

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2009



TO
SAN DIEGO
23 3/4 M.

POWAY

ELEVATION
524 FEET

OLD POWAY PARK TRAIN DEPOT
DEDICATED OCTOBER 20, 2009

City of Poway

Poway, California

Comprehensive Annual Financial Report

For the year ended June 30, 2009

PREPARED BY THE CITY OF POWAY, CALIFORNIA

FINANCE DEPARTMENT

City of Poway
Basic Financial Statements
For the year ended June 30, 2009

Table of Contents

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Table of Contents.....	i
Letter of Transmittal	v
Principal Officials	xiii
Organizational Chart	xiv
GFOA Certificate of Achievement for Excellence in Financial Reporting	xv
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report.....	1
Management's Discussion and Analysis (Required Supplementary Information)	3
 Basic Financial Statements:	
 Government - Wide Financial Statements:	
Statement of Net Assets.....	16
Statement of Activities and Changes in Net Assets.....	18
 Fund Financial Statements:	
<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
 Notes to Basic Financial Statements.....	 37

City of Poway
Basic Financial Statements
For the year ended June 30, 2009

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Required Supplementary Information:	
Budgetary Information	78
Budgetary Comparison Schedule - General Fund	79
Budgetary Comparison Schedule - Low/Moderate Income Housing Special Revenue Fund.....	80
Defined Benefit Pension Plans.....	81
Supplementary Information:	
<i>Non-Major Governmental Funds:</i>	
Combining Balance Sheet.....	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	94
<i>Non-Major Special Revenue Funds:</i>	
City of Poway RDA Debt Service Fund	99
Fire Protection.....	100
800 MHz Communication System	101
Gas Tax.....	102
Street Improvement	103
Drainage Special	104
Maintenance Districts	105
Miscellaneous Grants.....	106
Community Development Block Grant	107
Transportation Development Act	108
Proposition A Special	109
Royal Mobilehome Park Administration.....	110
Traffic Congestion AB 2928.....	111
Bette Bendixen	112
Poway Road Beautification.....	113
Poway Valley Senior Center Endowment.....	114
Old Poway Park Tree.....	115
Poway Public Arts Special Revenue Fund.....	116
Kumeyaay Endowment	117
Poway Fine Arts Center	118
Senior Volunteer Patrol	119
Prop 1B Transportation Bond Special Revenue Fund.....	120
Storm Water Management Special Revenue Fund.....	121
Fire Equipment Trust Special Revenue Fund.....	122
Public Art Trust Special Revenue Fund	123
Regional Arterial Mitigation Special Revenue Fund.....	124
Mary Patricia Ross.....	125
Library Permanent	126
City Debt Service Fund.....	127
Park Improvement Capital Project Fund	128
Municipal Improvement Capital Project Fund	129

City of Poway
Basic Financial Statements
For the year ended June 30, 2009

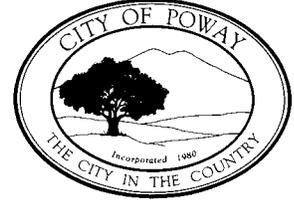
Table of Contents, Continued

	<u>Page</u>
 <u>FINANCIAL SECTION, Continued</u>	
<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
 <u>STATISTICAL SECTION</u>	
Net Assets by Component – Current and Prior Three Years	140
Changes in Net Assets for Governmental Activities – Current and Prior Three Years	141
Changes in Net Assets for Business-Type Activities – Current and Prior Three Years	143
Fund Balances, Governmental Funds – Last Ten Fiscal Years	144
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	146
Assessed Value of Taxable Property General Property Tax – Last Ten Fiscal Years	148
Direct and Overlapping Property Tax Rates General Property Tax – Last Ten Fiscal Years	150
Principal Secured Property Tax Payers General Property Tax	
– Current Year and Nine Years Ago	151
Assessed Value of Taxable Property Redevelopment Tax Increment	
Property Tax – Last Ten Fiscal Years	152
Redevelopment Property Tax Levies and Collections – Last Ten Fiscal Years	154
General Property Tax Levies and Collections – Last Ten Fiscal Years	155
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	156
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	158
Direct and Overlapping Debt as of June 30, 2009	159
Legal Debt Margin Information – Last Ten Fiscal Years	160
Pledged Revenue Coverage – Last Ten Fiscal Years	162
Demographic and Economic Statistics – Last Ten Calendar Years	163
Principal Employers – Current and Prior Three Years	164
Full-Time-Equivalent City Employees by Function – Last Six Fiscal Years	165
Operating Indicators – Current and Prior Three Years	166
Capital Assets Statistics – Current and Prior Three Years	167

This page intentionally left blank.

CITY OF POWAY

DON HIGGINSON, Mayor
CARL KRUSE, Deputy Mayor
MERRILEE BOYACK, Councilmember
JIM CUNNINGHAM, Councilmember
BETTY REXFORD, Councilmember



January 23, 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, 2009. 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), 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 51,126 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 \$105,350 for 2009.

