital Outlay category where several projects were budgeted but are not yet complete. All of the expenditure categories were under budget primarily due the City's across the board efforts to control expenditures. Part of the General Government category under budget was also due to the continued refinement of the city-wide cost allocation model which resulted in a revised allocation of general government expenses across a broader range of funds. Lower than expected overtime costs in Fire Suppression also contributed to the Public Safety category's under budget variance. Actual revenues compared favorably to the final budget resulting in a \$1,531 positive variance (excluding other financing sources). The major variances were in Taxes, Intergovernmental, Use of Money and Property and Other Revenue. The City had budgeted conservatively in the Taxes Category for both Property and Sales Taxes, and both revenue sources outperformed the City's expectations. The Intergovernmental category primarily was higher because of additional disaster reimbursements. Interest rates continued to remain at near historic lows so the Use of Money and Property category did end up under budget. The Other Revenue category exceeded its budget because of an insurance payment for reimbursement of Witch Creek Fire losses. During the fiscal year the City continued to produce quarterly budget updates in addition to its traditional midyear budget update in order enhance focus on the City's financial position and the current factors that were affecting that position.

### **Housing Special Revenue Fund:**

The slight decrease in this fund's fund balance is due to expenditures on various affordable housing projects including rehabilitation work on the Oak Knoll Villas apartment complex that was purchased in fiscal year 2007-08 and Meadows Affordable Housing project that developed 33 for-sale affordable homes for low and moderate income buyers.

### **City of Poway Redevelopment Agency Debt Service Fund:**

The largest factor that contributed to the decrease in this fund's fund balance was the Agency's \$13.7 million share of state's \$1.7 billion shift of redevelopment funds to the Supplemental Educational Revenue Augmentation Fund (SERAF). Because the SERAF payment was considered in the calculation of the Agency's tax sharing and owner participation payments there was a reduction of expenses. The net of this activity resulted in the \$6.7 million decrease in fund balance. The Agency is required to shift \$2.8 million to the SERAF in fiscal year 2010-11. Further shifts of this nature will not be allowed because of the November 2010 voter approval of Proposition 22 which protects these revenues from future take-aways.

### **Redevelopment Area Capital Project Funds:**

The significant decrease in this fund's fund balance is because there was no new significant funding, such as from the issuance of tax allocation bonds, and the proceeds from previous bond funds continued to be spent on projects.

### **Other Governmental funds:**

There was no unusual activity in the Other Governmental grouping of funds during the fiscal year. The Storm Water Management Fund's negative fund balance was reduced by approximately 25% and is expected to recoup the remainder of its negative fund balance over the next several years.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The capital assets of the City are those assets that are used in the performance of City functions. Capital Assets include land, buildings, park facility improvements, infrastructure, equipment and vehicles. Construction in Progress from governmental activities increased by \$6.0 due to the purchase of new fire apparatus \$1.0, park improvements \$2.7 and various infrastructure projects \$2.3. Improvements from business activities increased by \$5.0 due to additions for water and sewer pipeline projects. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See Table 4 & Note III, C to the financial statements)

**Table 4**  
**City of Poway Capital Assets at Year-End**  
**(Net of Depreciation)**  
*(In Thousands)*

	Governmental Activities		Business Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 72,902	\$ 71,520	\$ 77	\$ 77	\$ 72,979	\$ 71,597
Buildings	40,654	41,247	5,954	6,420	46,608	47,667
Improvements	5,173	5,410	31,132	26,054	36,305	31,464
Infrastructure	60,651	63,652	-	-	60,651	63,652
Equip & Vehicles	7,342	6,902	986	1,019	8,328	7,921
Construction in Prog	12,344	6,303	6,739	7,126	19,083	13,429
	<u>\$ 199,066</u>	<u>\$ 195,034</u>	<u>\$ 44,888</u>	<u>\$ 40,696</u>	<u>\$ 243,954</u>	<u>\$ 235,730</u>

### Debt

At year-end, the City had \$287,226 in governmental-type debt and \$1,663 in Proprietary debt. During the year no bonds were refunded so, therefore, the decrease in bond balances were due to scheduled principal payments and premium/discount amortizations. The Loans Payable balance increased because accrued interest related to the operating covenant with AZ Poway, LLC (dba Mossy Nissan) was greater than the payment made under the covenant. Finally, the Compensated Absences balance decreased as employees used more time off for compensated absences than was accrued, but again there was no unusual activity related to the decrease. See the Notes to the Basic Financial Statements, number 5, Long-term Debt for additional information.

**Table 5**  
**City of Poway Outstanding Debt at Year-End**  
*(In Thousands)*

	Governmental Activities		Business Activities		Total	
	2010	2009	2010	2009	2010	2009
Tax Allocation Bonds	\$ 234,987	\$ 240,801	-	-	\$ 234,987	\$ 240,801
Certificates of Participation	48,454	50,068	-	-	48,454	50,068
Revenue Bonds	-	-	\$ 1,381	\$ 1,568	1,381	1,568
Loans Payable	2,401	2,283	-	-	2,401	2,283
Comp Absences	1,384	1,402	282	315	1,666	1,717
Total	<u>\$ 287,226</u>	<u>\$ 294,554</u>	<u>\$ 1,663</u>	<u>\$ 1,883</u>	<u>\$ 288,889</u>	<u>\$ 296,437</u>

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In considering the City Budget for fiscal year 2010-2011, the City Council and management continued to be cautious because of the continued slow housing market, lower sales tax receipts primarily related to automobile sales and a continued concern over the State's long-term budget situation. General Fund revenue is expected to decrease approximately 3.3% from the fiscal year 2009-2010 revenue budget. This decrease mainly occurred because of budgeted decreases for Sales Taxes, Development Fees and Safety Services Fees. General Fund expenditures are budgeted to decrease 2.9%. Many of the reductions began during fiscal year 2009-2010 with additional decreases included in the fiscal year 2010-11 budget. While there were no individually significant items both the Development Services and Safety Services departments were able to reduce their budgets. The reduction in the Development Services department budget correlates with the departments decreased revenues, and the reduction in the Safety Services department budget was primarily based on fiscal year 2009-10 savings that were considered when preparing the fiscal year 2010-11 budget. The City continues to monitor the local, state and national economic situation and while it does not currently anticipate any necessary significant changes to the budget, but it is prepared to address those situations if they arise.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's fiduciary responsibility for the funds it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Poway, 13325 Civic Center Drive, Poway, California 92064 or online: <http://www.ci.poway.org>

---

# **BASIC FINANCIAL STATEMENTS**

---

*This page intentionally left blank.*

---

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

---

**City of Poway**  
**Statement of Net Assets**  
**June 30, 2010**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 97,187,789	\$ 22,145,665	\$ 119,333,454
Cash and investments with fiscal agents	22,974,561	280,450	23,255,011
Receivables:			
Taxes	3,443,207	-	3,443,207
Accounts	1,086,514	4,805,221	5,891,735
Interest	479,053	-	479,053
Due from other governments and agencies	2,024,131	-	2,024,131
Prepaid items	33,811	-	33,811
Inventories	94,085	1,527,612	1,621,697
<b>Total current assets</b>	<b>127,323,151</b>	<b>28,758,948</b>	<b>156,082,099</b>
Noncurrent assets:			
Lease receivable	11,250	-	11,250
Notes receivable	34,427,496	-	34,427,496
Internal balances	(8,069,477)	8,069,477	-
Loans to Business Park Fiduciary Fund	-	1,000,000	1,000,000
Deferred charges, net	547,183	34,329	581,512
Capital assets:			
Nondepreciable assets	85,245,979	6,816,229	92,062,208
Depreciable assets, net	113,819,364	38,072,369	151,891,733
<b>Total capital assets</b>	<b>199,065,343</b>	<b>44,888,598</b>	<b>243,953,941</b>
<b>Total noncurrent assets</b>	<b>225,981,795</b>	<b>53,992,404</b>	<b>279,974,199</b>
<b>Total assets</b>	<b>353,304,946</b>	<b>82,751,352</b>	<b>436,056,298</b>

**City of Poway**  
**Statement of Net Assets, Continued**  
**June 30, 2010**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 5,948,467	\$ 1,914,844	\$ 7,863,311
Accrued liabilities	923,450	-	923,450
Accrued interest payable	1,701,853	12,692	1,714,545
Deposits	-	52,412	52,412
Long-term debt - due within one year	7,704,221	250,881	7,955,102
<b>Total current liabilities</b>	<b>16,277,991</b>	<b>2,230,829</b>	<b>18,508,820</b>
Noncurrent liabilities:			
Long-term debt - due in more than one year	279,520,973	1,411,705	280,932,678
<b>Total noncurrent liabilities</b>	<b>279,520,973</b>	<b>1,411,705</b>	<b>280,932,678</b>
<b>Total liabilities</b>	<b>295,798,964</b>	<b>3,642,534</b>	<b>299,441,498</b>
<b>NET ASSETS</b>			
Investments in capital assets, net of related debt	46,412,443	43,226,012	89,638,455
Restricted for:			
Special revenue:			
Streets	3,324,782	-	3,324,782
Drainage	2,468,446	-	2,468,446
Maintenance districts	6,168,813	-	6,168,813
Poway Royal	4,235,407	-	4,235,407
Grants	2,203,472	-	2,203,472
Miscellaneous	1,114,766	-	1,114,766
Affordable housing	17,638,926	-	17,638,926
Debt service	17,856,756	280,450	18,137,206
Capital improvement projects	22,377,070	-	22,377,070
Permanent:			
Expendable	321,127	-	321,127
Nonexpendable	660,000	-	660,000
<b>Total restricted</b>	<b>78,369,565</b>	<b>280,450</b>	<b>78,650,015</b>
Unrestricted	(67,276,026)	35,602,356	(31,673,670)
<b>Total net assets</b>	<b>\$ 57,505,982</b>	<b>\$ 79,108,818</b>	<b>\$ 136,614,800</b>

See accompanying Notes to Basic Financial Statements.

**City of Poway**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 23,947,500	\$ 91,745	\$ 945,753	\$ -	\$ 1,037,498
Public safety	19,475,481	2,131,729	190,915	-	2,322,644
Public works	12,595,756	4,479,896	4,711,968	4,097	9,195,961
Development services	4,423,865	1,332,714	302,467	-	1,635,181
Community services	25,213,955	2,821,718	1,464,374	1,242,458	5,528,550
Interest and fiscal charges	14,969,311	-	-	-	-
Total governmental activities	100,625,868	10,857,802	7,615,477	1,246,555	19,719,834
<b>Business-Type activities:</b>					
Water	18,226,463	17,881,695	-	4,036,248	21,917,943
Sewer	7,522,634	8,651,681	-	189,389	8,841,070
Total business-type activities	25,749,097	26,533,376	-	4,225,637	30,759,013
<b>Total primary government</b>	<b>\$ 126,374,965</b>	<b>\$ 37,391,178</b>	<b>\$ 7,615,477</b>	<b>\$ 5,472,192</b>	<b>\$ 50,478,847</b>

See accompanying Notes to Basic Financial Statements.

**City of Poway**  
**Statement of Activities and Changes in Net Assets, Continued**  
**For the year ended June 30, 2010**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ (22,910,002)	\$ -	\$ (22,910,002)
Public safety	(17,152,837)	-	(17,152,837)
Public works	(3,399,795)	-	(3,399,795)
Development services	(2,788,684)	-	(2,788,684)
Community services	(19,685,405)	-	(19,685,405)
Interest and fiscal charges	(14,969,311)	-	(14,969,311)
Total governmental activities	(80,906,034)	-	(80,906,034)
<b>Business-Type activities:</b>			
Water	-	3,691,480	3,691,480
Sewer	-	1,318,436	1,318,436
Total business-type activities	-	5,009,916	5,009,916
<b>Total primary government</b>	<b>(80,906,034)</b>	<b>5,009,916</b>	<b>(75,896,118)</b>
<b>General revenues:</b>			
Taxes:			
Property taxes	51,526,758	-	51,526,758
Sales taxes	9,833,390	-	9,833,390
Motor vehicle license taxes	150,641	-	150,641
Transit occupancy taxes	367,434	-	367,434
Franchise taxes	1,491,231	-	1,491,231
Other taxes	629,589	-	629,589
Total taxes	63,999,043	-	63,999,043
Investment earnings	8,287,516	463,177	8,750,693
Miscellaneous	1,251,844	503,595	1,755,439
Transfers	470,498	(470,498)	-
<b>Total general revenues and transfers</b>	<b>74,008,901</b>	<b>496,274</b>	<b>74,505,175</b>
<b>Change in net assets</b>	<b>(6,897,133)</b>	<b>5,506,190</b>	<b>(1,390,943)</b>
<b>Net assets - beginning of year</b>	<b>64,403,115</b>	<b>73,602,628</b>	<b>138,005,743</b>
<b>Net assets - end of year</b>	<b>\$ 57,505,982</b>	<b>\$ 79,108,818</b>	<b>\$ 136,614,800</b>

*This page intentionally left blank.*

---

# FUND FINANCIAL STATEMENTS

---

*Governmental Fund Financial Statements*  
*Proprietary Fund Financial Statements*  
*Fiduciary Fund Financial Statements*

*This page intentionally left blank.*

---

**GOVERNMENTAL FUND  
FINANCIAL STATEMENTS**

---

**City of Poway**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	Major Funds			
	General	Low and Moderate Income Housing Special Revenue Fund	City of Poway Redevelopment Agency Debt Service Fund	Redevelopment Area Capital Project Fund
<b>ASSETS</b>				
Cash and investments	\$ 30,539,160	\$ 17,392,598	\$ 8,856,659	\$ 13,820,547
Receivables:				
Taxes	2,706,936	144,267	562,639	14,427
Notes	27,243	-	26,720,000	7,680,253
Accounts	362,981	130,540	-	-
Interest	442,083	-	33,688	3,229
Lease	-	-	-	-
Due from other funds	864,871	-	-	-
Due from other governments	497,370	-	73	569,511
Prepaid items	33,811	-	-	-
Inventories, at cost	94,085	-	-	-
Advances to other funds	4,305,762	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	21,470,514	-
<b>Total assets</b>	<b>\$ 39,874,302</b>	<b>\$ 17,667,405</b>	<b>\$ 57,643,573</b>	<b>\$ 22,087,967</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,551,493	\$ 28,479	\$ 2,108,439	\$ 575,242
Accrued liabilities	923,450	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	26,913	-	26,720,000	-
Advances from other funds	-	-	14,876,534	-
<b>Total liabilities</b>	<b>3,501,856</b>	<b>28,479</b>	<b>43,704,973</b>	<b>575,242</b>
<b>Fund Balances:</b>				
Reserved	4,647,709	17,638,926	13,938,600	10,145,626
Unreserved:				
Designated for:				
General fund	31,724,737	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	11,367,099
Undesignated				
Special revenue funds	-	-	-	-
<b>Total fund balances</b>	<b>36,372,446</b>	<b>17,638,926</b>	<b>13,938,600</b>	<b>21,512,725</b>
<b>Total liabilities and fund balances</b>	<b>\$ 39,874,302</b>	<b>\$ 17,667,405</b>	<b>\$ 57,643,573</b>	<b>\$ 22,087,967</b>

See accompanying Notes to Basic Financial Statements.

---



---

Other Governmental Funds	Total Governmental Funds
\$ 21,042,293	\$ 91,651,257
14,938	3,443,207
-	34,427,496
592,993	1,086,514
53	479,053
11,250	11,250
-	864,871
957,177	2,024,131
-	33,811
-	94,085
3,737,676	8,043,438
<u>1,504,047</u>	<u>22,974,561</u>
<u>\$ 27,860,427</u>	<u>\$ 165,133,674</u>

\$ 442,042	\$ 5,705,695
-	923,450
864,871	864,871
37,819	26,784,732
<u>1,236,381</u>	<u>16,112,915</u>
<u>2,581,113</u>	<u>50,391,663</u>
10,960,747	57,331,608
-	31,724,737
8,405,474	8,405,474
-	11,367,099
<u>5,913,093</u>	<u>5,913,093</u>
<u>25,279,314</u>	<u>114,742,011</u>
<u>\$ 27,860,427</u>	<u>\$ 165,133,674</u>

**City of Poway**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**June 30, 2010**

<b>Total Fund Balances - Total Governmental Funds</b>	<u>\$ 114,742,011</u>
Amounts reported for governmental activities in the Statement of Net Assets were different because:	
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Nondepreciable	85,245,979
Depreciable, net of accumulated depreciation	<u>113,819,364</u>
Total capital assets	<u>199,065,343</u>
Deferred charges, such as bond issuance costs from issuing debt, were expenditures in the fund financial statements but were deferred and subject to capitalization and amortization on the Government-Wide Statement of Net Assets.	
	547,183
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Long-term liabilities - due within one year	(7,704,221)
Long-term liabilities - due in more than one year (net of \$30,798 reported in Internal Service Fund)	<u>(279,490,175)</u>
Total long-term liabilities	<u>(287,194,396)</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	
	<u>(1,701,853)</u>
Deferred revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available were recognized as revenues in the Government-Wide Financial Statements.	
	<u>26,784,732</u>
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Assets.	
	<u>5,262,962</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 57,505,982</u></u>

*This page intentionally left blank.*

**City of Poway**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2010**

	Major Funds			
	General	Low and Moderate Income Housing Special Revenue Fund	City of Poway Redevelopment Agency Debt Service Fund	Redevelopment Area Capital Projects Fund
<b>REVENUES:</b>				
Taxes	\$ 23,841,209	\$ -	\$ 39,377,603	\$ -
Licenses and permits	433,517	-	-	-
Intergovernmental	483,838	-	-	-
Charges for services	1,013,569	-	-	-
Fines and forfeitures	750,551	-	-	-
Use of money and property	2,010,788	349,507	3,227,619	741,722
Developer fees	3,436,091	-	-	-
Assessment levied	-	-	-	-
Other revenues	965,071	326,391	-	888,453
<b>Total revenues</b>	<b>32,934,634</b>	<b>675,898</b>	<b>42,605,222</b>	<b>1,630,175</b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,491,779	1,141,648	-	3,422,921
Public safety	18,812,864	-	-	-
Public works	2,395,310	-	-	-
Development Services	4,475,943	-	-	-
Community services	4,431,417	-	-	-
Capital outlay	5,036,287	7,037,128	-	12,267,894
Debt service:				
Principal	-	-	6,335,000	-
Interest and fiscal charges	-	-	13,902,459	-
Tax increment reimbursement	-	-	2,380,740	-
Tax shift	-	-	13,700,882	-
<b>Total expenditures</b>	<b>36,643,600</b>	<b>8,178,776</b>	<b>36,319,081</b>	<b>15,690,815</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,708,966)</b>	<b>(7,502,878)</b>	<b>6,286,141</b>	<b>(14,060,640)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from loans	-	-	161,049	-
Transfers in	4,038,976	7,881,168	2,190,372	6,999,555
Transfers out	(1,671,709)	(1,741,327)	(15,329,768)	-
<b>Total other financing sources (uses)</b>	<b>2,367,267</b>	<b>6,139,841</b>	<b>(12,978,347)</b>	<b>6,999,555</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,341,699)</b>	<b>(1,363,037)</b>	<b>(6,692,206)</b>	<b>(7,061,085)</b>
<b>FUND BALANCES:</b>				
Beginning of year	37,714,145	19,001,963	20,630,806	28,573,810
End of year	\$ 36,372,446	\$ 17,638,926	\$ 13,938,600	\$ 21,512,725

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 4,193,036	\$ 67,411,848
-	433,517
2,510,167	2,994,005
2,126,705	3,140,274
-	750,551
5,850,392	12,180,028
275,487	3,711,578
1,886,300	1,886,300
48,747	2,228,662
<u>16,890,834</u>	<u>94,736,763</u>
-	6,056,348
153,516	18,966,380
7,548,371	9,943,681
-	4,475,943
4,617,566	9,048,983
3,298,530	27,639,839
815,000	7,150,000
1,041,307	14,943,766
-	2,380,740
-	13,700,882
<u>17,474,290</u>	<u>114,306,562</u>
<u>(583,456)</u>	<u>(19,569,799)</u>
-	161,049
1,577,690	22,687,761
<u>(1,199,412)</u>	<u>(19,942,216)</u>
<u>378,278</u>	<u>2,906,594</u>
(205,178)	(16,663,205)
<u>25,484,492</u>	<u>131,405,216</u>
<u>\$ 25,279,314</u>	<u>\$ 114,742,011</u>

# City of Poway

## Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2010

<b>Net Change in Fund Balances - Total Governmental Funds</b>			\$ (16,663,205)
Amounts reported for governmental activities in the Statement of Activities were different because:			
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.			
			10,429,748
Depreciation was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation and amortization expense was not reported as expenditures in governmental funds.			
			(6,399,098)
Compensated absences were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in governmental funds. This amount represent the change in compensated absences from prior year.			
			15,840
Issuance costs from issuing debt were expenditures at the fund level but were deferred and subject to capitalization and amortization on the statement of net assets.			
Amortization of bond issuance costs			
			(23,834)
Proceeds from long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal was an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.			
Proceeds from loans			
			(161,049)
Repayment of contract and notes payable			
			43,238
Principal payment			
			7,150,000
Amortization on bond premium was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, amortization was not reported as expenditures in governmental funds.			
2003 Tax Allocation Bonds			
			194,994
2007 Tax Allocation Bonds			
			63,572
2003 Certificates of Participation			
			9,425
2005 Certificates of Participation			
			9,642
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. This amount represents the change in accrued interest from prior year.			
Prior year accruals			
		1,676,308	
Current year accruals			
		(1,701,853)	(25,545)
Revenues in the statement of activities that did not provide current financial resources are not reported as revenues in the funds.			
			(751,400)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.			
			(789,461)
<b>Change in Net Assets of Governmental Activities</b>			\$ (6,897,133)

See accompanying Notes to Basic Financial Statements.

---

**PROPRIETARY FUND  
FINANCIAL STATEMENTS**

---

**City of Poway**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	Major Funds			Governmental
	Water	Sewer	Total	Activities Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 6,251,971	\$ 15,893,694	\$ 22,145,665	\$ 5,536,532
Cash and investments with fiscal agents	280,450	-	280,450	-
Receivables:				
Accounts	3,187,953	1,617,268	4,805,221	-
Inventories	1,516,305	11,307	1,527,612	-
Total current assets	<u>11,236,679</u>	<u>17,522,269</u>	<u>28,758,948</u>	<u>5,536,532</u>
Noncurrent assets:				
Advances to other funds	2,606,354	5,463,123	8,069,477	-
Advances to Fiduciary Fund - Business Park	-	1,000,000	1,000,000	-
Deferred charges	34,329	-	34,329	-
Capital assets:				
Nondepreciable	6,121,791	694,438	6,816,229	-
Depreciable	50,103,624	34,083,152	84,186,776	-
Less accumulated depreciation	(30,370,276)	(15,744,131)	(46,114,407)	-
Total net capital assets	<u>25,855,139</u>	<u>19,033,459</u>	<u>44,888,598</u>	<u>-</u>
Total noncurrent assets	<u>28,495,822</u>	<u>25,496,582</u>	<u>53,992,404</u>	<u>-</u>
<b>Total assets</b>	<u>39,732,501</u>	<u>43,018,851</u>	<u>82,751,352</u>	<u>5,536,532</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,850,972	63,872	1,914,844	242,772
Deposits	52,412	-	52,412	-
Accrued interest payable	12,692	-	12,692	-
Long-term debt due within one year	243,219	7,662	250,881	-
Total current liabilities	<u>2,159,295</u>	<u>71,534</u>	<u>2,230,829</u>	<u>242,772</u>
Noncurrent liabilities:				
Long-term debt due in more than one year	1,378,368	33,337	1,411,705	30,798
Total noncurrent liabilities	<u>1,378,368</u>	<u>33,337</u>	<u>1,411,705</u>	<u>30,798</u>
<b>Total liabilities</b>	<u>3,537,663</u>	<u>104,871</u>	<u>3,642,534</u>	<u>273,570</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	24,233,552	18,992,460	43,226,012	-
Restricted for debt service	280,450	-	280,450	-
Unrestricted	11,680,836	23,921,520	35,602,356	5,262,962
<b>Total net assets</b>	<u>\$ 36,194,838</u>	<u>\$ 42,913,980</u>	<u>\$ 79,108,818</u>	<u>\$ 5,262,962</u>

See accompanying Notes to Basic Financial Statements.

**City of Poway**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2010**

	Major Funds			Governmental
	Water	Sewer	Total	Activities Internal Service Fund
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 17,846,328	\$ 8,540,567	\$ 26,386,895	\$ 2,610,905
Connection fees	35,367	111,114	146,481	-
Other	30,548	473,047	503,595	4,166
<b>Total operating revenues</b>	<b>17,912,243</b>	<b>9,124,728</b>	<b>27,036,971</b>	<b>2,615,071</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	3,418,119	683,414	4,101,533	365,802
Maintenance and operations	4,846,914	5,965,449	10,812,363	871,557
Cost of purchased water	8,750,338	-	8,750,338	-
Depreciation	1,211,092	873,771	2,084,863	-
<b>Total operating expenses</b>	<b>18,226,463</b>	<b>7,522,634</b>	<b>25,749,097</b>	<b>1,237,359</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(314,220)</b>	<b>1,602,094</b>	<b>1,287,874</b>	<b>1,377,712</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest revenue	199,720	355,417	555,137	107,874
Interest expense and fiscal charges	(91,960)	-	(91,960)	-
<b>Total nonoperating revenues (expenses)</b>	<b>107,760</b>	<b>355,417</b>	<b>463,177</b>	<b>107,874</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND TRANSFERS</b>	<b>(206,460)</b>	<b>1,957,511</b>	<b>1,751,051</b>	<b>1,485,586</b>
<b>CONTRIBUTED CAPITAL AND TRANSFERS:</b>				
Contributed capital	4,036,248	189,389	4,225,637	-
Transfers out	(288,759)	(181,739)	(470,498)	(2,275,047)
<b>Total contributed capital and transfers</b>	<b>3,747,489</b>	<b>7,650</b>	<b>3,755,139</b>	<b>(2,275,047)</b>
<b>Change in net assets</b>	<b>3,541,029</b>	<b>1,965,161</b>	<b>5,506,190</b>	<b>(789,461)</b>
<b>NET ASSETS:</b>				
Beginning of year	32,653,809	40,948,819	73,602,628	6,052,423
End of year	\$ 36,194,838	\$ 42,913,980	\$ 79,108,818	\$ 5,262,962

See accompanying Notes to Basic Financial Statements.

**City of Poway**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2010**

	Major Funds		Total	Governmental
	Water	Sewer		Activities Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers	\$ 17,074,377	\$ 8,593,335	\$ 25,667,712	\$ 2,615,237
Cash paid to employees for services	(3,672,768)	(743,582)	(4,416,350)	(368,451)
Cash paid to suppliers for goods or services	(13,595,584)	(6,126,715)	(19,722,299)	(662,594)
Others	948,399	473,047	1,421,446	-
<b>Net cash provided (used) by operating activities</b>	<b>754,424</b>	<b>2,196,085</b>	<b>2,950,509</b>	<b>1,584,192</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers out	(288,759)	(181,739)	(470,498)	(2,275,047)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(288,759)</b>	<b>(181,739)</b>	<b>(470,498)</b>	<b>(2,275,047)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Contributed capital	4,036,248	189,389	4,225,637	-
Acquisitions to capital assets	(5,569,534)	(707,616)	(6,277,150)	-
Principal paid on long-term debt	53,040	40,999	94,039	-
Payment of interest and fees	(93,622)	-	(93,622)	107,874
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,573,868)</b>	<b>(477,228)</b>	<b>(2,051,096)</b>	<b>107,874</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income	199,720	355,417	555,137	-
<b>Net cash provided (used) by investing activities</b>	<b>199,720</b>	<b>355,417</b>	<b>555,137</b>	<b>-</b>
<b>Net increase (decrease) in cash and investments</b>	<b>(908,483)</b>	<b>1,892,535</b>	<b>984,052</b>	<b>(582,981)</b>
<b>CASH AND INVESTMENTS:</b>				
Beginning of year	7,440,904	14,001,159	21,442,063	6,119,513
End of year	\$ 6,532,421	\$ 15,893,694	\$ 22,426,115	\$ 5,536,532
<b>RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET ASSETS</b>				
Cash and investments	6,251,971	15,893,694	22,145,665	5,536,532
Cash with investments with fiscal agents	280,450	-	280,450	-
<b>Total cash and investments</b>	<b>\$ 6,532,421</b>	<b>\$ 15,893,694</b>	<b>\$ 22,426,115</b>	<b>\$ 5,536,532</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (314,220)	\$ 1,602,094	\$ 1,287,874	\$ 1,377,712
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,211,092	873,771	2,084,863	-
Changes in operating assets and liabilities:				
Accounts receivable	(814,480)	(58,346)	(872,826)	166
Inventories	328,299	(1,741)	326,558	-
Deferred charges	6,436	-	6,436	-
Advances to other funds	917,851	-	917,851	-
Accounts payable	(333,067)	(159,525)	(492,592)	208,963
Deposits	7,162	-	7,162	-
Compensated absences	(254,649)	(60,168)	(314,817)	(2,649)
<b>Total adjustments</b>	<b>1,068,644</b>	<b>593,991</b>	<b>1,662,635</b>	<b>206,480</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 754,424</b>	<b>\$ 2,196,085</b>	<b>\$ 2,950,509</b>	<b>\$ 1,584,192</b>

See accompanying Notes to Basic Financial Statements.

---

# FIDUCIARY FUND FINANCIAL STATEMENTS

---

**Agency funds** are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds.

**City of Poway**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2010**

---

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 9,433,300
Receivables:	
Taxes	3,069
Accounts	1,000,000
Interest	48,032
Cash and investments with fiscal agent	<u>3,203,097</u>
<b>Total assets</b>	<b><u>\$ 13,687,498</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 227,601
Deposits	4,078,813
Due to bondholders	8,381,084
Advances from City of Poway	<u>1,000,000</u>
<b>Total liabilities</b>	<b><u>\$ 13,687,498</u></b>

---

# NOTES TO BASIC FINANCIAL STATEMENTS

---

**City of Poway**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2010**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Poway, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. *Financial Reporting Entity***

The City was incorporated December 1, 1980, under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (police - through the County of San Diego, and fire), community services, engineering services, planning services, public works, general administrative services, and capital improvements.

As required by generally accepted accounting principles in the United States, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and either the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. Component units for which the City is considered financially accountable are described below:

*Poway Redevelopment Agency*

The Poway Redevelopment Agency (Agency) was established on April 26, 1983 pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law". Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational and public facilities. The Agency was included within the scope of the reporting entity of the City because its governing body is composed in its entirety of council members of the City. Separate financial statements can be obtained from the Poway Finance Department located at Poway City Hall.

*Poway Public Financing Authority*

The Poway Public Financing Authority (Authority) is a joint powers authority organized pursuant to the State of California Government Code, Section 6500. The Authority exists under a Joint Exercise of Power Agreement dated October 8, 1991, between the City and the Agency. Its purpose is to assist in financing and refinancing projects for the benefit of the City and the Agency. Separate financial statements are not prepared.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus***

The accounting policies of the City conform to generally accepted accounting principles in the United States for local governmental units. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and means by which spending activities are controlled.

*Government – Wide and Fund Financial Statements*

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental and business-type activities for the City accompanied by a total column.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to and from other funds
- Advances to and from other funds
- Transfers in and out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are real and personal property tax, other local taxes, franchise fees, forfeitures and penalties, motor license fees, rents and concessions, interest revenue, and state and federal grants and subventions. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Low and Moderate Income Housing Special Revenue Fund** is used to account for funds restricted for low and moderate income housing financial activity.

The **City of Poway Redevelopment Agency Debt Service Fund** is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the debt.

The **Redevelopment Agency Capital Project Fund** is used to account for the financial resources to be used for the acquisitioned construction of major capital facilities (other than those financed by proprietary funds).

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

*Proprietary Fund Financial Statements*

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows for all proprietary funds.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Change in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The City reports the following major proprietary funds:

The **Water Enterprise Fund** is used to account for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collection.

The **Sewer Enterprise Fund** is used to account for the provision of sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collection.

*Fiduciary Fund Financial Statements*

Fiduciary fund financial statements include a Statement of Net Assets. The City’s fiduciary funds represent agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*C. Encumbrances*

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute GAAP basis expenditures or liabilities because the commitments will be honored during the subsequent year. The commitments will be re-appropriated and honored in the subsequent year.

*D. Cash, Cash Equivalents and Investments*

The City pools its available cash for investment purposes. The City considers pooled cash and highly liquid investments held with financial institutions, a fiscal agent, and in a pooled account with the State, to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*, the City adheres to certain disclosure requirements, if applicable for deposit and investment risk are specified for the following areas:

- Interest Rate Risk
- Credit Risk
  - ◆ Overall
  - ◆ Custodial Credit Risk
  - ◆ Concentration of Credit Risk
- Foreign Currency Risk

The cash flow statements require presentation of "cash and cash equivalents." For the purposes of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as "cash and cash equivalents," as such funds are available to the various funds as needed. With respect to cash and investments with fiscal agents, the City considers all investments with an original maturity of less than three months to be cash equivalents.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**E. Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "interfund balances."

**F. Inventories**

Inventories within the various fund types consist of water, materials and supplies which are valued at cost on a first-in, first-out basis. Reported expenditures reflecting the purchase of supplies have been restated to reflect the consumption method of recognizing inventory-related expenditures. A reservation of fund balance has been reported in the governmental funds to show that inventories do not constitute "available spendable resources," even though they are a component of net current assets.

**G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, streets, sidewalks, medians and storm drains), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated fair market value on the date donated.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	10-50 years
Buildings improvements	10-100 years
Furniture and Equipment	5-20 years
Infrastructure	20-50 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Government, which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included the value of all infrastructure in its Basic Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function. These assets include streets, bridges, sidewalks, drainage systems, and lighting systems, etc. Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems are not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction-related debt incurred during the period of construction for business-type and proprietary fund assets is capitalized as a cost of the constructed assets. Capital assets acquired under capital lease are capitalized at the net present value of the total lease payments.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**H. Capital Assets, Continued**

For infrastructure systems, the City elected to use the "Basic Approach" as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2006. This appraisal determined the original costs, which are defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

Capital Assets Acquired Under Lease Purchase Contracts

The long-term principal portion of debt on non-proprietary capital assets acquired through lease purchase contracts is accounted for in the government-wide financial statements as "capital lease obligations." A capital asset is recorded at the net present value of total lease payments in the government-wide financial statements.

**I. Compensated Absences**

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund. Vested or accumulated compensated absences are recorded in proprietary funds as an expense and liability of those funds as the benefits accrue to employees.

**J. Long-Term Debt**

Government-Wide Financial Statements

Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements

The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**K. Net Assets**

**Government-Wide Financial Statements**

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**Fund Financial Statements**

Reservations represent those portions of fund equity which are not appropriable for expenditure or which are legally segregated for specific future use. Designated fund balances represent tentative plans for future use of financial resources. Undesignated fund balance indicates that portion of the fund balance which is available for appropriation in future periods.

**L. Use of Restricted and Unrestricted Net Assets**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City’s policy is to apply restricted net assets first.

**M. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested by the City Treasurer to enhance earnings. The pooled interest earned is allocated to the funds based on average month-end cash balances of the various funds.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

The following is a summary of cash and investment at June 30, 2010:

	Government-Wide		Fiduciary Funds	
	Statement of Net Assets		Statement of	
	Governmental	Business-Type	Net Assets	Total
	Activities	Activities		
Cash and investments	\$ 97,187,789	\$ 22,145,665	\$ 9,433,300	\$ 128,766,754
Cash and investments with fiscal agents	22,974,561	280,450	3,203,097	26,458,108
<b>Total</b>	<b>\$ 120,162,350</b>	<b>\$ 22,426,115</b>	<b>\$ 12,636,397</b>	<b>\$ 155,224,862</b>

Cash, cash equivalents, and investments consisted of the following at June 30, 2010:

Cash on hand	\$ 7,650
Demand deposits	4,338,144
Investments	150,879,068
<b>Total cash and investments</b>	<b>\$ 155,224,862</b>

**A. Cash Deposits**

The carrying amounts of the City's demand deposits were \$4,338,144 at June 30, 2010. Bank balances at June 30, 2010, were \$4,525,318 which were fully insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**B. Investments**

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
U.S. Treasury Obligation	5 years	None	None
U.S. Agency Securities	5 years	75%	25%
Bankers' Acceptances	180 days	40%	5%
Medium-Term and Corporate Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Backed Securities	5 years	20%	None
Asset Back Securities	5 years	20%	None
Commercial Paper	270 days	25%	3%
Negotiable Certificates of Deposit	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	None	None
County of San Diego Investment Pool	N/A	None	None
CalTRUST Joint Powers Authority	N/A	None	None

\* Excluding amounts held by bond trustee that are not subject to California Government Code restriction.

**C. Investment Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreement, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Repurchase Agreements	1 year	None	30%
Money Market Mutual Funds	N/A	None	None
U.S. Agency Securities	5 years	75%	25%
Investment Contracts	30 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

*D. Risk Disclosures*

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amounts	Remaining Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
U.S. Treasuries	\$ 2,215,593	\$ -	\$ 2,215,593	\$ -	\$ -
U.S. Agencies	5,060,146	1,006,239	4,053,907	-	-
CalTrust Investment Pool	49,314,049	49,314,049	-	-	-
US Instrumentalities	28,527,345	9,075,599	11,588,009	7,863,737	-
Medium-Term and Corporate Notes	10,304,300	3,966,110	3,188,334	3,149,856	-
Local Agency Investment Fund (LAIF)	28,753,063	28,753,063	-	-	-
San Diego County Investment Pool	30,824	30,824	-	-	-
LOI Bond AD #2001-1	165,640	19,885	21,028	70,621	54,106
Certificates of Deposit	50,000	50,000	-	-	-
Held by bond trustee:					
Money Market Funds	12,672,181	12,672,181	-	-	-
Investment Contracts	11,073,932	-	-	-	11,073,932
Federal Home Loan Mortgage Corporation	2,711,995	-	2,711,995	-	-
	<u>\$ 150,879,068</u>	<u>\$ 104,887,950</u>	<u>\$ 23,778,866</u>	<u>\$ 11,084,214</u>	<u>\$ 11,128,038</u>

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**D. Risk Disclosures, Continued**

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following presentation is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

Investment Type	Amounts	Minimum										
		Rating	Exempt	AAA/Aaa	A+/A1	AA+/Aa2	A+/A2	A/A2	AA/Aa2	AA-/A2	AA/NR	
U.S. Treasuries	\$ 2,215,593	Aaa	\$ -	\$ 2,215,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agencies	5,060,146	Aaa	-	5,060,146	-	-	-	-	-	-	-	-
CalTrust Investment Pool	49,314,049	Aaa	-	-	-	-	-	-	-	-	-	49,314,049
US Instrumentalities	28,527,345	Aaa	-	28,527,345	-	-	-	-	-	-	-	-
Medium-Term and Corporate Notes	10,304,300	A1	-	1,046,369	1,082,513	3,099,091	1,998,255	1,053,800	1,020,014	1,004,258	-	-
Local Agency Investment Fund (LAIF)	28,753,063	N/A	28,753,063	-	-	-	-	-	-	-	-	-
San Diego County Investment Pool	30,824		30,824	-	-	-	-	-	-	-	-	-
LOI Bond AD #2001-1	165,640		165,640	-	-	-	-	-	-	-	-	-
Certificates of Deposit	50,000		-	50,000	-	-	-	-	-	-	-	-
Held by bond trustee:												
Money Market Funds	12,672,181		12,672,181	-	-	-	-	-	-	-	-	-
Investment Contracts	11,073,932		11,073,932	-	-	-	-	-	-	-	-	-
Federal National Mortgage Corporation	2,711,995		2,711,995	-	-	-	-	-	-	-	-	-
	<u>\$ 150,879,068</u>		<u>\$ 55,407,635</u>	<u>\$ 36,899,453</u>	<u>\$ 1,082,513</u>	<u>\$ 3,099,091</u>	<u>\$ 1,998,255</u>	<u>\$ 1,053,800</u>	<u>\$ 1,020,014</u>	<u>\$ 1,004,258</u>	<u>\$ 49,314,049</u>	

**Concentration of Credit Risk**

The City's Policy states that not more than 20% of the portfolio shall be invested in any one entity or any one instrument to protect the City from concentration of credit risk, with the following exceptions: U.S. Treasury Obligations and investments pools (State of California - Local Agency Investment Fund and California Asset Management Program). In addition, purchases of commercial paper must not exceed 20% of the value of the portfolio at any time and single issuer holdings must not exceed 3 percent per issuer. The City is in compliance with these provisions of the Policy.

The following is a chart of City's investment portfolio:

Trustee/Custodian	Investment Type	Reported Amount
Union Bank	U.S. Treasuries	\$ 2,215,593
Union Bank	U.S. Agencies	5,060,146
Union Bank	CalTrust Investment Pool	49,314,049
Union Bank	Corporates	10,304,300
State Treasurer Office	LAIF	28,753,063
FSA Capital	Investment Contract	11,073,932

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**E. Investment in Local Agency Investment Funds**

The City invests in the Local Agency Investment Fund (LAIF), a State of California investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

The City valued its investments in LAIF as of June 30, 2010, at fair value. The fair value is calculated by multiplying the account balance with LAIF times a fair value factor of 1.001643776 which is determined by LAIF. This fair value factor was determined by dividing total value by all LAIF participants' total cost.

The City's investments with Local Agency Investment Funds (LAIF) at June 30, 2010, included a portion of the pooled funds invested in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2010, the City had \$28,753,063 invested in LAIF, which had invested 5.42% of the pooled investment funds in short-term and medium-term Structured Notes and Asset-Backed Securities.

**F. Investment in San Diego County Investment Pool**

The City is a voluntary participant in the County Treasury Pool (County Pool) which is regulated under the oversight of the Treasurer of the County of San Diego. The fair value of the City's investment in the County Pool is reported in the accompanying financial statements based upon the City's pro-rata share of the fair value provided by the County Pool for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the Pool. Included in the County Pool's investment portfolio are collateralized and negotiable certificates of deposit, floating rate securities issued by federal agencies and corporations, money market funds, repurchase agreements and commercial paper.

At June 30, 2010, the City had \$30,824 invested in the San Diego County Investment Pool.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**3. INTERFUND TRANSACTIONS**

**A. Due To and Due From Other Funds**

As of June 30, 2010, balances were as follows:

	Due from other funds		
	Due to other funds	Fund	Total
Governmental Activities:			
Non-major Governmental Funds	\$	864,871	\$ 864,871
<b>Total</b>	<b>\$</b>	<b>864,871</b>	<b>\$ 864,871</b>

These balances resulted from loans to cover negative cash balances as of June 30, 2010.

**B. Advances To and Advances From Other Funds**

	Advances from other funds				
	Advances to other funds	City of Poway Redevelopment Agency Debt Service Fund	Non-major Governmental Funds	Fiduciary Agency Funds	Total
Governmental Activities:					
General Fund	\$	3,301,457	\$ 1,004,305	\$ -	\$ 4,305,762
Non-major Governmental Funds		3,720,100	17,576	-	3,737,676
Business-Type Activities:					
Water		2,606,354	-	-	2,606,354
Sewer		5,248,623	214,500	1,000,000	6,463,123
<b>Total</b>	<b>\$</b>	<b>14,876,534</b>	<b>\$ 1,236,381</b>	<b>\$ 1,000,000</b>	<b>\$ 17,112,915</b>

The advances were primarily used for the following:

The City Council authorized various loans to the Redevelopment Agency totaling \$ 14,876,534 and to other Non-major Governmental funds totaling \$1,263,381 at various interest rates. The terms of the loans are indefinite. Accrued interest on the loans of \$3,690,937 and \$1,053,486 respectively, are not reflected in the accompanying basic financial statements as payment is contingent upon the availability of tax increment. Interest is recorded when it becomes payable from available spendable resources.

The City's Sewer Fund loaned to the Parkway Business Center CFD No. 88-1- Bond Deposit Fiduciary Agency Fund \$1,000,000. Interest on this loan is paid on an annual basis and the outstanding principal balance will be paid with the final assessment in 2014-2015.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**3. INTERFUND TRANSACTIONS, Continued**

**C. Transfers To and From Other Funds**

Transfers for the year ended June 30, 2010, were as follows:

	Transfers Out							Total
	General	Income Housing Special Revenue Fund	Low and Moderate Income Housing Agency Debt Service Fund	City of Poway Redevelopment Agency Debt Service Fund	Non-major Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	
Transfers In								
General Fund	\$ 773,982	\$ -	\$ -	\$ 750,367	\$ 173,300	\$ 66,280	\$ 2,275,047	\$ 4,038,976
Low and Moderate Income Housing								
Special Revenue Fund	-	-	7,881,168	-	-	-	-	7,881,168
City of Poway Redevelopment								
Agency Debt Service Fund	-	1,741,327	-	449,045	-	-	-	2,190,372
Redevelopment Area								
Capital Projects Fund	-	-	6,999,555	-	-	-	-	6,999,555
Non-major Governmental								
Funds	897,727	-	449,045	-	115,459	115,459	-	1,577,690
<b>Total</b>	<u>\$ 1,671,709</u>	<u>\$ 1,741,327</u>	<u>\$ 15,329,768</u>	<u>\$ 1,199,412</u>	<u>\$ 288,759</u>	<u>\$ 181,739</u>	<u>\$ 2,275,047</u>	<u>\$ 22,687,761</u>

Transfers are primarily used for the following:

- Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them;
- Move receipt restricted to the debt service from the funds collecting the receipts, to the debt service fund as debt service payments become due.
- Move available funds to capital project funds for approved projects.
- Move available funds to new funds, or closed funds, at the direction of the Council.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**4. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

The following is a summary of capital assets for governmental activities:

	Balance July 1, 2009	Additions	Deletions	Reclassification	Balance June 30, 2010
<b>Non-depreciable Assets:</b>					
Land	\$ 71,519,985	\$ 1,381,933	\$ -	\$ -	\$ 72,901,918
Construction in progress	6,302,990	7,715,556	-	(1,674,485)	12,344,061
<b>Total non-depreciable assets</b>	<b>77,822,975</b>	<b>9,097,489</b>	<b>-</b>	<b>(1,674,485)</b>	<b>85,245,979</b>
<b>Depreciable Assets:</b>					
Buildings	64,966,094	-	-	1,326,096	66,292,190
Improvements other than buildings	6,309,047	-	-	-	6,309,047
Infrastructure	139,659,298	-	-	145,936	139,805,234
Machinery and equipment	14,877,814	1,332,259	(150,000)	202,453	16,262,526
<b>Total depreciable assets,     at cost</b>	<b>225,812,253</b>	<b>1,332,259</b>	<b>(150,000)</b>	<b>1,674,485</b>	<b>228,668,997</b>
<b>Less accumulated depreciation:</b>					
Buildings	(23,718,648)	(1,919,710)	-	-	(25,638,358)
Improvements other than buildings	(899,392)	(236,572)	-	-	(1,135,964)
Infrastructure	(76,006,637)	(3,147,414)	-	-	(79,154,051)
Machinery and equipment	(7,975,858)	(1,095,402)	150,000	-	(8,921,260)
<b>Total accumulated depreciation</b>	<b>(108,600,535)</b>	<b>(6,399,098)</b>	<b>150,000</b>	<b>-</b>	<b>(114,849,633)</b>
<b>Total depreciable assets, net</b>	<b>117,211,718</b>	<b>(5,066,839)</b>	<b>-</b>	<b>1,674,485</b>	<b>113,819,364</b>
<b>Total governmental activities</b>	<b>\$ 195,034,693</b>	<b>\$ 4,030,650</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 199,065,343</b>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2010 are as follows:

General government	\$ 1,534,519
Public safety	881,221
Public works	3,538,770
Community services	444,588
<b>Total depreciation expense</b>	<b>\$ 6,399,098</b>

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**4. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2009	Additions	Deletions	Reclassification	Balance June 30, 2010
Non-depreciable Assets:					
Land	\$ 76,797	\$ -	\$ -	\$ -	\$ 76,797
Construction in progress	7,125,892	6,277,150	-	(6,663,610)	6,739,432
Total non-depreciable assets	<u>7,202,689</u>	<u>6,277,150</u>	<u>-</u>	<u>(6,663,610)</u>	<u>6,816,229</u>
Depreciable Assets:					
Buildings	21,076,441	-	-	-	21,076,441
Improvements other than buildings	53,536,924	-	-	6,510,829	60,047,753
Machinery and equipment	2,909,801	-	-	152,781	3,062,582
Total depreciable assets, at cost	<u>77,523,166</u>	<u>-</u>	<u>-</u>	<u>6,663,610</u>	<u>84,186,776</u>
Less accumulated depreciation:					
Buildings	(14,655,783)	(465,737)	-	-	(15,121,520)
Improvements other than buildings	(27,483,227)	(1,432,574)	-	-	(28,915,801)
Machinery and equipment	(1,890,534)	(186,552)	-	-	(2,077,086)
Total accumulated depreciation	<u>(44,029,544)</u>	<u>(2,084,863)</u>	<u>-</u>	<u>-</u>	<u>(46,114,407)</u>
Total depreciable assets, net	<u>33,493,622</u>	<u>(2,084,863)</u>	<u>-</u>	<u>6,663,610</u>	<u>38,072,369</u>
<b>Total business-type activities</b>	<u><u>\$ 40,696,311</u></u>	<u><u>\$ 4,192,287</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,888,598</u></u>

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2010 are as follows:

Water	\$ 1,211,092
Sewer	873,771
<b>Total depreciation expense</b>	<u><u>\$ 2,084,863</u></u>

**B. Fund Financial Statements**

The fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**5. LONG-TERM DEBT**

The following is a summary of long-term debt for the year ended June 30, 2010:

	Balance July 1, 2009	Debt Issued	Debt Retired	Balance June 30, 2010	Classification	
					Due Within One Year	Due in more than One Year
<b>Governmental Activities:</b>						
Tax Allocation Bonds	\$ 240,800,638	\$ -	\$ (5,813,566)	\$ 234,987,072	\$ 5,775,000	\$ 229,212,072
Certificates of Participation	50,068,163	-	(1,614,067)	48,454,096	1,670,000	46,784,096
Notes payable	2,282,701	161,049	(43,238)	2,400,512	-	2,400,512
Compensated absences	1,402,003	244,196	(262,685)	1,383,514	259,221	1,124,293
<b>Total governmental activities</b>	<b>\$ 294,553,505</b>	<b>\$ 405,245</b>	<b>\$ (7,733,556)</b>	<b>\$ 287,225,194</b>	<b>\$ 7,704,221</b>	<b>\$ 279,520,973</b>
<b>Business-Type Activities:</b>						
Revenue Bonds	\$ 1,568,547	\$ -	\$ (187,976)	\$ 1,380,571	\$ 198,177	\$ 1,182,394
Compensated absences	314,817	26,032	(58,834)	282,015	52,704	229,311
<b>Total business-type activities</b>	<b>\$ 1,883,364</b>	<b>\$ 26,032</b>	<b>\$ (246,810)</b>	<b>\$ 1,662,586</b>	<b>\$ 250,881</b>	<b>\$ 1,411,705</b>

**A. Governmental Activities Long-Term Debt**

**Tax Allocation Bonds**

Tax Allocation Bonds at June 30, 2010, consisted of the following:

	Balance			Balance June 30, 2010	Amount Due	
	July 1, 2009	Additions	Deletions		Within One Year	More Than One Year
2000 Tax allocation bonds	\$ 9,335,000	\$ -	\$ (1,355,000)	\$ 7,980,000	\$ 1,425,000	\$ 6,555,000
2001 Tax allocation bonds	73,025,000	-	(550,000)	72,475,000	580,000	71,895,000
2003 Tax allocation bonds	129,900,000	-	(3,620,000)	126,280,000	3,740,000	122,540,000
Bond premium	2,529,189	-	(194,994)	2,334,195	-	2,334,195
2007 Tax allocation bonds	24,680,000	-	(30,000)	24,650,000	30,000	24,620,000
Bond premium	1,331,449	-	(63,572)	1,267,877	-	1,267,877
<b>Total Tax Allocation Bonds</b>	<b>\$ 240,800,638</b>	<b>\$ -</b>	<b>\$ (5,813,566)</b>	<b>\$ 234,987,072</b>	<b>\$ 5,775,000</b>	<b>\$ 229,212,072</b>

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**5. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Tax Allocation Bonds, Continued**

2000 Tax Allocation Bonds

In March 2000, the Agency issued the 2000 Tax Allocation Refunding Bonds in the amount of \$39,915,000. The bonds were issued on a subordinate basis to the portion of the Agency's previously issued \$21,595,000 Paguay Redevelopment Project, Tax Allocation Refunding Bonds, Series 1990A, of which \$5,855,000 were not refunded and \$4,305,000 are currently outstanding. The bonds consisted of serial bonds of \$9,940,000 maturing from 2000 to 2011 in semi-annual installments of \$45,000 to \$785,000 and term bonds of \$29,975,000 maturing in 2033. Interest is paid semiannually on June 15 and December 15 at rates ranging from 3.75% to 5.75%.

Bonds maturing on or after June 11, 2011 are subject to optional redemption in whole or in part on any interest payment date. Bonds maturing on June 15, 2033 are subject to mandatory redemption on each interest payment date beginning June 15, 2027. The outstanding balance of the bonds at June 30, 2010 was \$7,980,000.

The Agency has pledged a portion of future property tax increment revenue to repay the 2000 Tax Allocation Refunding Bonds. The bonds required 7% of property tax increment revenue. Total principal and interest remaining on the bond is \$14,841,919 payable through 2033.

The annual requirements to amortize the bonds outstanding at June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,425,000	\$ 424,987	\$ 1,849,987
2012	740,000	352,862	1,092,862
2013	-	334,362	334,362
2014	-	334,362	334,362
2015	-	334,362	334,362
2016-2020	-	1,671,810	1,671,810
2021-2025	-	1,671,813	1,671,813
2026-2030	2,865,000	1,433,905	4,298,905
20313-2033	2,950,000	303,456	3,253,456
<b>Total</b>	<b>\$ 7,980,000</b>	<b>\$ 6,861,919</b>	<b>\$ 14,841,919</b>

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**5. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Tax Allocation Bonds, Continued**

2001 Tax Allocation Bonds

In July 2001, the Agency issued the 2001 Tax Allocation Bonds in the amount of \$76,395,000 for the purpose of refinancing the Agency's outstanding Paguay Redevelopment Project, Subordinate Tax Allocation Bonds of 1999, financing certain improvements, including low and moderate income housing improvements in the Paguay Redevelopment Project Area, funding an escrow for future capital improvement, funding a reserve account and paying the bond issuance cost. The bonds bear interest from 3% to 5.25%, payable semi-annually on June 15 and December 15 through 2033. Payments of the bonds collateralized by a pledge of tax revenues to be received by the Agency. The bonds maturing on or after June 15, 2012 are subject to redemption prior to maturity at the option of the Agency. The outstanding balance of the bonds at June 30, 2010 was \$72,475,000.

The Agency has pledged a portion of future property tax increment revenue to repay the 2001 Tax Allocation Bonds. The bonds required 17% of property tax increment revenue. Total principal and interest remaining on the bond is \$125,256,959 payable through 2033.

The annual requirements to amortize the bonds outstanding at June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 580,000	\$ 3,712,424	\$ 4,292,424
2012	1,360,000	3,678,455	5,038,455
2013	2,200,000	3,608,461	5,808,461
2014	2,295,000	3,507,415	5,802,415
2015	2,410,000	3,395,149	5,805,149
2016-2020	11,670,000	15,112,104	26,782,104
2021-2025	13,855,000	11,858,362	25,713,362
2026-2030	24,945,000	6,773,027	31,718,027
2031-2033	13,160,000	1,136,562	14,296,562
<b>Total</b>	<b>\$ 72,475,000</b>	<b>\$ 52,781,959</b>	<b>\$ 125,256,959</b>

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**5. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Tax Allocation Bonds, Continued**

2003 Tax Allocation Bonds

In October 2003, the Agency issued the 2003 Series A Tax Allocation Bonds in the amount of \$150,300,000 for the purpose of refinancing the outstanding 1993 Tax Allocation Refunding Bonds in the amount of \$94,740,000, paying approximately \$10,983,000 owed under two owner participation agreements related to the properties located in the City's business parks, with one being paid in full, providing financing for certain improvements in the Paguay Redevelopment Area, funding a reserve account and paying the bond issuance costs. The bonds bear interest from 2.0% to 5.25% and are payable semi-annually on June 15 and December 15 through 2033. Payment of the bonds is collateralized by a pledge of tax revenues to be received by the Agency. The bonds maturing on or after June 15, 2028 are subject to redemption prior to maturity at the option of the Agency. The outstanding balance of the bonds at June 30, 2010 was \$126,280,000.

The Agency has pledged a portion of future property tax increment revenue to repay the 2003 Tax Allocation Bonds. The bonds required 40% of property tax increment revenue. Total principal and interest remaining on the bond is \$203,144,265 payable through 2033.

The annual requirements to amortize the bonds outstanding at June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest	Total	Amortization of Bond Premium
2011	\$ 3,740,000	\$ 6,294,900	\$ 10,034,900	\$ 191,162
2012	4,050,000	6,155,050	10,205,050	186,915
2013	4,465,000	6,003,300	10,468,300	182,307
2014	4,695,000	5,824,950	10,519,950	176,891
2015	5,010,000	5,614,300	10,624,300	170,494
2016-2020	28,975,000	23,884,126	52,859,126	725,307
2021-2025	37,625,000	15,346,139	52,971,139	466,028
2026-2030	22,895,000	6,356,625	29,251,625	193,037
2031-2033	14,825,000	1,384,875	16,209,875	42,054
<b>Total</b>	<b>\$ 126,280,000</b>	<b>\$ 76,864,265</b>	<b>\$ 203,144,265</b>	<b>\$ 2,334,195</b>

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**5. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Tax Allocation Bonds, Continued**

2007 Tax Allocation Bonds

In February 2007, the Agency issued the 2007 Tax Allocation Bonds in the amount of \$24,965,000 for the purpose of refinancing a portion of the 2000 Tax Allocation Refunding Bonds, originally issued in the principal amount of \$39,915,000, of which \$36,610,000 is currently outstanding (and of which \$12,450,000 will remain outstanding upon issuance of the Bonds), finance and refinance certain improvements in the Paguay Redevelopment Project Area and paying the bond issuance cost. The bonds bear interest from 3.5% to 4.125% and are payable semi-annually on June 15 and December 15 through 2033. Payment of the bonds is collateralized by a pledge of tax revenues to be received by the Agency. The bonds maturing on or before June 15, 2017 are not subject to call and optional redemption prior to maturity. Bonds maturing on or after December 15, 2017 are subject to redemption prior to maturity at the option of the Agency. The outstanding balance of the bonds at June 30, 2010 was \$24,650,000.

The Agency has pledged a portion of future property tax increment revenue to repay the 2007 Tax Allocation Bonds. The bonds required 5% of property tax increment revenue. Total principal and interest remaining on the bond is \$49,119,038 payable through 2033.

The annual requirements to amortize the bonds outstanding at June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest	Total	Bond Premium
2011	\$ 30,000	\$ 1,225,830	\$ 1,255,830	\$ 63,517
2012	30,000	1,224,780	1,254,780	63,463
2013	30,000	1,223,708	1,253,708	63,408
2014	30,000	1,222,628	1,252,628	63,352
2015	30,000	1,221,525	1,251,525	63,294
2016-2020	190,000	6,087,934	6,277,934	315,449
2021-2025	225,000	6,046,914	6,271,914	313,323
2026-2030	12,035,000	5,138,969	17,173,969	266,279
2031-2033	12,050,000	1,076,750	13,126,750	55,792
<b>Total</b>	<b>\$ 24,650,000</b>	<b>\$ 24,469,038</b>	<b>\$ 49,119,038</b>	<b>\$ 1,267,877</b>

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**5. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Certificates of Participation**

Certificates of Participation at June 30, 2010, consisted of the following:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010	Amount Due Within One Year	Amount Due More Than One Year
1995 Certificates of Participation	\$ 27,500,000	\$ -	\$ (780,000)	\$ 26,720,000	\$ 825,000	\$ 25,895,000
2003 Certificates of Participation	15,645,000	-	(370,000)	15,275,000	385,000	14,890,000
Bond premium	142,183	-	(9,425)	132,758	-	132,758
2005 Certificates of Participation	6,705,000	-	(445,000)	6,260,000	460,000	5,800,000
Bond premium	75,980	-	(9,642)	66,338	-	66,338
<b>Total certificates of participation</b>	<b>\$ 51,602,984</b>	<b>\$ -</b>	<b>\$ (1,614,067)</b>	<b>\$ 48,454,096</b>	<b>\$ 1,670,000</b>	<b>\$ 46,784,096</b>

1995 Certificates of Participation

In September 1995, the City issued the 1995 Refunding Certificates of Participation in the amount of \$31,770,000 to defease the City's outstanding 1991 Certificates of Participation - Capital Improvement Project - Poway Royal Mobilehome Park. The original bonds were issued to purchase the Poway Royal Mobilehome Park. The 1995 Refunding Certificates of Participation consisted of \$3,895,000 serial certificates maturing from 1996 to 2008 in semi-annual installments of \$10,000 to \$360,000 and term certificates of \$6,335,000, \$6,405,000 and \$15,135,000 maturing in 2015, 2020, and 2028, respectively. Interest is payable semi-annually on February 1 and August 1 at rates ranging from 3.65% to 6.15%. Certificates maturing on or after February 1, 2006 are subject to optional prepayment in whole or in part on any interest payment date on or after August 1, 2005. Certificates maturing on August 1, 2015, 2020, and 2028 are subject to mandatory prepayment by lot on any interest payment date beginning February 1, 2009, 2016 and 2021, respectively. At June 30, 2010, the outstanding balance of the 1995 Refunding Certificates of Participation was \$26,720,000.

The City has pledged a portion of future property tax increment revenue to repay the 1995 Refunding Certificates of Participations. Total principal and interest remaining on the certificates is \$44,568,536 payable through 2029.

The annual debt service requirements for the 1995 Refunding Certificates of Participation outstanding at June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 825,000	\$ 1,584,976	\$ 2,409,976
2012	870,000	1,535,772	2,405,772
2013	930,000	1,483,778	2,413,778
2014	975,000	1,428,553	2,403,553
2015	1,040,000	1,370,244	2,410,244
2016-2020	6,225,000	5,828,813	12,053,813
2021-2025	8,360,000	3,690,600	12,050,600
2026-2029	7,495,000	925,800	8,420,800
<b>Total</b>	<b>\$ 26,720,000</b>	<b>\$ 17,848,536</b>	<b>\$ 44,568,536</b>

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**5. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Certificate of Participation, Continued**

2003 Certificates of Participation

In January 2003, the City issued 2003 Certificates of Participation in the amount of \$17,655,000 for the construction of a City office building. The 2003 Certificates of Participation consisted of \$5,930,000 serial certificates maturing from 2004 through 2011 in annual installment of \$350,000 to \$515,000 and term certificates of \$3,005,000, \$3,830,000 and \$4,890,000 maturing in 2023, 2028 and 2033, respectively. Interest is payable semi-annually on July 1 and January 1 at rates ranging from 3.00% to 5.00%. Certificates maturing on or after January 1, 2018 are subject to optional redemption in whole or in part, on or after January 1, 2017. Certificates maturing on January 1, 2033 are subject to mandatory redemption, without premium, on January 1, 2019. At June 30, 2010, the outstanding balance of the 2003 Certificates of Participation was \$15,275,000.

Year Ending June 30,	Principal	Interest	Total	Bond Premium
2011	\$ 385,000	\$ 745,015	\$ 1,130,015	\$ 9,241
2012	400,000	731,540	1,131,540	9,074
2013	410,000	716,740	1,126,740	8,890
2014	430,000	700,750	1,130,750	8,692
2015	445,000	683,550	1,128,550	8,479
2016-2020	2,595,000	3,052,949	5,647,949	37,869
2021-2025	3,315,000	2,337,250	5,652,250	28,990
2026-2030	4,220,000	1,422,500	5,642,500	17,645
2031-2033	3,075,000	312,500	3,387,500	3,878
<b>Total</b>	<u>\$ 15,275,000</u>	<u>\$ 10,702,794</u>	<u>\$ 25,977,794</u>	<u>\$ 132,758</u>

2005 Certificates of Participation

In April 2005, the City issued 2005 Refunding Certificates of Participation in the amount of \$8,245,000 to refund and defease the City's outstanding 1995 Certificates of Participation and the 1996 Certificates of Participation. The original 1995 Certificates of Participation were used for several projects such as the City's pool and Performing Arts Center, while the 1996 Certificates of Participation were used to build the City's Sheriff Substation. The 2005 Refunding Certificates of Participation consisted of \$6,830,000 serial certificates maturing from 2005 through 2020 in annual installments of \$305,000 to \$610,000 and term certificates of \$1,415,000 maturing in 2026. Interest is payable semi-annually on February 1 and August 1 at rates ranging from 3.00% to 4.50%. Certificates maturing on or after August 1, 2016 are subject to optional redemption in whole or in part, on any date beginning August 1, 2015. Certificates maturing on August 1, 2026 are subject to mandatory redemptions in part of August 1 of each year beginning August 1, 2021. At June 30, 2010, the outstanding balance of the 2005 Certificates of Participation was \$6,260,000.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**5. LONG-TERM DEBT, Continued**

**A. Governmental Activities Long-Term Debt, Continued**

**Certificates of Participation, Continued**

2005 Certificates of Participation, Continued

Year Ending June 30,	Principal	Interest	Total	Bond Premium
2011	\$ 460,000	\$ 254,113	\$ 714,113	\$ 9,019
2012	480,000	233,538	713,538	8,289
2013	505,000	214,531	719,531	7,614
2014	520,000	194,625	714,625	6,908
2015	540,000	171,113	711,113	6,073
2016-2020	2,135,000	533,741	2,668,741	18,943
2021-2025	1,105,000	243,853	1,348,853	8,655
2026-2027	515,000	23,513	538,513	837
<b>Total</b>	<b>\$ 6,260,000</b>	<b>\$ 1,869,027</b>	<b>\$ 8,129,027</b>	<b>\$ 66,338</b>

**Notes Payable**

Notes payable at June 30, 2010, consisted of the following:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010	Amount Due Within One Year	Amount Due More Than One Year
Mossy Nissan	\$ 2,282,701	\$ 161,049	\$ (43,238)	\$ 2,400,512	\$ -	\$ 2,400,512
<b>Total notes payable</b>	<b>\$ 2,282,701</b>	<b>\$ 161,049</b>	<b>\$ (43,238)</b>	<b>\$ 2,400,512</b>	<b>\$ -</b>	<b>\$ 2,400,512</b>

The Agency entered into an Owner Participation Agreement with AZ Poway LLC (dba Mossy Nissan) that went into effect upon issuance of the certificate of completion for the Mossy Nissan automobile dealership on July 11, 2003. The Agency purchased an operating covenant for \$1,900,000 that accrues interest at the rate of 7% per annum. Annual payment of the operating covenant is based on 50% of the net new sales in effect until (i) the purchase price and accrued interest is paid in full, or (ii) the fifteenth annual payment is made. The operating covenant is deemed paid in full after the fifteenth annual payment is made, and all remaining balances, including accrued interest, are forgiven. The balance outstanding at June 30, 2010 was \$2,400,512.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**5. LONG-TERM DEBT, Continued**

**B. Business-Type Activities Long-Term Debt**

**Revenue Bonds**

Revenue Bonds at June 30, 2010, consisted of the following:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009	Amount Due Within One Year	Amount Due More Than One Year
1995 Revenue Bonds	\$ 1,580,000	\$ -	\$ (190,000)	\$ 1,390,000	\$ 200,000	\$ 1,190,000
Bond discounts	(11,453)	-	2,024	(9,429)	-	(9,429)
<b>Total contract payable</b>	<b>\$ 1,746,327</b>	<b>\$ -</b>	<b>\$ (187,976)</b>	<b>\$ 1,380,571</b>	<b>\$ 200,000</b>	<b>\$ 1,180,571</b>

1995 Revenue Bonds

In November 1995, the Poway Public Financing Authority issued the 1995 Revenue Bonds in the amount of \$3,380,000 to provide funds to construct certain water facility improvements. The bonds consist of \$2,190,000 serial bonds maturing from 1996 to 2010 in annual installments of \$105,000 to \$200,000 and \$1,190,000 term bonds maturing in 2015.

Interest is payable semi-annually on May 1 and November 1 with rates ranging from 3.70% to 5.75%. Bonds maturing on or after November 1, 2006 are subject to optional redemption prior to maturity, in whole or in part, on any date on or after November 1, 2005. The term bonds are subject to mandatory redemption in part on November 1, 2011 to 2015 in the amounts ranging from \$215,000 to \$265,000. At June 30, 2010, the outstanding balance of the 1995 Revenue Bonds was \$1,390,000.

The City has pledged a portion of future water revenue to repay the 1998 Revenue Bonds. Total principal and interest remaining on the bond is \$1,631,302 payable through 2016.

The annual requirements to amortize the bonds outstanding at June 30, 2010 are as follows:

Year Ending June 30,	Principal	Interest	Total	Bond Discount
2011	\$ 200,000	\$ 70,800	\$ 270,800	\$ (1,823)
2012	215,000	59,538	274,538	(1,755)
2013	225,000	47,438	272,438	(1,755)
2014	235,000	34,788	269,788	(1,755)
2015	250,000	21,450	271,450	(1,755)
2016	265,000	7,288	272,288	(586)
<b>Total</b>	<b>\$ 1,390,000</b>	<b>\$ 241,302</b>	<b>\$ 1,631,302</b>	<b>\$ (9,429)</b>

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**5. LONG-TERM DEBT, Continued**

*C. Defeasance of Long-Term Debt*

In February 2007, the City refunded a portion of the 2000 Tax Allocation Refunding Bonds in the amount of \$39,915,000 with the \$24,965,000 2007 Tax Allocation Refunding Bonds. The net proceeds of \$25,999,413 were used to purchase direct obligations for which the full faith and credit of the United States are pledged. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded debt. As a result, a portion of these bonds were considered defeased and removed from the City's long-term debt. At June 30, 2010, the outstanding balance of the non-defeased portion 2000 Tax Allocation Refunding Bonds was \$7,980,000, and the outstanding balance of the defeased portion was \$24,160,000.

These bonds were refunded to reduce total debt service by \$3,597,684 over the next 27 years and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,866,640.

**6. ASSESSMENT DISTRICT AND COMMUNITY FACILITIES DISTRICTS BONDS ISSUES**

*Community Facilities District Special Refunding Bonds*

In November 1998, the City issued \$26,090,000 in Special Refunding Bonds, Series A and B to refund the outstanding portion of the \$32,800,000 South Poway Community Facilities District No. 1 1987 Special Tax Refunding Bonds. In April 2004, the City issued \$3,775,000 in Special Tax Refunding Bonds to refund the outstanding portion of the \$26,090,000 South Poway Community Facilities District No. 1 1998 Special Tax Refunding Bonds, Series B. In May 1998, the City issued \$35,445,000 in Special Tax Refunding Bonds to refund the outstanding portion of the \$30,000,000 and \$8,000,000 Community Facilities District No. 88-1 (Parkway Business Centre) Special Tax Bonds, Series 1990, respectively. In December 2009 the City issued \$16,545,000 in Special Tax Refunding Bonds to refund the outstanding portion of the \$33,445,000 Community Facilities District No. 88-1 (Parkway Business Centre) Special Tax Refunding Bonds Series 1998. The bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are secured by and payable from the proceeds of annual special assessment taxes levied and collected on the property within the District. The Bonds are not general or special obligations of the City. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agents. Neither faith and credit nor the taxing power of the City is pledged to the payment of these bonds. At June 30, 2010, the outstanding balances of the November 1998, April 2004 and December 2009 issuances were \$2,125,000, \$260,000, and \$16,545,000, respectively.

*Integrated Financing Assessment District No. 96-1 Limited Obligation Improvement Bonds*

In June 1996, the City issued \$586,470 Integrated Financing Assessment District No. 96-1 (High Valley Roads) Limited Obligation Improvement Bonds to finance the cost of acquisition and construction of certain public infrastructure improvement benefiting properties within the boundaries of the assessment district. The bonds are authorized pursuant to the Improvement Bond Act of 1915 and are secured by and payable from the proceeds of annual special assessment taxes levied and collected on the property within the District. The Bonds are not general or special obligations of the City. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agents. Neither faith and credit nor the taxing power of the City is pledged to the payment of these bonds. At June 30, 2010, the outstanding balance of the bonds was \$290,000.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**6. ASSESSMENT DISTRICT AND COMMUNITY FACILITIES DISTRICTS BONDS ISSUES, CONTINUED**

Old Coach Water Line Assessment District No. 2001-01 Limited Obligation Improvement Bonds

In July 2001, the City issued \$290,350 Old Coach Water Line Assessment District No. 2001-01 Limited Obligation Improvement Bonds to finance the cost of acquisition and construction of certain public infrastructure improvement benefiting properties within the boundaries of the assessment district. The bonds are authorized pursuant to the Improvement Bond Act of 1915 and are secured by and payable from the proceeds of annual special assessment taxes levied and collected on the property within the District. The Bonds are not general or special obligations of the City. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agents. Neither faith and credit nor the taxing power of the City is pledged to the payment of these bonds. At June 30, 2010, the outstanding balance of the bonds was \$165,641.

**7. RETIREMENT BENEFITS**

**A. California Public Employees' Retirement Plan (PERS)**

Plan Description

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Active members are required by State statute to contribute 7% if a Miscellaneous member, and 9% if a Safety member, of their annual covered salary. The City pays 4% employee contributions for all Miscellaneous employees and 6% for Safety employees (Fire, Fire Management, and the Fire Chief), which amounted to \$764,802 for the year ended June 30, 2010. The City's employer required contribution rate was 11.621% for Miscellaneous employees and 23.557% for Safety employees for the fiscal year.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**7. RETIREMENT BENEFITS, Continued**

**A. California Public Employees' Retirement Plan (PERS), Continued**

Annual Pension Cost

For 2009-2010, the City's annual pension cost of \$2,501,404 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.25% to 14.45% for miscellaneous employees and 3.25% to 14.45% for safety employees depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2007, was 30 years for miscellaneous employees and 30 years for safety employees for prior and current service unfunded liability.

**THREE-YEAR TREND INFORMATION FOR PERS (\$ Amounts in Thousands)**

Fiscal Year	Safety Annual Pension Cost (APC)	Miscellaneous Annual Pension Cost (APC)	Total Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 1,026	\$ 1,397	\$ 2,423	100%	\$ -
6/30/2009	1,119	1,488	2,607	100%	-
6/30/2010	1,097	1,404	2,501	100%	-

Most Recent Actuarial Study – Schedule of Funding Progress

(\$ Amounts in Thousands)

	Actuarial Valuation Date	Actual Asset Value	Entry Age Actuarial Accrued Liability (AAL)	Overfunded (Unfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Unfunded) Actuarial Liability as Percentage of Covered Payroll
<b>Miscellaneous</b>							
<b>Employees Group</b>	6/30/2009	\$ 59,494	\$ 69,735	\$ (10,241)	85.3%	\$ 12,754	(80.30)%
<b>Public Safety</b>							
<b>Employees Group</b>							The City's safety plan becomes part of a CalPERS Risk Pool for employers with less than 100 active plan members. As part of a cost sharing multiple-employer defined benefits plan, disclosures of the schedule of funding progress is not required.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presented multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**7. RETIREMENT BENEFITS, Continued**

**B. Public Agency Retirement Services (PARS)**

Plan Description

The City sponsors the PARS Retirement Enhancement Plan. The plan provides a benefit equal to the 2.7% at 55 plan factor, less the CalPERS 2% at 55 plan factors for all years of City service and prior CalPERS service. Sample rates are as follows:

<u>Age</u>	<u>Net Factor</u>	<u>Age</u>	<u>Net Factor</u>	<u>Age</u>	<u>Net Factor</u>
50	1.426%	55	2.000%	60	2.262%
51	1.522%	56	2.052%	61	2.314%
52	1.628%	57	2.104%	62	2.366%
53	1.742%	58	2.156%	63	2.418%
54	1.866%	59	2.210%	64+	2.418%

Funding Policy

The City's funding policy is to contribute the annual required contribution. The annual required contribution equals the sum of:

- Normal cost
- Amortization of the unfunded actuarial accrued liability

Annual Pension Cost

For the year ended June 30, 2010, the City's annual required contribution is \$1,027,244. The required contribution was based on the July 1, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.0% investment return (net of administrative expenses), (b) the CalPERS 1997 - 2002 Experience Study table for Males and Females, (c) projected annual payroll increases of 3.25% a year plus merit, and (d) cost-of-living adjustment of 2% per year. Both (a) and (c) included an inflation component of 3.5%. The unfunded actuarial accrued liability is being fresh started and amortization payments are increasing by 3.25% per year over 20 years, with 14 remaining at June 30, 2010.

**THREE-YEAR TREND INFORMATION FOR PARS (\$ Amounts in Thousands)**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	\$ 818	100%	\$ -
6/30/2009	1,083	100%	-
6/30/2010	1,027	100%	-

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**7. RETIREMENT BENEFITS, Continued**

**B. Public Agency Retirement Services (PARS), Continued**

Most Recent Actuarial Study – Schedule of Funding Progress

(\$ Amounts in Thousands)

	Actuarial Valuation Date	Actual Asset Value	Entry Age Actuarial Accrued Liability	Overfunded (Unfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Unfunded) Actuarial Liability as Percentage of Covered Payroll
Miscellaneous							
Employees Group	6/30/2009	\$ 2,409	\$ 9,755	\$ (7,346)	24.7%	\$ 12,112	(60.65)%

**C. Defined Contribution Pension Plan**

The City provides pension benefits for all of its part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the Public Agency Retirement System (PARS). All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and City Council resolved to match the employees' contribution of 3.75% for employees hired prior to July 1, 1996. Employees hired after July 1, 1996 pay 7.5% of the contributions. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2010, the City's payroll covered by the plan was \$617,386. The City made employer contributions of \$475 (0.0769% of current covered payroll), and employees contributed \$45,829 (7.4232% of current covered payroll).

**8. REHABILITATION LOAN PROGRAM**

The City has made various non-interest bearing loans to property owners for the rehabilitation of property within the City. In accordance with the Affordable Housing Rehabilitation Loan Program, ten percent of each loan is forgiven each year on the loan anniversary. A portion of the loans are repayable only upon the sale of the property within ten years of the loan origination date or upon the death of the current property owner. Due to the contingent repayment schedule of these loans, the Agency records an expenditure when a loan is made and no receivable is included in the accompanying basic financial statements. The balance of the loans outstanding at June 30, 2010 was \$18,295.

**9. TAX INCREMENT REIMBURSEMENT EXPENDITURES**

The tax increment reimbursement expenditures are comprised of pass through payments to other taxing agencies such as the County of San Diego and owner participation agreement payments to developers that funded public improvements within the project area.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**10. OTHER REQUIRED DISCLOSURES**

*A. Government-Wide Financial Statements*

At June 30, 2010, the unrestricted net assets had a deficit balance of \$(67,276,026) for governmental activities because long-term debt is in excess of assets owned by the City. The deficit is caused by pass through payments and other non-capitalizable expenditures from bond proceeds.

*B. Fund Financial Statements*

At June 30, 2010, the following fund had a deficit fund balance:

Funds	Deficit
<b>Non-major Governmental Funds:</b>	
Storm Water Management	(147,169)

**11. RISK MANAGEMENT**

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et. Seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee. The audited Financial Statements can be obtained from City of Poway.

*A. General Liabilities*

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claim year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Limit: \$50 million combined single limit per occurrence.

*B. Workers' Compensation*

The City also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Limit: Statutory benefits and \$10 million employers' liability.

*C. Environmental Insurance*

The City also participates in the pollution legal liability and remediation legal liability insurance that is administered by the Authority. This policy covers sudden and gradual pollution of scheduled property, streets and storm drains owned by the City. Limit: \$10 million per member, \$50,000 per occurrence self-insured retention.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**11. RISK MANAGEMENT, Continued**

*D. Property Insurance*

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$155,572,152. There is a \$5,000 per loss deductible except for earthquake which has a 5% deductible and flood which has a \$100,000 per occurrence deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

*E. Fidelity Bonds*

The City purchases blanket fidelity bond coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

At June 30, 2010, no liability was recorded in the accompanying basic financial statements.

**12. JOINT VENTURE**

The City is a member of the Regional Solid Waste Association Joint Powers Authority (JPA). The JPA was formed on September 1, 1997 by the Cities of Del Mar, Encinitas, National City, Poway, Solana Beach and Vista to provide stable, long-term, cost effective options for all aspects of regional solid waste disposal. Each member provides a proportionate percentage of revenue to cover all costs related to the obligations and liabilities of the JPA when they become due and payable. In the event of dissolution of the JPA, any money or assets in possession of the Regional Solid Waste Association after the payment of all liabilities, costs, expenses and charges shall be distributed to the member agencies in proportion to their contributions determined as of the time of termination. The activities of the JPA are supervised by a board consisting of one elected member of the legislative body of each of the member agencies. The City of Escondido joined the JPA as a special contract party for the purpose of working on Regional Household Hazardous Waste issues. Summarized audited information of the JPA for the fiscal year ended June 30, 2010 is as follows:

Total assets	<u>\$ 318,983</u>
Total liabilities	<u>\$ 9,990</u>
Fund equity	<u>\$ 308,993</u>
Total revenues	<u>\$ 263,586</u>
Total expenses	<u>\$ 239,076</u>
Net increase in fund equity	<u>\$ 24,510</u>

City's share of the JPA's assets and liabilities are not available. Separate financial statements of the JPA are available at the City of Poway.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**13. PROPERTY TAXES**

Property taxes are levied on March 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Diego, California (County) bills and collects property taxes and remits them to the City according to a payment schedule established by the County.

The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic tax levy proportionate to what it received during the years 1980-1981.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are not recorded as revenue until collected.

No allowance for doubtful accounts was considered necessary.

**14. CONTINGENT LIABILITIES AND COMMITMENTS**

**A. *Litigation***

The City is a defendant in certain legal actions arising in the normal course of operations. The accompanying basic financial statements reflect a liability for the probable amounts of loss associated with these claims.

**B. *Grants***

The City participates in a number of programs that are fully or partially funded by grants received from federal, state, and county governments. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor agency. As of June 30, 2010, significant amounts of grant expenditures have not been audited by the grantor agencies, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the City's overall financial position.

**C. *Construction***

Various construction projects were in progress at June 30, 2010 with an estimated cost to complete of approximately \$27,972,621 in all fund types.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

---

**15. COMMITMENTS UNDER DEVELOPER AGREEMENTS**

On April 1, 1999, the Agency entered into an Owner Participation Agreement with a developer with regard to certain parcels of real estate located in the Project Area within the boundaries of Community Facilities District (CFD) No. 88-1. In order to provide for the funding of certain public improvements associated with the project, the Agency shall pay the developer on each annual payment date, an amount equal to gross property tax increment allocated to and received by the Agency with respect to the site, less the housing set-aside and the County and City administrative charges for the previous fiscal year ending June 30 preceding the annual payment date.

On June 22, 1999, the Agency entered into an Owner Participation Agreement with a developer with regard to certain parcels of real estate located in the Project Area. In order to provide for the funding of certain public improvements associated with the project, the Agency shall pay the developer on each annual payment date, an amount equal to gross property tax increment allocated to and received by the Agency with respect to the site, less the housing set-aside and the County and City administrative charges for the previous fiscal year ending June 30 preceding the annual payment date.

**16. RELATED PARTY TRANSACTION**

During the fiscal year 2005-06, the City issued a Housing Loan to the City Manager in the amount of \$500,000 for the home purchase within the City limit. The loan is secured by a note and deed of trust on the property in the amount of \$500,000. The term of the loan shall be for thirty years. The interest rate on the loan is established at a fixed rate of 2.50% APR, payable bi-weekly through payroll deductions. The loan is interest only for the first year then a level payment over the next 29 years. The outstanding loan balance was paid in full as of June 30, 2010.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**17. RESERVATION AND DESIGNATION OF FUND BALANCES**

	Major Funds					Total
	General Fund	Low and Moderate Income Housing Special Revenue Fund	City of Poway RDA Debt Service Fund	Redevelopment Area Capital Projects Fund	Other Governmental Fund	
Reserved for:						
Encumbrances	\$ 186,808	\$ 202,250	\$ -	\$ 1,442,242	\$ 342,406	\$ 2,173,706
Prepaid items	33,811	-	-	-	-	33,811
Inventories	94,085	-	-	-	-	94,085
Deposits	27,243	-	-	-	-	27,243
Notes receivable	-	-	-	7,680,253	-	7,680,253
Advances to other funds	4,305,762	-	-	-	3,737,676	8,043,438
Debt service	-	-	13,938,600	-	3,918,156	17,856,756
Low and moderate income housing	-	17,436,676	-	-	-	17,436,676
Capital projects	-	-	-	-	2,962,509	2,962,509
<b>Total reserved</b>	<b>4,647,709</b>	<b>17,638,926</b>	<b>13,938,600</b>	<b>9,122,495</b>	<b>10,960,747</b>	<b>56,308,477</b>
Unreserved:						
Designated for:						
City facilities	3,772,838	-	-	-	-	3,772,838
State of California Economic downturn	3,121,321	-	-	-	-	3,121,321
Special projects	1,214,986	-	-	-	-	1,214,986
Street maintenance	4,507,818	-	-	-	-	4,507,818
Capital projects	-	-	-	12,390,230	8,405,474	20,795,704
Miscellaneous	19,107,774	-	-	-	-	19,107,774
<b>Total unreserved, designated</b>	<b>31,724,737</b>	<b>-</b>	<b>-</b>	<b>12,390,230</b>	<b>8,405,474</b>	<b>52,520,441</b>
Undesignated for:						
Special revenue funds	-	-	-	-	5,913,093	5,913,093
<b>Total unreserved, undesignated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,913,093</b>	<b>5,913,093</b>
<b>Total fund balances</b>	<b>\$ 36,372,446</b>	<b>\$ 17,638,926</b>	<b>\$ 13,938,600</b>	<b>\$ 21,512,725</b>	<b>\$ 25,279,314</b>	<b>\$ 114,742,011</b>

**18. SUBSEQUENT EVENTS**

State Budget Crisis

In 2009, the State of California enacted legislation authorizing a two-year takeaway of Redevelopment Agency funds. The fiscal year 2009-2010 payment was \$13,700,882 and it is anticipated another \$2,820,770 will need to be paid in fiscal year 2010-2011. This action was litigated by the California Redevelopment Association and other parties. This lawsuit challenges the constitutionality of ABX 4-26 and seeks to prevent the State from taking redevelopment funds for non-redevelopment purposes.

Poway Royal Mobile Home Park

On July 12, 2010, the City of Poway sold the Poway Royal Mobile Home Park to Hometown Poway Royal Estates LLC for \$38,300,000. As such the 1995 Certificates of Participation were fully paid off in conjunction with their August 1, 2010 debt service payment. Additionally the lease between the City and the Agency was terminated at the time of the sale. In addition the City received a twenty year \$10,000,000 note receivable. Interest at five percent per annum is due on July 12th of each year with the entire principal balance being due on July 12, 2030.

*This page intentionally left blank.*

---

# REQUIRED SUPPLEMENTARY INFORMATION

---

**City of Poway**  
**Required Supplementary Information**  
**For the year ended June 30, 2010**

---

---

**1. BUDGETARY INFORMATION**

The City prepares its budgets on the basis of estimated expenditures and, accordingly, the budget amounts included in the accompanying financial statements are presented on a basis consistent with generally accepted accounting principles.

The City Manager's Proposed Budget is reviewed by the City's Budget Review Committee (Committee), whose members are appointed by the City Council. The Committee then prepares recommendations for consideration by the City Council when the budget is adopted at a public hearing each June.

No budget expenditures can be disbursed without proper appropriations. Once the budget is adopted, no additional fund appropriations can be authorized without the Council's approval. The level of budget control (the level on which expenditures may not legally exceed appropriations) is the individual fund level. The City Manager can authorize budget transfers between departments without additional appropriations.

The City holds a mid-year budget review meeting. During the meeting, all the budget expenditures are reviewed and projections for the whole year are made. Therefore, any necessary changes are submitted for approval by the City Council with a resolution.

Annual appropriated budgets are adopted for the general, special revenue (except for the Performing Arts Center Trust), the permanent funds, and one debt service fund. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted and as further amended by the City Council. Capital improvement projects budgets are adopted upon project approval and remaining project balances are carried forward to subsequent fiscal years until the project's completion.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities. The commitments will be reappropriated and honored in the subsequent year.

**City of Poway**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2010**

**1. BUDGETARY INFORMATION, Continued**

The following is the budget comparison schedules for the General Fund and all major special revenue funds.

*Budget Comparison Schedule, General Fund*

	Budgeted Amount		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 22,979,240	\$ 22,979,240	\$ 23,841,209	\$ 861,969
Licenses and permits	402,610	402,610	433,517	30,907
Intergovernmental	266,890	266,890	602,192	335,302
Charges for services	1,053,530	1,053,530	1,013,569	(39,961)
Fines and forfeitures	761,000	761,000	750,551	(10,449)
Use of money and property	2,089,560	2,089,560	1,892,434	(197,126)
Developer fees	3,413,710	3,413,710	3,436,091	22,381
Other revenue	436,880	436,880	965,071	528,191
<b>Total revenues</b>	<b>31,403,420</b>	<b>31,403,420</b>	<b>32,934,634</b>	<b>1,531,214</b>
<b>EXPENDITURES:</b>				
Current:				
General government	3,704,381	6,126,478	5,241,469	885,009
Public safety	19,461,170	19,475,470	18,812,864	662,606
Public works	2,609,129	2,647,629	2,395,310	252,319
Development services	4,740,058	4,767,148	4,475,943	291,205
Community services	4,936,831	4,956,831	4,422,418	534,413
Capital outlay	2,757,180	2,410,845	1,295,596	1,115,249
<b>Total expenditures</b>	<b>38,208,749</b>	<b>40,384,401</b>	<b>36,643,600</b>	<b>3,740,801</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(6,805,329)</b>	<b>(8,980,981)</b>	<b>(3,708,966)</b>	<b>5,272,015</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,210,040	5,498,649	4,038,976	(1,459,673)
Transfers out	(2,329,295)	(3,103,277)	(1,671,709)	1,431,568
<b>Total other financing sources (uses)</b>	<b>(119,255)</b>	<b>2,395,372</b>	<b>2,367,267</b>	<b>(28,105)</b>
<b>Net change in fund balance</b>	<b>\$ (6,924,584)</b>	<b>\$ (6,585,609)</b>	<b>(1,341,699)</b>	<b>\$ 5,243,910</b>

**FUND BALANCES:**

Beginning of year	37,714,145
End of year	<u>\$ 36,372,446</u>

**City of Poway**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2010**

**1. BUDGETARY INFORMATION, Continued**

*Budget Comparison Schedule, Low and Moderate Income Housing Special Revenue Fund*

	Budgeted Amount		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest and rental	\$ 395,410	\$ 395,410	\$ 349,507	\$ (45,903)
Other revenue	30,000	30,000	326,391	296,391
<b>Total revenues</b>	<b>425,410</b>	<b>425,410</b>	<b>675,898</b>	<b>250,488</b>
<b>EXPENDITURES:</b>				
General government	1,155,336	1,155,336	1,141,648	13,688
Capital outlay	18,680,046	18,680,046	7,037,128	11,642,918
<b>Total expenditures</b>	<b>19,835,382</b>	<b>19,835,382</b>	<b>8,178,776</b>	<b>11,656,606</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(19,409,972)</b>	<b>(19,409,972)</b>	<b>(7,502,878)</b>	<b>11,907,094</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	7,449,890	7,449,890	7,881,168	431,278
Transfers out	(1,784,610)	(1,784,610)	(1,741,327)	43,283
<b>Total other financing sources (uses)</b>	<b>5,665,280</b>	<b>5,665,280</b>	<b>6,139,841</b>	<b>474,561</b>
<b>Net change in fund balance</b>	<b>\$ (13,744,692)</b>	<b>\$ (13,744,692)</b>	<b>(1,363,037)</b>	<b>\$ 12,381,655</b>
<b>FUND BALANCES:</b>				
Beginning of year			19,001,963	
End of year			\$ 17,638,926	

**City of Poway**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2010**

**2. DEFINED BENEFIT PENSION PLANS**

**A. California Public Employees' Retirement Plan (PERS)**

A schedule of funding progress for the year ended June 30, 2010 including the past three actuarial valuations is presented below.

(\$ Amounts in Thousands)

	Actuarial Valuation Date	Actual Asset Value	Entry Age Actuarial Accrued Liability	Overfunded (Unfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Unfunded) Actuarial Liability as Percentage of Covered Payroll
Miscellaneous	6/30/2007	\$ 51,942	\$ 58,792	\$ (6,850)	88.3%	\$ 12,901	(53.10)%
Employees Group	6/30/2008	56,126	63,279	(7,153)	88.7%	12,891	(55.49)%
	6/30/2009	59,494	69,735	(10,241)	85.3%	12,754	(80.30)%

**Public Safety Employees Group** The City's safety plan becomes part of a CalPERS Risk Pool for employers with less than 100 active plan members. As part of a cost sharing multiple-employer defined benefits plan, disclosures of the schedule of funding progress is not required.

**B. Public Agency Retirement Services (PARS)**

A schedule of funding progress for the year ended June 30, 2010 including the past three actuarial valuations is presented below.

(\$ Amounts in Thousands)

	Actuarial Valuation Date	Actual Asset Value	Entry Age Actuarial Accrued Liability	Overfunded (Unfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Unfunded) Actuarial Liability as Percentage of Covered Payroll
Miscellaneous	6/30/2004	\$ -	\$ 4,821	\$ (4,821)	17.1%	\$ 11,691	(49.08)%
Employees Group	6/30/2007	1,336	7,799	(6,463)	17.1%	13,167	(49.08)%
	6/30/2009	2,409	9,755	(7,346)	24.7%	12,112	(60.65)%

*This page intentionally left blank.*

---

# SUPPLEMENTARY INFORMATION

---

*This page intentionally left blank.*

---

# NON-MAJOR GOVERNMENTAL FUNDS

---

## SPECIAL REVENUE FUNDS:

*Fire Protection Fund* - Used to account for revenues received from the Fire Protection Special Tax. Voters approved this special tax in June 1997. It is used to pay for a portion of the costs of fire protection within the City of Poway.

*800 MHz Regional Communication System Fund* - Used to account for revenues received from the 800 MHz Regional Communication System Special Tax. Voters approved this special tax in June 1998. It is used to pay for the City's share of the County-wide radio backbone system, and a portion of the annual maintenance expenses.

*Gas Tax Fund* - Used to account for revenues received and expenditures made for street maintenance. Financing is provided by the City's share of State gasoline taxes made pursuant to the California State Constitution and authorized by the State Legislature.

*Street Improvement Fund* - Used to account for revenues received and expenditures made for street improvements. Financing is provided primarily from developer's traffic mitigation fees. City Ordinance No. 80 authorized the collection and the segregation of the funding.

*Drainage Fund* - Used to account for operations of the flood control and drainage division. Financing is provided by developer's drainage fees and flood zone fees from the County. Poway Municipal Code Section 16.72 requires the segregation of the funding.

*Maintenance Districts Fund* - Used for lighting, landscape and maintenance. Costs of the districts are estimated and property owners are assessed their proportionate share based on an engineer's report. The assessments are collected via the tax rolls.

*Miscellaneous and Grants Fund* - Used to account for grants from various agencies used for operations and maintenance, and to account for specific in-lieu fees from developers. Financing for grants is provided by the State, County and Federal Government. Such grants provide for payment of all current operating costs and may be used only for specified purposes.

*Community Development Block Grant Fund* - Used to account for revenues received and expenditures made for community development and housing assistance. Financing is provided under agreement with the county whereby the City is a secondary recipient with funds made available from the U.S. Department of Housing and Urban Development under the Housing and Community Development Acts of 1974 and 1977.

*Transportation Development Act Fund* - Used to account for revenues received and expenditures made for transportation development, transit and related studies. Funding is provided to the City as secondary recipient under agreements with the county and with the San Diego Association of Governments.

---

# NON-MAJOR GOVERNMENTAL FUNDS

---

## SPECIAL REVENUE FUNDS, Continued:

*Proposition A Fund* - To account for the San Diego County special Proposition A one-half (1/2) cent transportation sales tax which became effective July 1, 1988. All revenues of this fund must be expended for certain transportation-related purposes.

*Royal Mobilehome Park Administration Fund* - Used to account for revenues received and expenditures made in the administration of the Royal Mobilehome Park.

*Traffic Congestion AB2928 Fund* - Used to account for revenues received and expenditures made under the State's Traffic Congestion Relief grant, AB 2928. These funds must be used for street and highway pavement maintenance, rehabilitation and reconstruction of necessary associated facilities such as drainage and traffic control devices.

*Bette Bendixen Fund* - Used to account for money provided by private donors restricted to maintenance of riding and hiking trails.

*Poway Road Beautification Fund* - Used to account for money provided by donors restricted to beautification efforts along Poway Road.

*Poway Valley Senior Center Endowment Fund* - Used to account for money provided by the City to the Poway Valley Senior Citizens Corporation restricted for on-going needs of the Senior Center. Interest may be expended at the organization's direction while expenditures from principal require City Council approval.

*Old Poway Park Tree Fund* - Used to account for money provided by a settlement restricted to adding trees in Old Poway Park.

*Poway Public Arts Center Fund* - Used to account for funds set aside to further public art in Poway.

*Kumeyaay Endowment Fund* - Used to account for funds that have been set aside to offer education about the Kumeyaay Indians and eventually build a Kumeyaay Indian Interpretive Center.

*Poway Fine Arts Center Fund* - Used to account for funds set aside for the creation of a fine arts center.

*Senior Volunteer Patrol Fund* - Used to account for funds set aside to purchase supplies and equipment.

*Prop 1B Transportation Bond Fund* - Used to account for revenues received and expenditures made under the State's Prop 1B Transportation Bond Fund. These funds must be used for projects that will assist in reducing local traffic congestion and further deterioration, improving traffic flows, or increasing traffic safety.

---

# NON-MAJOR GOVERNMENTAL FUNDS

---

## SPECIAL REVENUE FUNDS, Continued:

*Storm Water Management Fund* - Used to account for revenues received and expenditures made for the City's storm water pollution prevention program.

*Fire Equipment Trust Fund* - Used to account for funds that have been set-aside to purchase equipment used by the City's Fire Department.

*Public Art Trust Fund* - Used to account for funds that have been set-aside to purchase public art for the City of Poway.

*Regional Arterial Traffic Mitigation* - Used to account for new fees required by SANDAG.

*Fire Protection Impact Fees* - Used to account for revenues received and expenditures made for fire protection improvements. Financing is provided primarily from developer fees.

*BEGIN Program* - The Building Equity and Growth in Neighborhoods program (BEGIN) is funded by the California Department of Housing and Community Development to provide down payment assistance to low and moderate income first-time home buyers of newly constructed homes.

## DEBT SERVICE FUNDS:

Used to account for accumulation of resources for the payment of interest and principal of long-term debt.

## PERMANENT FUNDS:

*Mary Patricia Ross Trust Fund* - Used to account for revenue and expenses provided by a private estate to finance community park and recreation purposes. The principal must be maintained intact until 2006. Interest income must also be used to finance such recreational purposes.

*Library Fund* - Used to account for a donation to the City which is to be held in perpetual trust. The income from the principal is to be used for library supplies and service.

## CAPITAL PROJECTS FUNDS:

*Park Improvement Fund* - Used to account for the financing and construction of park facilities throughout the City.

*Municipal Improvement Fund* - Used to account for financing and construction of major capital facilities other than those financed by the proprietary funds. Major capital projects include construction of government buildings, including City Hall, fire station and warehouse facilities.

**City of Poway**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2010**

	Special Revenue Funds				
	Fire	800 MHz	Gas	Street	
	Protection	Communication System	Tax	Improvement	
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 31,094	1,083,784	\$ 425,577	\$ 531,753
Cash and investments with fiscal agents	-	-	-	-	-
Receivables:					
Taxes	3,075	31	-	-	4,202
Accounts	-	-	1,925	-	-
Interest	-	53	-	-	-
Lease	-	-	-	-	-
Due from other governments and agencies	-	-	81,847	-	-
Advances to other funds	-	-	-	1,642,944	2,094,732
<b>Total assets</b>	<b>\$ 3,075</b>	<b>\$ 31,178</b>	<b>\$ 1,167,556</b>	<b>\$ 2,068,521</b>	<b>\$ 2,630,687</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 8,915	\$ 40,739	-	\$ 15,072
Due to other funds	-	10,574	-	-	-
Deferred revenue	-	-	-	-	-
Advances from other funds	-	-	-	723,147	-
<b>Total liabilities</b>	<b>-</b>	<b>19,489</b>	<b>40,739</b>	<b>723,147</b>	<b>15,072</b>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	-	-	190,833	-	980
Advances to other funds	-	-	-	1,642,944	2,094,732
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total reserved	-	-	190,833	1,642,944	2,095,712
Unreserved:					
Designated:					
Special revenue funds	-	-	-	-	-
Total unreserved, designated	-	-	-	-	-
Undesignated	3,075	11,689	935,984	(297,570)	519,903
<b>Total fund balances</b>	<b>3,075</b>	<b>11,689</b>	<b>1,126,817</b>	<b>1,345,374</b>	<b>2,615,615</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,075</b>	<b>\$ 31,178</b>	<b>\$ 1,167,556</b>	<b>\$ 2,068,521</b>	<b>\$ 2,630,687</b>

Special Revenue Funds

Maintenance Districts	Miscellaneous Grants	Community Development Block Grant	Transportation Development Act	Proposition A	Royal Mobilehome Park Administration	Traffic Congestion AB 2928	Bette Bendixen	Poway Road Beautification
\$ 6,287,048	\$ 2,162,895	\$ 19,475	\$ 593,437	\$ 172,517	\$ 4,107,293	\$ 338,119	\$ 21,077	\$ 10,367
-	-	-	-	-	-	-	-	-
7,630	-	-	-	-	-	-	-	-
5,601	48,560	-	-	-	211,570	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	11,250	-	-	-
-	445,762	136,406	-	-	-	130,364	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 6,300,279</u>	<u>\$ 2,657,217</u>	<u>\$ 155,881</u>	<u>\$ 593,437</u>	<u>\$ 172,517</u>	<u>\$ 4,330,113</u>	<u>\$ 468,483</u>	<u>\$ 21,077</u>	<u>\$ 10,367</u>
\$ 131,466	\$ 88,785	\$ 19,475	\$ 5,150	-	\$ 94,706	-	-	-
-	327,141	136,406	-	-	-	-	-	-
-	37,819	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>131,466</u>	<u>453,745</u>	<u>155,881</u>	<u>5,150</u>	<u>-</u>	<u>94,706</u>	<u>-</u>	<u>-</u>	<u>-</u>
65	139,263	4,965	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	468,483	21,077	10,367
<u>65</u>	<u>139,263</u>	<u>4,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>468,483</u>	<u>21,077</u>	<u>10,367</u>
6,168,748	2,064,209	-	-	172,517	-	-	-	-
6,168,748	2,064,209	-	-	172,517	-	-	-	-
-	-	(4,965)	588,287	-	4,235,407	-	-	-
6,168,813	2,203,472	-	588,287	172,517	4,235,407	468,483	21,077	10,367
<u>\$ 6,300,279</u>	<u>\$ 2,657,217</u>	<u>\$ 155,881</u>	<u>\$ 593,437</u>	<u>\$ 172,517</u>	<u>\$ 4,330,113</u>	<u>\$ 468,483</u>	<u>\$ 21,077</u>	<u>\$ 10,367</u>

(Continued)

**City of Poway**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2010**

	Special Revenue Funds				
	Poway Valley Senior Center Endowment	Old Poway Park Tree	Poway Public Arts Center	Kumeyaay Endowment	Poway Fine Arts Centers
<b>ASSETS</b>					
Cash and investments	\$ 442,571	\$ 5,995	\$ 53,566	\$ 15,514	\$ 3,130
Cash and investments with fiscal agents	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Interest	-	-	-	-	-
Lease	-	-	-	-	-
Due from other governments and agencies	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 442,571</b>	<b>\$ 5,995</b>	<b>\$ 53,566</b>	<b>\$ 15,514</b>	<b>\$ 3,130</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	442,571	5,995	53,566	15,514	3,130
Total reserved	442,571	5,995	53,566	15,514	3,130
Unreserved:					
Designated:					
Special revenue funds	-	-	-	-	-
Total unreserved, designated	-	-	-	-	-
Undesignated	-	-	-	-	-
<b>Total fund balances</b>	<b>442,571</b>	<b>5,995</b>	<b>53,566</b>	<b>15,514</b>	<b>3,130</b>
<b>Total liabilities and fund balances</b>	<b>\$ 442,571</b>	<b>\$ 5,995</b>	<b>\$ 53,566</b>	<b>\$ 15,514</b>	<b>\$ 3,130</b>

Special Revenue Funds									Permanent Funds
Senior Volunteer Patrol	Prop1B Transportation Bond	Storm Water Management	Fire Equipment Trust	Public Art Trust	Regional Arterial Traffic Mitigation	Fire Protection Impact Fees	BEGIN Program	Mary Patricia Ross Trust	
\$ 36,703	\$ -	\$ -	\$ 8,925	\$ 29,124	\$ 91,787	\$ 3,733	\$ -	\$ 88,353	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	325,337	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	162,798	-	
-	-	-	-	-	-	-	-	-	
<u>\$ 36,703</u>	<u>\$ -</u>	<u>\$ 325,337</u>	<u>\$ 8,925</u>	<u>\$ 29,124</u>	<u>\$ 91,787</u>	<u>\$ 3,733</u>	<u>\$ 162,798</u>	<u>\$ 88,353</u>	
\$ -	\$ -	\$ 37,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	228,766	-	-	-	-	161,984	-	
-	-	-	-	-	-	-	-	-	
-	-	206,006	-	-	-	-	-	-	
-	-	472,506	-	-	-	-	161,984	-	
-	-	6,300	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	91,787	3,733	814	88,353	
-	-	6,300	-	-	91,787	3,733	814	88,353	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
36,703	-	(153,469)	8,925	29,124	-	-	-	-	
36,703	-	(147,169)	8,925	29,124	91,787	3,733	814	88,353	
<u>\$ 36,703</u>	<u>\$ -</u>	<u>\$ 325,337</u>	<u>\$ 8,925</u>	<u>\$ 29,124</u>	<u>\$ 91,787</u>	<u>\$ 3,733</u>	<u>\$ 162,798</u>	<u>\$ 88,353</u>	

(Continued)

**City of Poway**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2010**

	Permanent Funds	Debt Service Fund	Capital Projects Funds		Total Other Governmental Funds
	Library	Debt Service Fund	Park Improvement	Municipal Improvement	
<b>ASSETS</b>					
Cash and investments	\$ 892,774	\$ 2,414,109	\$ 1,167,844	\$ 3,729	\$ 21,042,293
Cash and investments with fiscal agents	-	1,504,047	-	-	1,504,047
Receivables:	-	-	-	-	-
Taxes	-	-	-	-	14,938
Accounts	-	-	-	-	592,993
Interest	-	-	-	-	53
Lease	-	-	-	-	11,250
Due from other governments and agencies	-	-	-	-	957,177
Advances to other funds	-	-	-	-	3,737,676
<b>Total assets</b>	<b>\$ 892,774</b>	<b>\$ 3,918,156</b>	<b>\$ 1,167,844</b>	<b>\$ 3,729</b>	<b>\$ 27,860,427</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 442,042
Due to other funds	-	-	-	-	864,871
Deferred revenue	-	-	-	-	37,819
Advances from other funds	-	-	307,228	-	1,236,381
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>307,228</b>	<b>-</b>	<b>2,581,113</b>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	-	-	-	-	342,406
Advances to other funds	-	-	-	-	3,737,676
Debt service	-	3,918,156	-	-	3,918,156
Capital projects	892,774	-	860,616	3,729	2,962,509
Total reserved	892,774	3,918,156	860,616	3,729	10,960,747
Unreserved:					
Designated:					
Special revenue funds	-	-	-	-	8,405,474
Total unreserved, designated	-	-	-	-	8,405,474
Undesignated	-	-	-	-	5,913,093
<b>Total fund balances</b>	<b>892,774</b>	<b>3,918,156</b>	<b>860,616</b>	<b>3,729</b>	<b>25,279,314</b>
<b>Total liabilities and fund balances</b>	<b>\$ 892,774</b>	<b>\$ 3,918,156</b>	<b>\$ 1,167,844</b>	<b>\$ 3,729</b>	<b>\$ 27,860,427</b>

(Concluded)

*This page intentionally left blank.*

**City of Poway**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2010**

	Special Revenue Funds					
	Fire Protection	800 MHz Communication System		Gas Tax	Street Improvement	Drainage
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ 849,322	\$ -	\$ 714,729	
Intergovernmental	-	-	-	-	-	
Charges for services	629,589	135,271	-	-	20,689	
Development fees	-	-	-	58,395	7,701	
Assessment levied	-	-	-	-	-	
Use of money and property	-	499	8,043	7,586	7,109	
Other revenues	-	-	7,092	-	-	
<b>Total revenues</b>	<b>629,589</b>	<b>135,770</b>	<b>864,457</b>	<b>65,981</b>	<b>750,228</b>	
<b>EXPENDITURES:</b>						-
Current:						
Public safety	-	153,516	-	-	-	
Public works	-	-	303,651	-	595,452	
Community services	-	-	-	-	-	
Capital outlay	-	-	-	-	1,129,653	
Debt service:						
Principal	-	-	-	-	-	
Interest and fiscal charges	-	-	-	-	-	
<b>Total expenditures</b>	<b>-</b>	<b>153,516</b>	<b>303,651</b>	<b>-</b>	<b>1,725,105</b>	
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>629,589</b>	<b>(17,746)</b>	<b>560,806</b>	<b>65,981</b>	<b>(974,877)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	
Transfers out	(628,932)	-	-	-	-	
<b>Total other financing sources (uses)</b>	<b>(628,932)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>657</b>	<b>(17,746)</b>	<b>560,806</b>	<b>65,981</b>	<b>(974,877)</b>	
<b>FUND BALANCES:</b>						
Beginning of year	2,418	29,435	566,011	1,279,393	3,590,492	
End of year	\$ 3,075	\$ 11,689	\$ 1,126,817	\$ 1,345,374	\$ 2,615,615	

Special Revenue Funds

Maintenance Districts	Miscellaneous Grants	Community Development Block Grant	Transportation Development Act	Proposition A	Royal Mobilehome Park Administration	Traffic Congestion AB 2928	Bette Bendixen	Poway Road Beautification
\$ 296,795	\$ -	\$ -	\$ -	\$ 2,332,190	\$ -	\$ -	\$ -	\$ -
-	856,871	239,170	5,000	-	-	464,666	-	-
-	-	-	-	-	-	-	-	-
-	183,873	-	-	-	-	-	-	-
1,886,300	-	-	-	-	-	-	-	-
109,899	39,863	-	11,189	650	4,810,007	2,752	398	196
28,246	-	-	-	-	3,109	-	-	-
<u>2,321,240</u>	<u>1,080,607</u>	<u>239,170</u>	<u>16,189</u>	<u>2,332,840</u>	<u>4,813,116</u>	<u>467,418</u>	<u>398</u>	<u>196</u>
-	-	-	-	-	-	-	-	-
2,163,674	-	-	-	2,254,136	-	-	-	-
-	-	-	-	-	4,617,566	-	-	-
10,139	720,270	239,170	62,096	-	-	201,395	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>2,173,813</u>	<u>720,270</u>	<u>239,170</u>	<u>62,096</u>	<u>2,254,136</u>	<u>4,617,566</u>	<u>201,395</u>	<u>-</u>	<u>-</u>
147,427	360,337	-	(45,907)	78,704	195,550	266,023	398	196
305,730	-	-	-	-	-	-	-	-
-	(102,901)	-	-	-	-	-	-	-
<u>305,730</u>	<u>(102,901)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
453,157	257,436	-	(45,907)	78,704	195,550	266,023	398	196
5,715,656	1,946,036	-	634,194	93,813	4,039,857	202,460	20,679	10,171
<u>\$ 6,168,813</u>	<u>\$ 2,203,472</u>	<u>\$ -</u>	<u>\$ 588,287</u>	<u>\$ 172,517</u>	<u>\$ 4,235,407</u>	<u>\$ 468,483</u>	<u>\$ 21,077</u>	<u>\$ 10,367</u>

(Continued)

# City of Poway

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds, Continued

For the year ended June 30, 2010

	Special Revenue Funds				
	Poway Valley Senior Center Endowment	Old Poway Park Tree	Poway Public Arts Center	Kumeyaay Endowment	Poway Fine Arts Centers
	<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Development fees	-	-	-	-	-
Assessment levied	-	-	-	-	-
Use of money and property	8,374	113	1,014	294	59
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>8,374</b>	<b>113</b>	<b>1,014</b>	<b>294</b>	<b>59</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,374</b>	<b>113</b>	<b>1,014</b>	<b>294</b>	<b>59</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>8,374</b>	<b>113</b>	<b>1,014</b>	<b>294</b>	<b>59</b>
<b>FUND BALANCES:</b>					
Beginning of year	434,197	5,882	52,552	15,220	3,071
End of year	\$ 442,571	\$ 5,995	\$ 53,566	\$ 15,514	\$ 3,130

Special Revenue Funds								Permanent Funds
Senior Volunteer Patrol	Prop1B Transportation Bond	Storm Water Management	Fire Equipment Trust	Public Art Trust	Regional Arterial Traffic Mitigation	Fire Protection Impact Fees	BEGIN Program	Mary Patricia Ross Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	10,058	-	934,402	-
-	-	1,341,156	-	-	-	-	-	-
-	-	-	-	-	-	3,676	-	-
-	-	-	-	-	-	-	-	-
725	1,929	-	169	551	1,707	57	814	1,673
10,000	-	-	-	300	-	-	-	-
10,725	1,929	1,341,156	169	851	11,765	3,733	935,216	1,673
-	-	-	-	-	-	-	-	-
-	778,756	1,452,702	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,405	-	-	-	-	-	-	934,402	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,405	778,756	1,452,702	-	-	-	-	934,402	-
9,320	(776,827)	(111,546)	169	851	11,765	3,733	814	1,673
-	-	163,151	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	163,151	-	-	-	-	-	-
9,320	(776,827)	51,605	169	851	11,765	3,733	814	1,673
27,383	776,827	(198,774)	8,756	28,273	80,022	-	-	86,680
\$ 36,703	\$ -	\$ (147,169)	\$ 8,925	\$ 29,124	\$ 91,787	\$ 3,733	\$ 814	\$ 88,353

(Continued)

# City of Poway

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds, Continued

For the year ended June 30, 2010

	Permanent Fund	Debt Service Fund	Capital Project Fund		Total Other Governmental Funds
	Library	Debt Service Fund	Park Improvement	Municipal Improvement	
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,193,036
Intergovernmental	-	-	-	-	2,510,167
Charges for services	-	-	-	-	2,126,705
Development fees	-	-	21,842	-	275,487
Assessment levied	-	-	-	-	1,886,300
Use of money and property	17,118	795,860	21,673	71	5,850,392
Other revenues	-	-	-	-	48,747
<b>Total revenues</b>	<b>17,118</b>	<b>795,860</b>	<b>43,515</b>	<b>71</b>	<b>16,890,834</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	-	-	153,516
Public works	-	-	-	-	7,548,371
Community services	-	-	-	-	4,617,566
Capital outlay	-	-	-	-	3,298,530
Debt service:					
Principal	-	815,000	-	-	815,000
Interest and fiscal charges	-	1,041,307	-	-	1,041,307
<b>Total expenditures</b>	<b>-</b>	<b>1,856,307</b>	<b>-</b>	<b>-</b>	<b>17,474,290</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>17,118</b>	<b>(1,060,447)</b>	<b>43,515</b>	<b>71</b>	<b>(583,456)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	1,108,809	-	-	1,577,690
Transfers out	(18,534)	(449,045)	-	-	(1,199,412)
<b>Total other financing sources (uses)</b>	<b>(18,534)</b>	<b>659,764</b>	<b>-</b>	<b>-</b>	<b>378,278</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(1,416)</b>	<b>(400,683)</b>	<b>43,515</b>	<b>71</b>	<b>(205,178)</b>
<b>FUND BALANCES:</b>					
Beginning of year	894,190	4,318,839	817,101	3,658	25,484,492
End of year	\$ 892,774	\$ 3,918,156	\$ 860,616	\$ 3,729	\$ 25,279,314

(Concluded)

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### City of Poway RDA Debt Service Fund

For the year ended June 30, 2010

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 20,630,806	\$ 20,630,806	\$ 20,630,806	\$ -
Resources (inflows):				
Tax increment	37,249,430	37,249,430	39,377,603	2,128,173
Use of money and property	3,537,890	3,537,890	3,227,619	(310,271)
Proceeds from bonds and loans	160,620	160,620	161,049	429
Transfers in	2,233,655	2,233,655	2,190,372	(43,283)
Amount available for appropriation	43,181,595	43,181,595	44,956,643	1,775,048
Charges to appropriation (outflows):				
Debt service:				
Principal	6,335,000	6,335,000	6,335,000	-
Interest and fiscal charges	14,860,470	14,860,470	13,902,459	958,011
Tax increment reimbursement	6,864,410	6,864,410	2,380,740	4,483,670
Tax shift	-	13,700,882	13,700,882	-
Transfers out	15,737,795	16,212,205	15,329,768	(882,437)
Total charges to appropriations	43,797,675	57,972,967	51,648,849	4,559,244
Excess of resources over (under) charges to appropriations	(616,080)	(14,791,372)	(6,692,206)	6,334,292
<b>Fund balance, June 30, 2010</b>	\$ 20,014,726	\$ 5,839,434	\$ 13,938,600	\$ 6,334,292

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Fire Protection Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 2,418	\$ 2,418	\$ 2,418	\$ -
Resources (inflows):				
Charges for services	600,000	600,000	629,589	29,589
Amount available for appropriation	600,000	600,000	629,589	29,589
Charges to appropriations (outflows):				
Transfers out	600,000	600,000	628,932	(28,932)
Total charges to appropriations	600,000	600,000	628,932	(28,932)
Excess of resources over (under) charges to appropriations	-	-	657	657
<b>Fund balance, June 30, 2010</b>	\$ 2,418	\$ 2,418	\$ 3,075	\$ 657

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### 800 MHz Communication System Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 29,435	\$ 29,435	\$ 29,435	\$ -
Resources (inflows):				
Charges for services	134,000	134,000	135,271	1,271
Use of money and property	1,000	1,000	499	(501)
Amount available for appropriation	135,000	135,000	135,770	770
Charges to appropriations (outflows):				
Public safety	76,000	76,000	153,516	(77,516)
Debt service:				
Principal	9,130	9,130	-	9,130
Interest and fiscal charges	78,580	78,580	-	78,580
Total charges to appropriations	163,710	163,710	153,516	10,194
Excess of resources over (under) charges to appropriations	(28,710)	(28,710)	(17,746)	10,964
<b>Fund balance, June 30, 2010</b>	\$ 725	\$ 725	\$ 11,689	\$ 10,964

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Gas Tax Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 566,011	\$ 566,011	\$ 566,011	\$ -
Resources (inflows):				
Taxes	819,130	819,130	849,322	30,192
Use of money and property	5,450	5,450	8,043	2,593
Other revenue	-	-	7,092	7,092
Amount available for appropriation	824,580	824,580	864,457	9,685
Charges to appropriations (outflows):				
Public works	1,004,833	2,067,633	303,651	1,763,982
Total charges to appropriations	1,004,833	2,067,633	303,651	1,763,982
Excess of resources over (under) charges to appropriations	(180,253)	(1,243,053)	560,806	1,773,667
<b>Fund balance, June 30, 2010</b>	\$ 385,758	\$ (677,042)	\$ 1,126,817	\$ 1,773,667

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Street Improvement Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 1,279,393	\$ 1,279,393	\$ 1,279,393	\$ -
Resources (inflows):				
Developers fee	90,210	90,210	58,395	(31,815)
Use of money and property	8,320	8,320	7,586	(734)
Amount available for appropriation	98,530	98,530	65,981	(32,549)
Charges to appropriations (outflows):				
Capital outlay	-	-	-	-
Total charges to appropriations	-	-	-	-
Excess of resources over (under) charges to appropriations	98,530	98,530	65,981	(32,549)
<b>Fund balance, June 30, 2010</b>	\$ 1,377,923	\$ 1,377,923	\$ 1,345,374	\$ (32,549)

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Drainage Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 3,590,492	\$ 3,590,492	\$ 3,590,492	\$ -
Resources (inflows):				
Taxes	665,060	665,060	714,729	49,669
Charges for services	19,440	19,440	20,689	1,249
Developer fees	33,600	33,600	7,701	(25,899)
Use of money and property	28,910	28,910	7,109	(21,801)
Amount available for appropriation	747,010	747,010	750,228	3,218
Charges to appropriations (outflows):				
Public works	629,746	629,746	595,452	34,294
Capital outlay	1,276,542	1,276,542	1,129,653	146,889
Total charges to appropriations	1,906,288	1,906,288	1,725,105	181,183
Excess of resources over (under) charges to appropriations	(1,159,278)	(1,159,278)	(974,877)	184,401
<b>Fund balance, June 30, 2010</b>	\$ 2,431,214	\$ 2,431,214	\$ 2,615,615	\$ 184,401

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Maintenance Districts Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 5,715,656	\$ 5,715,656	\$ 5,715,656	\$ -
Resources (inflows):				
Taxes	315,010	315,010	296,795	(18,215)
Assessment levied	1,885,650	1,885,650	1,886,300	650
Use of money and property	144,780	144,780	109,899	(34,881)
Other revenue	-	-	28,246	28,246
Transfers in	305,860	305,860	305,730	(130)
Amount available for appropriation	2,651,300	2,651,300	2,626,970	(24,330)
Charges to appropriations (outflows):				
Community services	2,936,238	2,936,238	2,163,674	772,564
Capital outlay	-	49,271	10,139	39,132
Total charges to appropriations	2,936,238	2,985,509	2,173,813	811,696
Excess of resources over (under) charges to appropriations	(284,938)	(334,209)	453,157	787,366
<b>Fund balance, June 30, 2010</b>	\$ 5,430,718	\$ 5,381,447	\$ 6,168,813	\$ 787,366

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Miscellaneous Grant Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 1,946,036	\$ 1,946,036	\$ 1,946,036	\$ -
Resources (inflows):				
Intergovernmental	353,600	353,600	856,871	503,271
Developer fees	71,000	71,000	183,873	112,873
Use of money and property	47,220	47,220	39,863	(7,357)
Amount available for appropriation	471,820	471,820	1,080,607	608,787
Charges to appropriations (outflows):				
Capital outlay	1,278,224	2,245,409	720,270	1,525,139
Transfers out	100,000	100,000	102,901	(2,901)
Total charges to appropriations	1,378,224	2,345,409	823,171	1,522,238
Excess of resources over (under) charges to appropriations	(906,404)	(1,873,589)	257,436	2,131,025
<b>Fund balance, June 30, 2010</b>	\$ 1,039,632	\$ 72,447	\$ 2,203,472	\$ 2,131,025

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Block Grant Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	341,250	341,250	239,170	(102,080)
Amount available for appropriation	341,250	341,250	239,170	(102,080)
Charges to appropriations (outflows):				
Capital outlay	485,092	485,092	239,170	245,922
Total charges to appropriations	485,092	485,092	239,170	245,922
Excess of resources over (under) charges to appropriations	(143,842)	(143,842)	-	143,842
<b>Fund balance, June 30, 2010</b>	\$ (143,842)	\$ (143,842)	\$ -	\$ 143,842

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Transportation Development Act Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 634,194	\$ 634,194	\$ 634,194	\$ -
Resources (inflows):				
Intergovernmental	5,000	5,000	5,000	-
Use of money and property	15,000	15,000	11,189	(3,811)
Amount available for appropriation	20,000	20,000	16,189	(3,811)
Charges to appropriations (outflows):				
Capital outlay	457,961	457,961	62,096	395,865
Total charges to appropriations	457,961	457,961	62,096	395,865
Excess of resources over (under) charges to appropriations	(437,961)	(437,961)	(45,907)	392,054
<b>Fund balance, June 30, 2010</b>	\$ 196,233	\$ 196,233	\$ 588,287	\$ 392,054

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Proposition A Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 93,813	\$ 93,813	\$ 93,813	\$ -
Resources (inflows):				
Taxes	1,309,000	2,276,600	2,332,190	55,590
Use of money and property	5,450	5,450	650	(4,800)
Amount available for appropriation	1,314,450	2,282,050	2,332,840	50,790
Charges to appropriations (outflows):				
Public works	1,529,350	2,496,950	2,254,136	242,814
Total charges to appropriations	1,529,350	2,496,950	2,254,136	242,814
Excess of resources over (under) charges to appropriations	(214,900)	(214,900)	78,704	293,604
<b>Fund balance, June 30, 2010</b>	\$ (121,087)	\$ (121,087)	\$ 172,517	\$ 293,604

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Royal Mobilehome Park Administration Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 4,039,857	\$ 4,039,857	\$ 4,039,857	\$ -
Resources (inflows):				
Use of money and property	4,928,670	4,928,670	4,810,007	(118,663)
Other revenue	-	-	3,109	3,109
Amount available for appropriation	4,928,670	4,928,670	4,813,116	(115,554)
Charges to appropriations (outflows):				
Community services	4,779,510	4,874,510	4,617,566	256,944
Total charges to appropriations	4,779,510	4,874,510	4,617,566	256,944
Excess of resources over (under) charges to appropriations	149,160	54,160	195,550	141,390
<b>Fund balance, June 30, 2010</b>	\$ 4,189,017	\$ 4,094,017	\$ 4,235,407	\$ 141,390

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Traffic Congestion AB 2928 Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 202,460	\$ 202,460	\$ 202,460	\$ -
Resources (inflows):				
Intergovernmental	483,370	483,370	464,666	(18,704)
Use of money and property	1,360	1,360	2,752	1,392
Amount available for appropriation	484,730	484,730	467,418	(17,312)
Charges to appropriations (outflows):				
Capital outlay	483,370	483,370	201,395	281,975
Total charges to appropriations	483,370	483,370	201,395	281,975
Excess of resources over (under) charges to appropriations	1,360	1,360	266,023	264,663
<b>Fund balance, June 30, 2010</b>	\$ 203,820	\$ 203,820	\$ 468,483	\$ 264,663

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Bette Bendixen Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 20,679	\$ 20,679	\$ 20,679	\$ -
Resources (inflows):				
Use of money and property	550	550	398	(152)
Amount available for appropriation	550	550	398	(152)
Charges to appropriations (outflows):				
Capital outlay	20,457	20,457	-	20,457
Total charges to appropriations	20,457	20,457	-	20,457
Excess of resources over (under) charges to appropriations	(19,907)	(19,907)	398	20,305
<b>Fund balance, June 30, 2010</b>	\$ 772	\$ 772	\$ 21,077	\$ 20,305

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Poway Road Beautification Special Revenue Fund

For the year ended June 30, 2010

---

---

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	<u>\$ 10,171</u>	<u>\$ 10,171</u>	<u>\$ 10,171</u>	<u>\$ -</u>
Resources (inflows):				
Use of money and property	<u>270</u>	<u>270</u>	<u>196</u>	<u>(74)</u>
Amount available for appropriation	<u>270</u>	<u>270</u>	<u>196</u>	<u>(74)</u>
Excess of resources over (under) charges to appropriations	<u>270</u>	<u>270</u>	<u>196</u>	<u>(74)</u>
<b>Fund balance, June 30, 2010</b>	<u><u>\$ 10,441</u></u>	<u><u>\$ 10,441</u></u>	<u><u>\$ 10,367</u></u>	<u><u>\$ (74)</u></u>

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Poway Valley Senior Center Endowment Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 434,197	\$ 434,197	\$ 434,197	\$ -
Resources (inflows):				
Use of money and property	11,450	11,450	8,374	(3,076)
Amount available for appropriation	11,450	11,450	8,374	(3,076)
Charges to appropriations (outflows):				
Capital outlay	303,822	303,822	-	303,822
Total charges to appropriations	303,822	303,822	-	303,822
Excess of resources over (under) charges to appropriations	(292,372)	(292,372)	8,374	300,746
<b>Fund balance, June 30, 2010</b>	\$ 141,825	\$ 141,825	\$ 442,571	\$ 300,746

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Old Poway Park Tree Special Revenue Fund

For the year ended June 30, 2010

---

---

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	<u>\$ 5,882</u>	<u>\$ 5,882</u>	<u>\$ 5,882</u>	<u>\$ -</u>
Resources (inflows):				
Use of money and property	<u>160</u>	<u>160</u>	<u>113</u>	<u>(47)</u>
Amount available for appropriation	<u>160</u>	<u>160</u>	<u>113</u>	<u>(47)</u>
Excess of resources over (under) charges to appropriations	<u>160</u>	<u>160</u>	<u>113</u>	<u>(47)</u>
<b>Fund balance, June 30, 2010</b>	<u><u>\$ 6,042</u></u>	<u><u>\$ 6,042</u></u>	<u><u>\$ 5,995</u></u>	<u><u>\$ (47)</u></u>

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Poway Public Arts Center Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 52,552	\$ 52,552	\$ 52,552	\$ -
Resources (inflows):				
Use of money and property	1,390	1,390	1,014	(376)
Amount available for appropriation	1,390	1,390	1,014	(376)
Charges to appropriations (outflows):				
Capital outlay	20,000	20,000	-	20,000
Total charges to appropriations	20,000	20,000	-	20,000
Excess of resources over (under) charges to appropriations	(18,610)	(18,610)	1,014	19,624
<b>Fund balance, June 30, 2010</b>	\$ 33,942	\$ 33,942	\$ 53,566	\$ 19,624

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Kumeyaay Endowment Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 15,220	\$ 15,220	\$ 15,220	\$ -
Resources (inflows):				
Use of money and property	410	410	294	(116)
Amount available for appropriation	410	410	294	(116)
Charges to appropriations (outflows):				
Capital outlay	6,963	6,963	-	6,963
Total charges to appropriations	6,963	6,963	-	6,963
Excess of resources over (under) charges to appropriations	(6,553)	(6,553)	294	6,847
<b>Fund balance, June 30, 2010</b>	\$ 8,667	\$ 8,667	\$ 15,514	\$ 6,847

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Poway Fine Arts Center Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 3,071	\$ 3,071	\$ 3,071	\$ -
Resources (inflows):				
Use of money and property	80	80	59	(21)
Amount available for appropriation	80	80	59	(21)
Excess of resources over (under) charges to appropriations	80	80	59	(21)
<b>Fund balance, June 30, 2010</b>	\$ 3,151	\$ 3,151	\$ 3,130	\$ (21)

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Senior Volunteer Patrol Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 27,383	\$ 27,383	\$ 27,383	\$ -
Resources (inflows):				
Use of money and property	410	410	725	315
Other revenue	-	-	10,000	10,000
Amount available for appropriation	-	-	10,725	10,725
Charges to appropriations (outflows):				
Capital outlay	15,525	37,090	1,405	35,685
Total charges to appropriations	15,525	37,090	1,405	35,685
Excess of resources over (under) charges to appropriations	(15,525)	(37,090)	9,320	(24,960)
<b>Fund balance, June 30, 2010</b>	\$ 11,858	\$ (9,707)	\$ 36,703	\$ (24,960)

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Prop 1B Transportation Bond Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 776,827	\$ 776,827	\$ 776,827	\$ -
Resources (inflows):				
Intergovernmental	775,650	775,650	-	(775,650)
Use of money and property	-	-	1,929	1,929
Amount available for appropriation	-	-	1,929	1,929
Charges to appropriations (outflows):				
Public works	755,650	755,650	778,756	23,106
Capital outlay	10,610	-	-	-
Total charges to appropriations	766,260	755,650	778,756	23,106
Excess of resources over (under) charges to appropriations	(766,260)	(755,650)	(776,827)	25,035
<b>Fund balance, June 30, 2010</b>	\$ 10,567	\$ 21,177	\$ -	\$ 25,035

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Storm Water Management Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ (198,774)	\$ (198,774)	\$ (198,774)	\$ -
Resources (inflows):				
Charges for services	1,342,260	1,342,260	1,341,156	(1,104)
Interfund loans	666,440	666,440	-	(666,440)
Transfers in	189,435	189,435	163,151	(26,284)
Amount available for appropriation	2,198,135	2,198,135	1,504,307	(693,828)
Charges to appropriations (outflows):				
Public works	1,777,627	1,777,627	1,452,702	(324,925)
Total charges to appropriations	1,777,627	1,777,627	1,452,702	(324,925)
Excess of resources over (under) charges to appropriations	420,508	420,508	51,605	(1,018,753)
<b>Fund balance, June 30, 2010</b>	\$ 221,734	\$ 221,734	\$ (147,169)	\$ (1,018,753)

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Fire Equipment Trust Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 8,756	\$ 8,756	\$ 8,756	\$ -
Resources (inflows):				
Use of money and property	200	200	169	(31)
Amount available for appropriation	200	200	169	(31)
Charges to appropriations (outflows):				
Capital outlay	8,630	8,630	-	(8,630)
Total charges to appropriations	8,630	8,630	-	(8,630)
Excess of resources over (under) charges to appropriations	(8,430)	(8,430)	169	(8,661)
<b>Fund balance, June 30, 2010</b>	\$ 326	\$ 326	\$ 8,925	\$ (8,661)

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Public Art Trust Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 28,273	\$ 28,273	\$ 28,273	\$ -
Resources (inflows):				
Use of money and property	750	750	551	(199)
Other revenue	-	-	300	300
Amount available for appropriation	750	750	851	101
Excess of resources over (under) charges to appropriations	750	750	851	101
<b>Fund balance, June 30, 2010</b>	\$ 29,023	\$ 29,023	\$ 29,124	\$ 101

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Regional Arterial Traffic Mitigation Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 80,022	\$ 80,022	\$ 80,022	\$ -
Resources (inflows):				
Intergovernmental	40,000	40,000	10,058	(29,942)
Use of money and property	330	330	1,707	1,377
Amount available for appropriation	40,330	40,330	11,765	(28,565)
Excess of resources over (under) charges to appropriations	40,330	40,330	11,765	(28,565)
<b>Fund balance, June 30, 2010</b>	\$ 120,352	\$ 120,352	\$ 91,787	\$ (28,565)

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Fire Protection Impact Fees

For the year ended June 30, 2010

---

---

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Development fees	4,850	4,850	3,676	(1,174)
Use of money and property	-	-	57	57
Amount available for appropriation	4,850	4,850	3,733	(1,117)
Excess of resources over (under) charges to appropriations	4,850	4,850	3,733	(1,117)
<b>Fund balance, June 30, 2010</b>	\$ 4,850	\$ 4,850	\$ 3,733	\$ (1,117)

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### BEGIN Program

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	-	-	934,402	934,402
Use of money and property	-	-	814	814
Amount available for appropriation	-	-	935,216	935,216
Charges to appropriations (outflows):				
Capital outlay	1,545,000	1,545,000	934,402	(610,598)
Total charges to appropriations	1,545,000	1,545,000	934,402	(610,598)
Excess of resources over (under) charges to appropriations	(1,545,000)	(1,545,000)	814	1,545,814
<b>Fund balance, June 30, 2010</b>	\$ (1,545,000)	\$ (1,545,000)	\$ 814	\$ 814

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Mary Patricia Ross Trust Permanent Fund

For the year ended June 30, 2010

---

---

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	<u>\$ 86,680</u>	<u>\$ 86,680</u>	<u>\$ 86,680</u>	<u>\$ -</u>
Resources (inflows):				
Use of money and property	<u>2,290</u>	<u>2,290</u>	<u>1,673</u>	<u>(617)</u>
Amount available for appropriation	<u>2,290</u>	<u>2,290</u>	<u>1,673</u>	<u>(617)</u>
Excess of resources over (under) charges to appropriations	<u>2,290</u>	<u>2,290</u>	<u>1,673</u>	<u>(617)</u>
<b>Fund balance, June 30, 2010</b>	<u><u>\$ 88,970</u></u>	<u><u>\$ 88,970</u></u>	<u><u>\$ 88,353</u></u>	<u><u>\$ (617)</u></u>

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Library Permanent Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 894,190	\$ 894,190	\$ 894,190	\$ -
Resources (inflows):				
Use of money and property	20,040	20,040	17,118	(2,922)
Amount available for appropriation	20,040	20,040	17,118	(2,922)
Charges to appropriations (outflows):				
Transfers out	90,040	90,040	18,534	71,506
Total charges to appropriations	90,040	90,040	18,534	71,506
Excess of resources over (under) charges to appropriations	(70,000)	(70,000)	(1,416)	68,584
<b>Fund balance, June 30, 2010</b>	\$ 824,190	\$ 824,190	\$ 892,774	\$ 68,584

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### City Debt Service Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 4,318,839	\$ 4,318,839	\$ 4,318,839	\$ -
Resources (inflows):				
Use of money and property	825,730	825,730	795,860	(29,870)
Transfers in	1,085,965	1,085,965	1,108,809	22,844
Amount available for appropriation	1,911,695	1,911,695	1,904,669	(7,026)
Charges to appropriations (outflows):				
Debt service:				
Principal	815,000	815,000	815,000	-
Interest and fiscal charges	1,047,490	1,047,490	1,041,307	6,183
Transfers out	449,045	449,045	449,045	-
Total charges to appropriations	2,311,535	2,311,535	2,305,352	6,183
Excess of resources over (under) charges to appropriations	(399,840)	(399,840)	(400,683)	(843)
<b>Fund balance, June 30, 2010</b>	\$ 3,918,999	\$ 3,918,999	\$ 3,918,156	\$ (843)

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Park Improvement Capital Project Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 817,101	\$ 817,101	\$ 817,101	\$ -
Resources (inflows):				
Development fees	91,240	91,240	21,842	(69,398)
Use of money and property	27,270	27,270	21,673	(5,597)
Amount available for appropriation	118,510	118,510	43,515	(5,597)
Excess of resources over (under) charges to appropriations	118,510	118,510	43,515	(5,597)
<b>Fund balance, June 30, 2010</b>	\$ 935,611	\$ 935,611	\$ 860,616	\$ (5,597)

# City of Poway

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Municipal Improvement Capital Project Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2009</b>	\$ 3,658	\$ 3,658	\$ 3,658	\$ -
Resources (inflows):				
Use of money and property	100	100	71	(29)
Amount available for appropriation	100	100	71	(29)
Excess of resources over (under) charges to appropriations	100	100	71	(29)
<b>Fund balance, June 30, 2010</b>	\$ 3,758	\$ 3,758	\$ 3,729	\$ (29)

*This page intentionally left blank.*

---

# INTERNAL SERVICE FUND

---

*Vehicle Maintenance Fund* - Used to account for the cost of operating a maintenance facility for automotive equipment used by other City departments. Such costs to other departments are billed on a direct cost basis. The Vehicle Maintenance Fund is responsible for financing replacement vehicles, as necessary.

**City of Poway**  
**Statement of Net Assets**  
**Internal Service Fund - Vehicle Maintenance Fund**  
**June 30, 2010**

---

---

**ASSETS**

Current assets:

Cash and investments	\$ 5,536,532
Total current assets	<u>5,536,532</u>
<b>Total assets</b>	<u>5,536,532</u>

**LIABILITIES**

Current liabilities:

Accounts payable	242,772
Compensated absences	<u>30,798</u>
Total current liabilities	<u>273,570</u>
<b>Total liabilities</b>	<u>273,570</u>

**NET ASSETS**

Unrestricted	<u>5,262,962</u>
<b>Total net assets</b>	<u>\$ 5,262,962</u>

**City of Poway**  
**Statement of Activities and Changes in Net Assets**  
**Internal Service Fund - Vehicle Maintenance Fund**  
**For the year ended June 30, 2010**

---

**OPERATING REVENUES:**

Charges for services	\$ 2,610,905
Other	<u>4,166</u>
<b>Total operating revenues</b>	<u>2,615,071</u>

**OPERATING EXPENSES:**

Personnel services	365,802
Maintenance and operations	<u>871,557</u>
<b>Total operating expenses</b>	<u>1,237,359</u>

<b>OPERATING INCOME (LOSS)</b>	<u>1,377,712</u>
--------------------------------	------------------

**NONOPERATING REVENUES:**

Interest revenue	<u>107,874</u>
<b>Total nonoperating revenues</b>	<u>107,874</u>

<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>1,485,586</u>
---------------------------------------	------------------

**TRANSFERS:**

Transfers out	<u>(2,275,047)</u>
<b>Total transfers</b>	<u>(2,275,047)</u>

<b>Changes in net assets</b>	(789,461)
------------------------------	-----------

**NET ASSETS:**

Beginning of year	<u>6,052,423</u>
End of year	<u>\$ 5,262,962</u>

**City of Poway**  
**Statement of Cash Flows**  
**Internal Service Fund - Vehicle Maintenance Fund**  
**For the year ended June 30, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash receipts from users	\$ 2,615,237
Cash payments to employees for services	(368,451)
Cash payments to suppliers of goods or services	(662,594)
	<u>1,584,192</u>
<b>Net cash provided (used) by operating activities</b>	<u>1,584,192</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfers out	(2,275,047)
	<u>(2,275,047)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(2,275,047)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest received	107,874
	<u>107,874</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>107,874</u>
<b>Net increase in cash and cash equivalents</b>	(582,981)

**CASH AND CASH EQUIVALENTS:**

Beginning of year	6,119,513
	<u>6,119,513</u>
End of year	<u>\$ 5,536,532</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET**

**CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income	\$ 1,377,712
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	166
Accounts payable	208,963
Compensated absences	(2,649)
	<u>206,480</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,584,192</u>

---

# FIDUCIARY FUNDS

---

## AGENCY FUNDS

The agency funds are used to account for assets held by the City as an agent. Agency funds include the following:

*Developer Deposits Fund* - Used to account for the collection and payments of development deposits from and on behalf of the collective and individual developers.

*South Poway CFD No. 1 Bond Deposits Fund* - Used to account for debt service payments CFD No. 1 Bond Deposits collected through property tax assessments remitted to fiscal agent-trustee for payment on bonds.

*Parkway Business Center CFD No. 88-1 Bond Deposits Fund* - Used to account for debt service payments CFD No. 88-1 Bond Deposits collected through property tax assessments remitted to fiscal agent-trustee for payment on bonds.

*High Valley Roads AD No. 96-1 Bond Deposits Fund* - Used to account for debt service payments AD No. 96-1 Bond Deposits collected through property tax assessments remitted to fiscal agent-trustee for payment on bonds.

*Old Coach Waterline AD No. 01-1 Bond Deposits Fund* - Used to account for debt service payments AD No. 01-1 Bond Deposits collected through property tax assessments remitted to fiscal agent-trustee for payment on bonds.

**City of Poway**  
**Combining Statement of Fiduciary Net Assets**  
**All Agency Funds**  
**June 30, 2010**

	Developer Deposits Fund	South Poway CFD No. 1 Bond Deposits Fund	Parkway Business Center CFD No. 88-1 Bond Deposits Fund	High Valley Road AD No. 96-1 Bond Deposits Fund	Old Coach Water Line AD No. 01-1 Bond Deposits Fund	Total Agency Funds
<b>ASSETS</b>						
Cash and investments	\$ 4,302,179	\$ 1,021,023	\$ 3,995,283	\$ 55,580	\$ 59,235	\$ 9,433,300
Receivables:						
Taxes	-	-	-	345	2,724	3,069
Accounts	-	-	1,000,000	-	-	1,000,000
Interest	-	26,669	21,363	-	-	48,032
Cash and investments with fiscal agents	-	1,484,731	1,664,616	53,750	-	3,203,097
<b>Total assets</b>	<b>\$ 4,302,179</b>	<b>\$ 2,532,423</b>	<b>\$ 6,681,262</b>	<b>\$ 109,675</b>	<b>\$ 61,959</b>	<b>\$ 13,687,498</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 223,366	\$ -	\$ -	\$ 4,235	\$ -	\$ 227,601
Deposits	4,078,813	-	-	-	-	4,078,813
Due to bondholders	-	2,532,423	5,681,262	105,440	61,959	8,381,084
Advances from City of Poway	-	-	1,000,000	-	-	1,000,000
<b>Total liabilities</b>	<b>\$ 4,302,179</b>	<b>\$ 2,532,423</b>	<b>\$ 6,681,262</b>	<b>\$ 109,675</b>	<b>\$ 61,959</b>	<b>\$ 13,687,498</b>

**City of Poway**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the year ended June 30, 2010**

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<b><u>Developer Deposits Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 4,285,579	\$ 1,540,666	\$ (1,524,066)	\$ 4,302,179
<b>Total assets</b>	<b>\$ 4,285,579</b>	<b>\$ 1,540,666</b>	<b>\$ (1,524,066)</b>	<b>\$ 4,302,179</b>
<b>Liabilities:</b>				
Accounts payable	\$ 151,558	\$ 1,441,355	\$ (1,369,547)	\$ 223,366
Deposits	4,134,021	99,311	(154,519)	4,078,813
<b>Total liabilities</b>	<b>\$ 4,285,579</b>	<b>\$ 1,540,666</b>	<b>\$ (1,524,066)</b>	<b>\$ 4,302,179</b>
<b><u>South Poway CFD No. 1</u></b>				
<b><u>Bond Deposits Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,499,392	\$ 1,764,957	\$ (2,243,326)	\$ 1,021,023
Interest receivable	26,505	26,669	(26,505)	26,669
Cash and investments with fiscal agent	1,597,109	2,258,900	(2,371,278)	1,484,731
<b>Total assets</b>	<b>\$ 3,123,006</b>	<b>\$ 4,050,526</b>	<b>\$ (4,641,109)</b>	<b>\$ 2,532,423</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 2,298,328	\$ (2,298,328)	\$ -
Due to bondholders	\$ 3,123,006	\$ 1,752,198	\$ (2,342,781)	\$ 2,532,423
<b>Total liabilities</b>	<b>\$ 3,123,006</b>	<b>\$ 4,050,526</b>	<b>\$ (4,641,109)</b>	<b>\$ 2,532,423</b>
<b><u>Parkway Business Center</u></b>				
<b><u>CFD No. 88-1 Bond Deposits Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 3,206,910	\$ 3,566,677	\$ (2,778,304)	\$ 3,995,283
Accounts receivable	1,000,000	-	-	1,000,000
Interest receivable	83,074	21,363	(83,074)	21,363
Cash and investments with fiscal agent	3,675,986	2,829,547	(4,840,917)	1,664,616
<b>Total assets</b>	<b>\$ 7,965,970</b>	<b>\$ 6,417,587</b>	<b>\$ (7,702,295)</b>	<b>\$ 6,681,262</b>
<b>Liabilities:</b>				
Accounts payable	\$ 11,377	\$ 2,848,364	\$ (2,859,741)	\$ -
Due to bondholders	6,954,593	3,569,223	(4,842,554)	5,681,262
Advances from City of Poway	1,000,000	-	-	1,000,000
<b>Total liabilities</b>	<b>\$ 7,965,970</b>	<b>\$ 6,417,587</b>	<b>\$ (7,702,295)</b>	<b>\$ 6,681,262</b>

(Continued)

**City of Poway**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds, Continued**  
**For the year ended June 30, 2010**

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<b><u>High Valley Roads</u></b>				
<b><u>AD No. 96-1 Bond Deposits Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 52,580	\$ 55,807	\$ (52,807)	\$ 55,580
Taxes receivable	138	345	(138)	345
Cash and investments with fiscal agents	53,759	49,054	(49,063)	53,750
<b>Total assets</b>	<b>\$ 106,477</b>	<b>\$ 105,206</b>	<b>\$ (102,008)</b>	<b>\$ 109,675</b>
<b>Liabilities:</b>				
Accounts payable	\$ 4,235	\$ 53,289	\$ (53,289)	\$ 4,235
Due to bondholders	102,242	51,917	(48,719)	105,440
<b>Total liabilities</b>	<b>\$ 106,477</b>	<b>\$ 105,206</b>	<b>\$ (102,008)</b>	<b>\$ 109,675</b>
<b><u>Old Coach Waterline</u></b>				
<b><u>AD No. 2001-1 Bond Deposits Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 59,607	\$ 29,083	\$ (29,455)	\$ 59,235
Taxes receivable	-	2,724	-	2,724
<b>Total assets</b>	<b>\$ 59,607</b>	<b>\$ 31,807</b>	<b>\$ (29,455)</b>	<b>\$ 61,959</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 59,607	\$ 31,807	\$ (29,455)	\$ 61,959
<b>Total liabilities</b>	<b>\$ 59,607</b>	<b>\$ 31,807</b>	<b>\$ (29,455)</b>	<b>\$ 61,959</b>
<b><u>All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 9,104,068	\$ 6,957,190	\$ (6,627,958)	\$ 9,433,300
Taxes receivable	138	3,069	(138)	3,069
Accounts receivable	1,000,000	-	-	1,000,000
Interest receivable	109,579	48,032	(109,579)	48,032
Cash and investments with fiscal agents	5,326,854	5,137,501	(7,261,258)	3,203,097
<b>Total assets</b>	<b>\$ 15,540,639</b>	<b>\$ 12,145,792</b>	<b>\$ (13,998,933)</b>	<b>\$ 13,687,498</b>
<b>Liabilities:</b>				
Accounts payable	\$ 167,170	\$ 6,641,336	\$ (6,580,905)	\$ 227,601
Deposits	4,134,021	99,311	(154,519)	4,078,813
Due to bondholders	10,239,448	5,405,145	(7,263,509)	8,381,084
Advances from City of Poway	1,000,000	-	-	1,000,000
<b>Total liabilities</b>	<b>\$ 15,540,639</b>	<b>\$ 12,145,792</b>	<b>\$ (13,998,933)</b>	<b>\$ 13,687,498</b>

(Concluded)



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE (INCLUDING THE PROVISIONS  
CONTAINED IN THE GUIDELINES FOR COMPLIANCE AUDITS) AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council  
of the City of Poway  
Poway, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poway, California (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Honorable Mayor and Members of the City Council  
of the City of Poway  
Poway, California  
Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws, regulations, contracts, and grant agreements and other matters. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and City Council and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Caporicci & Larson, Inc.*

Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants  
San Diego, California  
December 22, 2010

---

# STATISTICAL SECTION

---

This part of the City of Poway's comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

## Contents

### Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

### Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue sources.

### Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Poway**  
**Net Assets by Component,**  
**Current and Prior Four Years**  
*(accrual basis of accounting)*

	Year Ended <u>June 30, 2010</u>	Year Ended <u>June 30, 2009</u>	Year Ended <u>June 30, 2008</u>	Year Ended <u>June 30, 2007</u>	Year Ended <u>June 30, 2006</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 46,412,443	\$ 36,713,773	\$ 28,805,157	\$ 21,675,540	\$ 16,728,005
Restricted	78,369,565	99,252,462	101,384,182	99,518,581	98,416,094
Unrestricted - as restated	<u>(67,276,026)</u>	<u>(71,563,120)</u>	<u>(68,473,402)</u>	<u>(70,862,504)</u>	<u>(78,799,982)</u>
<b>Total governmental activities net assets</b>	<u><u>57,505,982</u></u>	<u><u>64,403,115</u></u>	<u><u>61,715,937</u></u>	<u><u>50,331,617</u></u>	<u><u>36,344,117</u></u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	43,508,027	39,127,764	34,657,630	35,055,052	36,472,213
Restricted	280,450	280,469	281,531	283,938	283,534
Unrestricted	<u>35,320,341</u>	<u>34,194,395</u>	<u>32,511,666</u>	<u>30,112,939</u>	<u>25,587,312</u>
<b>Total business-type activities net assets</b>	<u><u>79,108,818</u></u>	<u><u>73,602,628</u></u>	<u><u>67,450,827</u></u>	<u><u>65,451,929</u></u>	<u><u>62,343,059</u></u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	89,920,470	75,841,537	63,462,787	56,730,592	53,200,218
Restricted	78,650,015	99,532,931	101,665,713	99,802,519	98,699,628
Unrestricted	<u>(31,955,685)</u>	<u>(37,368,725)</u>	<u>(35,961,736)</u>	<u>(40,749,565)</u>	<u>(53,212,670)</u>
<b>Total primary government net assets</b>	<u><u>136,614,800</u></u>	<u><u>138,005,743</u></u>	<u><u>129,166,764</u></u>	<u><u>115,783,546</u></u>	<u><u>98,687,176</u></u>

**Note:** The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. The City implemented the retroactive reporting of infrastructure in fiscal year 2007.

The City is reporting its ten year history with the implementation of GASB 44 in fiscal year 2006.

**City of Poway**  
**Changes in Net Assets for Governmental Activities**  
**Current and Prior Four Years**  
*(accrual basis of accounting)*

	Year Ended <u>June 30, 2010</u>	Year Ended <u>June 30, 2009</u>	Year Ended <u>June 30, 2008</u>	Year Ended <u>June 30, 2007</u>	Year Ended <u>June 30, 2006</u>
<b>Functional expenses:</b>					
General Government	\$ 23,947,500	\$ 23,261,446	\$ 18,616,222	\$ 14,559,177	\$ 15,689,334
Public Safety	19,475,481	19,227,914	19,039,199	18,121,264	17,313,198
Public Works	12,595,756	11,213,841	10,607,352	9,100,534	13,023,698
Development Services	4,423,865	5,226,071	5,367,148	4,978,301	
Community Services	25,213,955	16,195,999	18,329,674	16,964,745	19,510,067
Interest and fiscal charges	14,969,311	16,692,399	17,038,330	19,697,044	16,986,839
Total functional expenses	<u>100,625,868</u>	<u>91,817,670</u>	<u>88,997,925</u>	<u>83,421,065</u>	<u>82,523,136</u>
<b>Program revenues:</b>					
Charges for services:					
General Government	91,745	105,084	133,893	176,938	173,484
Public Safety	2,131,729	2,413,197	2,068,632	2,181,971	2,104,975
Public Works	4,479,896	4,868,530	4,327,217	4,011,644	3,512,623
Development Services	1,332,714	1,388,448	1,522,060	1,451,489	
Community Services	2,821,718	3,033,466	2,935,862	2,894,396	3,908,179
Interest and fiscal charges	-	-	-	-	-
Operating grants and contributions	7,615,477	5,826,044	6,478,997	6,103,045	6,198,885
Capital grants and contributions	1,246,555	2,110,463	5,128,657	2,940,273	3,088,436
Total program revenues	<u>19,719,834</u>	<u>19,745,232</u>	<u>22,595,318</u>	<u>19,759,756</u>	<u>18,986,582</u>
Total governmental activities	<u>(80,906,034)</u>	<u>(72,072,438)</u>	<u>(66,402,607)</u>	<u>(63,661,309)</u>	<u>(63,536,554)</u>
<b>General revenues:</b>					
Taxes:					
Property taxes	51,526,758	51,190,712	50,669,452	48,048,249	45,725,853
Sales taxes	9,833,390	10,325,455	12,904,265	13,032,518	13,918,879
Motor vehicle license tax	150,641	173,673	225,353	273,727	392,240
Transient occupancy tax	367,434	247,787	206,323	202,767	190,097
Franchise taxes	1,491,231	1,590,066	1,497,724	1,588,677	1,399,524
Other Taxes	629,589	597,880	598,965	596,868	609,982
Total taxes	<u>63,999,043</u>	<u>64,125,573</u>	<u>66,102,082</u>	<u>63,742,806</u>	<u>62,236,575</u>
Investment earnings	8,287,516	9,879,153	10,639,352	10,569,205	8,508,647
Miscellaneous	1,251,844	607,387	714,405	3,349,606	2,894,418
Sale of capital assets	-	-	-	-	(11,262)
Transfers	470,498	147,503	331,088	(12,808)	460,810
Total general revenues and transfers	<u>74,008,901</u>	<u>74,759,616</u>	<u>77,786,927</u>	<u>77,648,809</u>	<u>74,089,188</u>
<b>Change in Net Assets</b>	<u>\$ (6,897,133)</u>	<u>\$ 2,687,178</u>	<u>\$ 11,384,320</u>	<u>\$ 13,987,500</u>	<u>\$ 10,552,634</u>

**Note:** The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. The City implemented the retroactive reporting of infrastructure in fiscal year 2007.

The City is reporting its ten year history with the implentation of GASB 44 in fiscal year 2006.

**City of Poway**  
**Changes in Net Assets for Business-Type Activities**  
**Current and Prior Four Years**  
*(accrual basis of accounting)*

	YearEnded June 30, 2010	YearEnded June 30, 2009	YearEnded June 30, 2008	YearEnded June 30, 2007	YearEnded June 30, 2006
<b>Functional expenses:</b>					
Water	\$ 18,226,463	\$ 18,697,576	\$ 17,534,682	\$ 17,371,707	\$ 16,009,205
Sewer	7,522,634	8,011,470	7,743,880	7,970,848	8,730,098
Total functional expenses	<u>25,749,097</u>	<u>26,709,046</u>	<u>25,278,562</u>	<u>25,342,555</u>	<u>24,739,303</u>
<b>Program revenues:</b>					
Charges for services:					
Water	17,881,695	16,714,571	16,806,379	16,637,705	15,181,771
Sewer	8,651,681	8,651,968	8,440,646	7,943,890	7,479,071
Capital grants and contributions	-	-	-	63,604	66,840
Total program revenues	<u>26,533,376</u>	<u>25,366,539</u>	<u>25,247,025</u>	<u>24,645,199</u>	<u>22,727,682</u>
Total business-type activities	<u>784,279</u>	<u>(1,342,507)</u>	<u>(31,537)</u>	<u>(697,356)</u>	<u>(2,011,621)</u>
<b>General revenues:</b>					
Property taxes	-	-	-	-	309,296
Investment earnings	463,177	1,987,778	2,283,493	3,038,852	1,157,563
Contributed capital	4,225,637	4,720,039	-	-	-
Miscellaneous	503,595	933,994	78,030	754,566	738,337
Sale of capital assets	-	-	-	-	-
Transfers	(470,498)	(147,503)	(331,088)	12,808	(460,810)
Total general revenues and transfers	<u>4,721,911</u>	<u>7,494,308</u>	<u>2,030,435</u>	<u>3,806,226</u>	<u>1,744,386</u>
<b>Change in Net Assets</b>	<u>\$ 5,506,190</u>	<u>\$ 6,151,801</u>	<u>\$ 1,998,898</u>	<u>\$ 3,108,870</u>	<u>\$ (267,235)</u>

Note: The City is reporting its ten year history with the implementation of GASB 44 in fiscal year 2006.

**City of Poway**  
**Changes in Net Assets for the Primary Government**  
**Current and Prior Four Years**  
*(accrual basis of accounting)*

	YearEnded June 30, 2010	YearEnded June 30, 2009	YearEnded June 30, 2008	YearEnded June 30, 2007	YearEnded June 30, 2006
<b>Functional expenses:</b>					
Governmental Activities	\$ 100,625,868	\$ 91,817,670	\$ 88,997,925	\$ 83,421,065	\$ 82,523,136
Business-Type Activities	25,749,097	26,709,046	25,278,562	25,342,555	24,739,303
Total functional expenses	<u>126,374,965</u>	<u>118,526,716</u>	<u>114,276,487</u>	<u>108,763,620</u>	<u>107,262,439</u>
<b>Program revenues:</b>					
Governmental Activities	19,719,834	19,745,232	22,595,318	19,759,756	18,986,582
Business-Type Activities	26,533,376	25,366,539	25,247,025	24,645,199	22,727,682
Total program revenues	<u>46,253,210</u>	<u>45,111,771</u>	<u>47,842,343</u>	<u>44,404,955</u>	<u>41,714,264</u>
<b>Net (expense)/revenue:</b>					
Governmental Activities	(80,906,034)	(72,072,438)	(66,402,607)	(63,661,309)	(63,536,554)
Business-Type Activities	784,279	(1,342,507)	(31,537)	(697,356)	(2,011,621)
Total net (expense)/revenue	<u>(80,121,755)</u>	<u>(73,414,945)</u>	<u>(66,434,144)</u>	<u>(64,358,665)</u>	<u>(65,548,175)</u>
<b>General revenues:</b>					
Governmental Activities	73,538,403	74,612,113	77,455,839	77,661,617	73,628,378
Business-Type Activities	5,192,409	7,641,811	2,361,523	3,793,418	1,895,900
Total general revenues	<u>78,730,812</u>	<u>82,253,924</u>	<u>79,817,362</u>	<u>81,455,035</u>	<u>75,524,278</u>
<b>Transfers:</b>					
Governmental Activities	470,498	147,503	331,088	(12,808)	460,810
Business-Type Activities	(470,498)	(147,503)	(331,088)	12,808	(460,810)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>General revenues and transfers:</b>					
Governmental Activities	74,008,901	74,759,616	77,786,927	77,648,809	74,089,188
Business-Type Activities	4,721,911	7,494,308	2,030,435	3,806,226	1,435,090
Total general revenues and transfers	<u>78,730,812</u>	<u>82,253,924</u>	<u>79,817,362</u>	<u>81,455,035</u>	<u>75,524,278</u>
<b>Change in Net Assets:</b>					
Governmental Activities	(6,897,133)	2,687,178	11,384,320	13,987,500	10,552,634
Business-Type Activities	5,506,190	6,151,801	1,998,898	3,108,870	(576,531)
Total change in net assets	<u>\$ (1,390,943)</u>	<u>\$ 8,838,979</u>	<u>\$ 13,383,218</u>	<u>\$ 17,096,370</u>	<u>\$ 9,976,103</u>

Note: The City is reporting its ten year history with the implentation of GASB 44 in fiscal year 2006.

**City of Poway**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	June 30,				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund					
Reserved	\$ 4,647,709	\$ 5,561,391	\$ 8,478,531	\$ 7,538,564	\$ 7,389,245
Unreserved:					
Designated	31,724,737	32,152,754	31,160,911	30,375,251	27,539,942
Undesignated	-	-	-	-	-
Total General Fund	<u>\$ 36,372,446</u>	<u>\$ 37,714,145</u>	<u>\$ 39,639,442</u>	<u>\$ 37,913,815</u>	<u>\$ 34,929,187</u>
All Other Governmental Funds					
Reserved	\$ 51,660,768	\$ 62,868,328	\$ 55,650,435	\$ 43,663,739	\$ 39,477,985
Unreserved:					
Designated:					
Special revenue funds	-	-	-	-	7,760,635
Debt service funds	-	-	-	-	-
Capital projects funds	20,795,704	24,840,402	32,578,654	43,037,658	-
Undesignated:					
Special revenue funds	5,913,093	5,982,341	4,676,562	5,278,620	6,014,938
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	37,769,191
Total all Other Governmental Funds	<u>\$ 78,369,565</u>	<u>\$ 93,691,071</u>	<u>\$ 92,905,651</u>	<u>\$ 91,980,017</u>	<u>\$ 91,022,749</u>
Total Fund Balance	<u><u>\$ 114,742,011</u></u>	<u><u>\$ 131,405,216</u></u>	<u><u>\$ 132,545,093</u></u>	<u><u>\$ 129,893,832</u></u>	<u><u>\$ 125,951,936</u></u>

---



---

June 30,				
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
7,885,013	7,581,391	6,907,055	16,683,177	17,681,990
25,115,075	21,827,076	12,325,729	21,258,117	20,173,503
-	-	8,556,645	-	-
33,000,088	29,408,467	27,789,429	37,941,294	37,855,493
35,478,892	44,761,898	51,282,639	49,060,668	38,197,024
8,816,961	8,175,996	8,613,436	8,133,105	7,370,213
-	-	-	-	-
-	-	-	-	-
7,795,241	7,804,756	6,898,403	5,207,265	4,571,924
-	-	-	-	-
42,511,597	55,342,242	44,896,736	60,711,652	13,366,748
94,602,691	116,084,892	111,691,214	123,112,690	63,505,909
127,602,779	145,493,359	139,480,643	161,053,984	101,361,402

---



---

**City of Poway**  
**Changes In Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Year Ended June 30,			
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>				
Taxes	\$ 67,411,848	\$ 66,062,646	\$ 68,817,462	\$ 63,810,241
Licenses and permits	433,517	422,948	328,159	330,755
Intergovernmental	2,994,005	2,889,804	3,971,720	4,336,767
Charges for services	3,140,274	2,954,967	2,676,329	4,419,664
Fines and forfeitures	750,551	852,535	803,552	720,949
Use of money and property	12,180,028	14,862,137	15,516,351	16,120,443
Developer Fees	3,711,578	3,897,877	3,780,128	4,509,741
Assessment levied	1,886,300	1,873,179	1,892,326	1,868,567
Other revenues	2,228,662	1,013,135	2,568,693	1,389,762
Total revenues	<u>94,736,763</u>	<u>94,829,228</u>	<u>100,354,720</u>	<u>97,506,889</u>
<b>Expenditures</b>				
Current:				
General government	6,056,348	6,733,135	7,252,320	9,614,109
Public safety	18,966,380	18,673,036	18,528,701	17,897,811
Public works	9,943,681	8,566,157	8,009,622	6,556,796
Development services	4,475,943	5,279,297	5,420,200	5,028,405
Community services	9,048,983	9,741,990	12,593,136	11,877,425
Capital outlay	27,639,839	17,981,861	18,354,376	14,205,962
Debt service:				
Principal	7,150,000	6,855,000	6,560,000	6,470,000
Interest and fiscal charges	14,943,766	16,732,005	17,077,417	17,896,630
Debt Issuance Costs	-	-	-	-
Tax shift	13,700,882	-	-	-
Tax increment reimbursements	2,380,740	6,205,709	5,515,447	4,889,025
Total expenditures	<u>114,306,562</u>	<u>96,768,190</u>	<u>99,311,219</u>	<u>94,436,163</u>
Excess of revenues over (under) expenditures	<u>(19,569,799)</u>	<u>(1,938,962)</u>	<u>1,043,501</u>	<u>3,070,726</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of debt	161,049	154,734	151,285	148,273
Refunding bond activity -net	-	-	-	(184,586)
Proceeds from sale of capital assets	-	-	-	-
Transfers in (out) net	2,745,545	644,351	1,456,475	907,483
Total other financing sources	<u>2,906,594</u>	<u>799,085</u>	<u>1,607,760</u>	<u>871,170</u>
Net change in fund balance	<u>\$ (16,663,205)</u>	<u>\$ (1,139,877)</u>	<u>\$ 2,651,261</u>	<u>\$ 3,941,896</u>
Debt service as a percentage of noncapital expenditures	21.3%	25.8%	26.2%	29.1%

**Note:** The City implemented GASB 34 beginning with the fiscal year ended June 30, 2003. Prior to that time, interfund loans were treated as "Other Financing Sources" and classified as "Proceeds from issuance of debt" in the fund receiving the loan.

Year Ended June 30,						
<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	
\$ 62,042,614	\$ 55,406,112	\$ 47,368,683	\$ 43,439,827	\$ 39,575,352	\$ 35,840,942	
296,935	288,716	296,984	295,471	305,685	309,652	
5,796,558	4,637,517	5,445,572	8,313,394	6,183,143	6,026,700	
7,557,159	7,607,467	7,449,929	8,452,248	8,192,172	7,851,665	
732,633	273,322	251,834	176,291	202,598	239,369	
13,459,180	13,535,451	8,152,189	11,924,593	12,584,448	10,735,796	
489,210	536,404	1,243,389	1,208,015	591,230	855,799	
1,845,859	1,835,519	1,816,524	1,825,528	1,754,096	1,750,613	
1,157,139	2,525,614	1,473,492	2,007,778	3,000,545	957,898	
93,377,287	86,646,122	73,498,596	77,643,145	72,389,269	64,568,434	
9,552,247	11,114,009	10,668,972	10,178,866	8,918,157	8,407,234	
16,563,059	17,304,746	15,588,991	13,866,595	12,905,831	11,324,004	
11,338,373	4,865,184	3,966,484	4,246,773	3,817,814	3,702,963	
11,884,718	10,671,636	7,569,324	7,373,691	6,579,853	6,666,018	
18,802,010	31,981,651	31,743,517	32,096,700	22,972,729	17,733,164	
5,875,000	6,706,720	7,875,000	14,192,769	9,288,293	6,821,853	
17,101,983	16,482,351	15,477,533	18,455,993	15,095,386	11,805,570	
-	255,302	2,765,590	-	1,708,370	7,790	
1,674,851	2,549,564	1,357,911	780,349	-	-	
3,831,350	2,380,488	29,865,057	5,678,795	4,928,042	6,176,365	
96,623,591	104,311,651	126,878,379	106,870,531	86,214,475	72,644,961	
(3,246,304)	(17,665,529)	(53,379,783)	(29,227,386)	(13,825,206)	(8,076,527)	
149,563	8,499,883	156,029,702	17,856,218	80,781,467	5,975,575	
-	(9,301,120)	(99,094,350)	-	(8,005,801)	-	
-	232,168	1,110,603	14,600,000	-	-	
1,445,898	506,234	1,346,544	658,650	640,108	1,388,450	
1,595,461	(62,835)	59,392,499	33,114,868	73,415,774	7,364,025	
\$ (1,650,843)	\$ (17,728,364)	\$ 6,012,716	\$ 3,887,482	\$ 59,590,568	\$ (712,502)	
26.4%	27.3%	19.9%	38.9%	38.6%	33.9%	

**City of Poway**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Assessed Value					Net Taxable Value
	Land	Improvements	Personal Property	Total	Exemptions	
2001	1,717,864,538	2,606,932,440	139,125,104	4,463,922,082	(132,332,496)	4,331,589,586
2002	1,921,113,526	2,857,873,316	162,481,953	4,941,468,795	(118,250,152)	4,823,218,643
2003	2,128,867,560	3,119,821,315	200,414,378	5,449,103,253	(145,945,106)	5,303,158,147
2004	2,338,197,043	3,315,524,886	190,767,595	5,844,489,524	(171,519,517)	5,672,970,007
2005	2,611,610,220	3,535,334,922	187,042,681	6,333,987,823	(214,007,737)	6,119,980,086
2006	2,991,468,898	3,840,250,821	245,308,882	7,077,028,601	(217,368,560)	6,859,660,041
2007	3,230,084,121	4,191,380,246	278,291,264	7,699,755,631	(229,216,072)	7,470,539,559
2008	3,525,237,590	4,412,172,141	272,804,881	8,210,214,612	(229,932,712)	7,980,281,900
2009	3,647,796,486	4,472,160,193	254,000,489	8,373,957,168	(244,967,192)	8,128,989,976
2010	3,640,861,781	4,548,446,929	288,729,686	8,478,038,396	(261,984,967)	8,216,053,429

In 1978 the voters of the State of California passed Proposition 13 which resulted in dramatic tax reform as it relates to property tax collections. Proposition 13 established a property tax of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" that may not exceed 2%. With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point the new assessed value is fixed at the purchase price of the property. Due to the nature of Proposition 13, over time the assessed value base has become significantly undervalued when compared to the true market value of the property. Because the true market value is not tied to any type of annual valuation process, there is no reliable means of determining the market value of the parcels within the City and therefore this amount is not disclosed.

Source: San Diego County Assessors Office

---

---

<b>Change From Prior Year</b>	<b>Estimated Tax Revenues</b>	<b>Total Direct Tax Rate</b>
12.77%	5,155,309	0.211%
11.35%	5,616,359	0.211%
9.95%	5,954,586	0.211%
6.97%	6,399,317	0.211%
7.88%	6,895,981	0.211%
12.09%	7,615,898	0.211%
8.91%	8,358,741	0.211%
6.82%	8,939,836	0.211%
1.86%	9,117,319	0.211%
1.07%	9,024,247	0.211%

**City of Poway**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	City Direct Rate	Overlapping Rates					Total 1% Property Tax Rate
		Poway Unified School District	San Diego County	Educational Revenue Augmentation Fund	Palomar Community College District	All Other	
2001	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%
2002	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%
2003	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%
2004	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%
2005	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%
2006	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%
2007	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%
2008	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%
2009	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%
2010	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%

Fiscal Year Ended June 30,	Total 1% Property Tax Rate	Rates for Voter Approved Bond Indebtedness			
		City Rate	Poway Unified School District	All Other	Total Property Tax Rate
2001	1.000%	0.013%	0.000%	0.009%	1.022%
2002	1.000%	0.010%	0.000%	0.009%	1.019%
2003	1.000%	0.010%	0.000%	0.007%	1.018%
2004	1.000%	0.000%	0.052%	0.007%	1.059%
2005	1.000%	0.007%	0.047%	0.006%	1.060%
2006	1.000%	0.007%	0.043%	0.023%	1.072%
2007	1.000%	0.000%	0.046%	0.022%	1.069%
2008	1.000%	0.000%	0.045%	0.032%	1.077%
2009	1.000%	0.000%	0.047%	0.035%	1.082%
2010	1.000%	0.000%	0.055%	0.031%	1.086%

In 1978, California voters passed Proposition 13 which resulted in dramatic tax reform as it relates to property tax. Proposition 13 set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. Because the rate is fixed at 1.00%, the rate for each taxing agency shares within the 1.00% does not change materially from year-to-year. Rates over the one percent are for voter approved bond indebtedness

Source: San Diego County Assessors Office

**City of Poway**  
**Principal Secured Property Tax Payers**  
**Current Year and Nine Years Ago**

	2010			2001		
	Taxable Assessed	Rank	% of Total City Assessed Secured Value	Taxable Assessed	Rank	% of Total City Assessed Secured Value
	Secured Value			Secured Value		
Slough Poway I LLC	\$107,626,000	1	1.27%	-		-
Sorento West Properties	98,320,391	2	1.16%	\$ -		-
PDP Pomerado LLC	71,061,721	3	0.84%	-		-
PR Stowe LLC	40,508,901	4	0.48%	-		-
Costco Wholesale Corporation	36,032,725	5	0.43%	-		-
Government Employees Insurance Company	35,286,922	6	0.42%	39,375,888	1	0
Sysco Food Services	35,179,588	7	0.41%	22,969,000	3	0.51%
Toray Membrane USA Inc	35,075,350	8	0.41%	-		-
Fairfield Township LLC	34,411,912	9	0.41%	-		-
Poway Crossings Investors LLC	31,900,500	10	0.38%	-		-
Pacific Star-Poway LLC	-		-	23,755,778	2	0.53%
Western Silver Oaks Partners LP	-		-	21,312,719	4	0.48%
Burnham Pacific Operating Partnership	-		-	20,884,000	5	0.47%
Regency Centers LP	-		-	20,035,681	6	0.45%
First American Title Insurance Co.	-		-	19,696,986	7	0.44%
Toppan Electronics Inc.	-		-	17,959,786	8	0.40%
Braemar Properties LP	-		-	14,210,528	9	0.32%
K-Tube Corp	-		-	13,316,705	10	0.30%
	<u>\$ 525,404,010</u>		<u>6.20%</u>	<u>\$ 213,517,071</u>		<u>5.06%</u>

Source: San Diego County Assessors Office

**City of Poway**  
**Assessed Value of Taxable Property**  
**Redevelopment Tax Increment Property Tax**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Assessed Value					Base Year Values
	Land	Improvements	Personal Property	Total	Exemptions	
2001	756,883,325	1,224,291,373	96,599,318	2,077,774,016	(18,937,627)	(186,287,869)
2002	874,897,982	1,373,748,814	116,806,955	2,365,453,751	(14,732,381)	(186,287,869)
2003	984,697,076	1,545,545,528	167,042,477	2,697,285,081	(26,741,073)	(186,287,869)
2004	1,069,060,617	1,644,074,499	157,368,510	2,870,503,626	(40,683,262)	(186,287,869)
2005	1,190,799,171	1,756,732,835	145,512,135	3,093,044,141	(51,334,639)	(186,287,869)
2006	1,366,315,823	1,923,849,526	205,148,011	3,495,313,360	(54,732,751)	(186,287,869)
2007	1,455,401,981	2,087,221,327	219,066,696	3,761,690,004	(61,891,980)	(186,287,869)
2008	1,590,220,327	2,198,461,319	212,387,349	4,001,068,995	(66,618,692)	(186,287,869)
2009	1,666,217,121	2,208,050,046	191,508,808	4,065,775,975	(66,638,280)	(186,287,869)
2010	1,698,144,577	2,286,610,454	213,648,005	4,198,403,036	(68,141,344)	(186,287,869)

In 1978 the voters of the State of California passed Proposition 13 which resulted in dramatic tax reform as it relates to property tax collections. Proposition 13 established a property tax of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" that may not exceed 2%. With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point the new assessed value is fixed at the purchase price of the property. Due to the nature of Proposition 13, over time the assessed value base has become significantly undervalued when compared to the true market value of the property. Because the true market value is not tied to any type of annual valuation process, there is no reliable means of determining the market value of the parcels within the City and therefore this amount is not disclosed.

Source: San Diego County Assessors Office

---



---

<b>Net Taxable Value</b>	<b>Change From Prior Year</b>	<b>Estimated Tax Revenues</b>	<b>Total Direct Tax Rate</b>
1,872,548,520	20.51%	19,213,050	1.026%
2,164,433,501	15.59%	22,171,626	1.024%
2,484,256,139	14.78%	25,377,236	1.022%
2,643,532,495	6.41%	26,732,816	1.011%
2,855,421,633	8.02%	29,031,365	1.017%
3,254,292,740	13.97%	33,064,572	1.016%
3,513,510,155	7.97%	35,445,525	1.009%
3,748,162,434	6.68%	37,854,271	1.010%
3,812,849,826	1.73%	38,500,704	1.010%
3,943,973,823	3.44%	39,822,711	1.010%

**City of Poway**  
**Redevelopment Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Within The Year of Levy			Collections From Prior Years' Levies	Total Collections
	Current Secured Tax Levy	Current Secured Collected	Percent of Levy Collected		
2001	19,154,296	18,918,099	98.77%	347,741	19,265,840
2002	22,075,411	21,850,407	98.98%	370,732	22,221,139
2003	25,285,115	25,033,065	99.00%	383,654	25,416,719
2004	26,637,504	26,397,127	99.10%	419,490	26,816,617
2005	28,914,339	28,583,331	98.86%	387,359	28,970,690
2006	32,938,833	32,397,596	98.36%	494,520	32,892,116
2007	35,319,838	34,426,834	97.47%	629,698	35,056,532
2008	37,650,893	36,657,780	97.36%	930,938	37,588,718
2009	38,031,377	37,099,651	97.55%	1,465,939	38,565,590
2010	39,609,344	38,592,272	97.43%	1,495,015	40,087,287

Source: San Diego County Assessors Office

**City of Poway**  
**General Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Within The Year of Levy			Collections From Prior Years' Levies	Total Collections
	Current Secured Tax Levy	Current Secured Collected	Percent of Levy Collected		
2001	13,683,327	13,541,508	98.96%	208,718	13,750,226
2002	14,105,425	13,958,405	98.96%	173,832	14,132,237
2003	14,461,370	14,250,473	98.54%	213,119	14,463,592
2004	14,539,338	14,432,902	99.27%	250,896	14,683,798
2005	15,074,377	14,925,461	99.01%	124,804	15,050,265
2006	15,924,752	15,669,141	98.39%	153,982	15,823,123
2007	16,494,681	16,171,714	98.04%	269,763	16,441,477
2008	17,034,013	16,641,698	97.70%	329,517	16,971,215
2009	17,295,459	16,805,480	97.17%	378,562	17,184,041
2010	16,665,674	16,276,757	97.67%	490,668	16,767,426

Source: San Diego County Assessors Office

**City of Poway**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

---



---

Fiscal Year Ended June 30,	Governmental Activities				
	Tax Allocation Bonds	Certificates of Participation	Capital Leases	Loan Payable	General Obligation
2001	148,375,000	53,075,000	245,775	42,206	2,390,000
2002	214,455,000	51,915,000	199,638	41,416	1,955,000
2003	211,895,000	58,740,000	150,674	40,572	1,500,000
2004	260,910,000	57,410,000	98,711	1,939,667	1,025,000
2005	256,350,000	55,395,000	43,565	2,120,310	525,000
2006	251,675,000	54,195,000	-	2,169,647	-
2007	247,395,000	52,810,000	-	2,201,788	-
2008	242,280,000	51,365,000	-	2,250,467	-
2009	236,940,000	49,850,000	-	2,282,702	-
2010	231,385,000	48,255,000	-	2,400,513	-

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**Source:** City of Poway Finance Department

---



---

Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
Revenue Bonds	Capital Leases	Contract Payable			
2,805,000	102,751	5,407	207,041,139	12.45%	4,218
2,675,000	83,462	5,407	271,329,923	15.74%	5,464
2,540,000	62,993	5,407	274,934,646	15.49%	5,517
2,400,000	41,268	5,407	323,830,053	16.85%	6,396
2,250,000	18,213	5,407	316,707,495	15.64%	6,250
2,095,000	-	-	310,134,647	14.36%	6,136
1,930,000	-	-	304,336,788	13.48%	5,987
1,760,000	-	-	297,655,467	12.57%	5,825
1,580,000	-	-	290,652,702	12.19%	5,685
1,390,000	-	-	283,430,513	11.98%	5,445

**City of Poway**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

---

Fiscal Year Ended June 30,	Outstanding General Bonded Debt Tax Allocation Bonds	Percent of Assessed Value (a)	Per Capita
2001	148,375,000	3.32%	3,023
2002	214,455,000	4.34%	4,319
2003	211,895,000	3.89%	4,252
2004	260,910,000	4.46%	5,153
2005	256,350,000	4.05%	5,059
2006	251,675,000	3.56%	4,980
2007	247,395,000	3.21%	4,867
2008	242,280,000	2.95%	4,741
2009	236,940,000	2.83%	4,634
2010	231,385,000	2.73%	4,445

**Notes:**

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(a) Assessed value has been used because the actual value of taxable property is not readily available in California.

**Source:** City of Poway Finance Department

# City of Poway

## Direct and Overlapping Debt

### As of June 30, 2010

2009-10 Assessed Valuation:	\$ 8,294,272,220
Redevelopment Incremental Valuation:	3,943,373,823
Adjusted Assessed valuation:	<u>\$ 4,350,898,397</u>

	Debt Outstanding	%	Estimated Share of Overlapping Debt
	Applicable (a)		
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	\$ 264,220,000	0.238%	\$ 628,844
Poway Unified School District Facilities Improvement Dist No. 2002-1	177,834,320	25.993%	46,224,475
Poway Unified School District Facilities Improvement Dist No. 2007-1	98,996,943	26.730%	26,461,883
Palomar Community College District	149,845,000	5.574%	8,352,360
Escondido Union High School District	90,536,275	0.111%	100,495
San Pasqual Union High School District	901,351	2.816%	25,382
Palomar Pomerado Hospital District	417,623,319	8.482%	35,422,810
South Poway Community Facilities District No. 1	2,385,000	100.000%	2,385,000
City of Poway Community Facilities District No. 88-1	16,545,000	100.000%	16,545,000
Poway Unified School District Community Improvement Dist No. 1	44,935,000	0.391%	175,696
City of Poway 1915 Act Bonds	455,640	100.000%	455,640
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<b>\$ 1,264,277,848</b>		<b>\$ 136,777,585</b>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
San Diego County General Fund Obligations	\$ 415,240,000	1.249%	\$ 5,186,348
San Diego County Pension Obligations	853,514,739	1.249%	10,660,399
San Diego County Superintendent of Schools General Fund Obligations	21,187,500	1.249%	264,632
Palomar Community College District Certificates of Participation	6,890,000	5.574%	384,049
Escondido Union High School District Certificates of Participation	9,690,000	0.111%	10,756
Poway Unified School District Certificates of Participation	127,465,490	15.166%	19,331,416
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>	<b>\$ 1,433,987,729</b>		<b>\$ 35,837,600</b>
<b>TOTAL OVERLAPPING DEBT</b>	<b>\$ 2,698,265,577</b>		<b>\$ 172,615,185 (b)</b>
<b><u>DIRECT GENERAL FUND DEBT:</u></b>			
City of Poway Certificates of Participation	48,255,000	100.000%	48,255,000
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$ 2,746,520,577</b>		<b>\$ 220,870,185</b>

**Ratio to 2009-10 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt 1.65%

**Ratios to Adjusted Assessed Valuation:**

Combined Direct Debt (\$48,255,000) 1.11%

Combined Total Debt 5.08%

State School Building Aid Repayable as of 6/30/10: \$ -

**Notes:**

(a) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(b) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

**City of Poway**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	FISCAL YEAR			
	2010	2009	2008	2007
Assessed valuation	\$ 4,350,898,397	\$ 4,394,570,216	\$ 4,310,588,610	\$ 4,035,420,029
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,087,724,599	1,098,642,554	1,077,647,153	1,008,855,007
Debt limit percentage	15%	15%	15%	15%
Debt limit	163,158,690	164,796,383	161,647,073	151,328,251
Total net debt applicable to limit:				
General obligation bonds	-	-	-	-
Legal debt margin	0.00%	0.00%	0.00%	0.00%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**Source:**

City of Poway Finance Department  
San Diego County Assessors Office

**FISCAL YEAR**

<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
\$ 3,683,578,609	\$ 3,341,441,046	\$ 3,106,118,400	\$ 2,894,214,986	\$ 2,734,305,211	\$ 2,514,417,338
25%	25%	25%	25%	25%	25%
920,894,652	835,360,262	776,529,600	723,553,747	683,576,303	628,604,335
15%	15%	15%	15%	15%	15%
138,134,198	125,304,039	116,479,440	108,533,062	102,536,445	94,290,650
-	243,728	491,401	466,036	790,018	1,095,502
0.00%	0.19%	0.42%	0.43%	0.77%	1.16%

**City of Poway**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Tax Allocation Bonds					Coverage
	Tax Increment	Debt Service			Total	
		Principal	Interest			
2001	\$ 20,881,799	\$ 2,340,000	\$ 8,334,392	\$ 10,674,392	1.96	
2002	23,503,772	2,370,000	11,418,952	13,788,952	1.70	
2003	26,247,819	2,560,000	11,571,940	14,131,940	1.86	
2004	27,665,286	6,545,000	10,953,444	17,498,444	1.58	
2005	30,428,470	4,560,000	13,740,175	18,300,175	1.66	
2006	34,109,857	4,675,000	12,781,669	17,456,669	1.95	
2007	36,011,865	5,085,000	12,328,271	17,413,271	2.07	
2008	38,256,892	5,115,000	12,299,556	17,414,556	2.20	
2009	38,940,302	5,340,000	12,068,451	17,408,451	2.24	
2010	39,377,603	5,555,000	11,877,545	17,432,545	2.26	

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**Source:** City of Poway Finance Department

**City of Poway**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

---



---

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Labor Force</b>	<b>Unemployment Rate</b>
2001	49,082	1,663,192,652	33,886	25,600	2.4%
2002	49,658	1,724,076,102	34,719	26,200	3.0%
2003	49,833	1,775,051,460	35,620	26,400	3.2%
2004	50,632	1,922,243,880	37,965	26,900	2.8%
2005	50,675	2,025,072,272	39,962	27,300	2.5%
2006	50,542	2,159,204,782	42,721	27,400	2.4%
2007	50,830	2,258,376,900	44,430	28,000	2.7%
2008	51,103	2,367,911,010	46,336	28,600	3.5%
2009	51,126	2,383,664,395	46,623	28,100	6.1%
2010	52,056	2,365,377,680	45,439	28,000	6.3%

**Source:**

Population - State of California Department of Finance

Personal Income - State of California Department of Finance

Employment Information - State of California Employment Development Department

**City of Poway  
Principal Employers  
Current Year and Four Years Prior**

Employer	2010			2006		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
General Atomics Aeronautical Systems	2,392	1	8.54%			
Poway Unified School District	1,341	2	4.79%	758	5	2.77%
Geico Direct	1,250	3	4.46%	1,800	1	6.57%
Pomerado Hospital	776	4	2.77%	750	6	2.74%
Cohu Inc.	626	5	2.24%			
Sysco Food Services of SD	455	5	1.63%	500	8	1.82%
Core Logic Credco	400	7	1.43%	935	4	3.41%
Digirad Corporation	358	6	1.28%	375	10	1.37%
Walmart	345	8	1.23%			
Neal Electric Corporation	309	9	1.10%			
HNR Framing				1,200	2	4.38%
Delta Design, Inc.				1,000	3	3.65%
Disguise, Inc				600	7	2.19%
Cor-O-Van				400	9	1.46%
Total	8,252		29.47%	7,560		27.59%
Total City Labor Force	28,000			27,400		

**Source:**

City of Poway Economic Development Division-by employer  
State of California Employment Development Department-total employment

**Note:**

Information on Principal Employers from nine years back is not available so information from the year 2006 will be used for the comparison until 2016.

**City of Poway**  
**Full-time-Equivalent City Employees by Function**  
**Last Six Fiscal Years**

---



---

<b>Function</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
General government	40.00	35.00	37.00	38.00	38.00	40.00	40.00
Public Safety (a)	54.00	57.00	57.00	57.00	57.00	58.00	56.00
Public works	83.00	92.00	92.00	90.00	90.00	84.00	80.00
Redevelopment Services	9.00	9.00	9.00	10.00	10.00	11.00	11.00
Community Services	20.00	27.00	28.00	29.00	28.00	28.00	27.00
Development Services	29.00	37.00	36.00	37.00	37.00	36.00	35.00
	<u>235.00</u>	<u>257.00</u>	<u>259.00</u>	<u>261.00</u>	<u>260.00</u>	<u>257.00</u>	<u>249.00</u>

**Notes:**

Amounts shown are the number of positions approved in each operating budget for the fiscal year.

(a) Law enforcement services are provided through contract with the County of San Diego Sheriff.

The City is reporting its ten year history starting with the implementation of GASB 44 in fiscal year 2006, and in this instance was able to add an additional two years.

**Source:** City of Poway Human Resources Division

**City of Poway**  
**Operating Indicators**  
**Current and Prior Four Years**

<b>Function</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>General government:</b>					
Business registrations issued	1,192	942	1,240	1,071	792
Vendor payments processed	7,804	8,936	10,230	10,562	10,782
<b>Public Safety:</b>					
Arrests made	1,334	1,015	1,052	981	1,898
Fire emergency responses	3,691	3,711	3,907	3,460	3,602
Safety Inspections	1,606	2,104	4,827	4,024	3,196
<b>Development Services:</b>					
Building permits issued	(1) 1,144	1,157	1,441	2,740	3,048
Building inspections	6,580	7,417	9,280	11,264	11,163
<b>Culture and recreation:</b>					
Performing arts center attendance	61,214	68,993	74,420	64,728	67,004
Library-number of volumes in collection	125,977	124,977	124,977	124,977	120,628
Library-number of volumes borrowed	638,494	562,865	545,279	492,501	390,974
Athletic field permits issued	148	144	140	124	214
<b>Highways and streets:</b>					
Roads resurfaced in square feet	290,877	600,000	600,000	200,000	16,000
Roads slurry sealed in square feet	4,369,503	4,980,000	5,000,000	5,000,000	5,000,000
Pot holes repaired/work orders	(2) 193	147	46	36	35
<b>Water:</b>					
Residential water customers	12,492	12,458	12,588	12,556	12,530
Commercial water customers	514	514	510	514	511
Average daily consumption (million/ gallons)	9.57	11.61	12.82	13.83	13.37
<b>Sewer:</b>					
Residential sewer customers	11,225	11,191	11,175	11,180	11,322
Commercial sewer customers	774	770	771	755	532
Average daily treatment (million/ gallons)	3.15	3.43	3.24	3.25	3.42

**Source:**

City of Poway Operating Departments

The City is reporting its ten year history starting with the implementation of GASB 44 in fiscal year 2006.

(1) In Fiscal Year 2007-08 the Development Services Department changed the method used to count the number of permits issued which led to the large decrease from the previous year.

(2) In Fiscal Year 2008-09 the Public Works Department began reporting pot holes fixed rather than pot holes work orders.

**City of Poway**  
**Capital Assets Statistics**  
**Current and Prior Four Years**

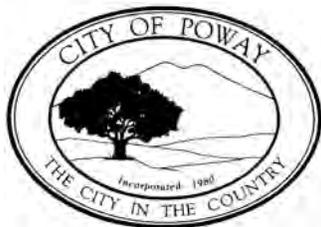
<b>Function</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Public Safety:					
Number of fire stations	3	3	3	3	3
Number of sheriff stations	1	1	1	1	1
Public works:					
Total number of streetlights	3,045	3,045	3,026	2,889	2,874
Signal controlled intersections	55	55	55	55	53
Health and welfare					
Senior center facilities	1	1	1	1	1
Culture and recreation					
Number of Libraries	1	1	1	1	1
Number of Performing Arts Centers	1	1	1	1	1
Number of Parks	18	18	18	18	18
Acres of developed parks	568	568	568	568	568
Number of reserves/preserves	2	2	2	2	2
Acres of reserves/preserves	2,400	2,400	2,400	2,400	2,400
Miles of trails	82	82	82	82	82
Highways and streets					
Miles of roadway	152	152	152	152	152
Water					
Miles of water lines	253	253	253	253	253
Water storage capacity (billion/gallons)	1.11	1.11	1.11	1.11	1.11
Sewer					
Miles of sewer lines	175	175	175	175	175
Miles of storm sewers	64	64	64	64	64

**Source:**

City of Poway Operating Departments

The City is reporting its ten year history starting with the implementation of GASB 44 in fiscal year 2006.





**P.O. Box 789, Poway, California 92074-0789  
(858) 668-4400**