Home lots are often larger than in most other areas, with a median sales price of \$373,500 in June 2009. Like many areas of the country, especially in Southern California, the June 2009 median sales price represents a 17.9% decrease from 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

Economic Development: Poway's local economy is based primarily on automobile and transportation related sales, general consumer goods, and business and industry. New retail development in the Poway Business Park in recent years has generated substantial growth in sales tax. 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 slow down in the larger economy is still reflected in the City's sales tax revenue. In Fiscal Year 2009, Poway's sales tax revenues decreased, because of the continued slowing of consumer spending, especially in the automobile sector, and the loss of sales tax being reported in Poway by Gateway Computers. The loss of sales tax from Gateway had been anticipated, and had already been factored into the City's budget. However, the extent of the decline in automobile sales was not anticipated. The future of the auto industry is unsure. For this reason, we expect sales tax revenues from automobile sales in Fiscal Year 2010 to continue to decrease.

The Poway Business Park remains a strong component of the local and regional economy. The Business Park now represents approximately 8.9 million square feet of developed space, with an average overall vacancy rate of 7.9%, which is among the lowest in San Diego County through the second quarter of 2009. In addition, the Park is comprised of approximately 532 businesses, a workforce of more than 18,000 people, and is a substantial contributor to the City's sale tax revenue. In Fiscal Year 2010, the Business Park will see little new development activity as developers, lenders and business owners seek to weather the recession while looking for early signs of economic recovery. However, the relocation of General Atomics which occupies one million square feet in the Business Park was a highlight in 2009, bringing more than 3,000 professional positions to the City. As the national economy slowly turns toward recovery, the Poway Business Park is well positioned to be a strong growth center for San Diego County in the years ahead.

Partnering with the Chamber of Commerce, the City has continued the "Poway: Your First Choice" campaign to promote the importance of shopping locally. The City recently co-sponsored ads for local movie theaters, and promoting the Road of Cars. Community discount cards that will enable patrons to secure discounts from Chamber of Commerce member businesses were distributed for the 2009 holiday shopping season.

Redevelopment: Staff is actively pursuing new tenants to occupy the vacant auto dealer parcels along Poway Road. This high priority project will create an anchor business at the end of Poway Road that will bring customers to both new and existing businesses.

Redevelopment Services is soliciting restaurant operators that are interested in developing 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 a synergy between the hotel and the restaurant that can serve guests, and create a regional dining destination.

Major Accomplishments

The City started the year with high expectations and a manageable list of both long and short-term goals and objectives for the year. These goals and objectives for the City included:

- Continued emphasis on strong financial planning;
- Reduced water consumption City-wide;
- Strengthen the City's Disaster Preparedness System;
- Remain the safest community in San Diego County;
- Workforce Housing Development;
- Continue Technology Initiatives; and
- Develop Master Plan for Community Park.

Fiscal Responsibility: Poway was faced with challenges over the last year due to the effect of economic changes at the national, State, and regional levels. However, because of prudent financial management, and a focus on accurate revenue projections, the City has been able to fund equipment and facilities replacement, build reserves, and fund capital improvements without making significant service level cuts. The City also undertook efforts to improve operational and program efficiencies in light of slowing revenue growth.

The City continues to strive for a diversified local economy. With minimal opportunities for revenue growth anticipated in the future, largely due to the availability of undeveloped land, the City has concentrated on the expenditure side of its budget and maintained focus on long-term sustainability. The City plans to assess and evaluate its budget at least quarterly and will make additional adjustments as necessary to ensure a sustainable budget.

Water Conservation: In Spring 2009, the City's main water supplier – Metropolitan Water District of Southern California – announced mandatory water curtailments beginning July 1, 2009. For Poway, the mandatory reduction from the San Diego County Water Authority equated to approximately an 8% reduction of the average amount of water used during fiscal years 2005, 2006, and 2007. Simultaneously, the City's cost to purchase raw water increased sharply, by approximately 40% in less than one year.

Anticipating reduced water deliveries, as well as increased costs, in March 2009, the City of Poway established a five-pillar approach to achieve the necessary conservation and assist customers in making long-term, sustainable change to how they use our limited water supply. These pillars include: enhanced public education; additional incentive programs; water-savings projects at City-owned properties; implementation of a more progressive rate structure; and enforcement of water waste violations. On July 1, 2009 the City implemented mandatory water use restrictions, including limitations on outdoor watering.

During winter and spring 2009, the City conducted a water rate study. The City's rates required adjustment because of the increased raw water costs. At the same time, the City Council considered alternative rate structures to better promote conservation. In August 2009, the City Council approved implementation of an inclining block rate structure for single-family residential customers to replace the previous uniform rate structure. The new rate structure took effect with water bills mailed after September 1, 2009. Initial results indicate that Powegians have responded to the call for conservation. Water use in Poway between July and September 2009 is down approximately 20% compared to the same period in 2008.

Disaster Preparedness: To protect the lives of fire fighters, and to provide for greater structure protection, the City created the Wildfire Defensible Space Program (WDSP). The 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. To date, 916 private properties have been identified as needing to comply with the WDSP, with 822 properties completed. Similarly, approximately 18-acres of City property near structures has been thinned and trimmed.

In 2009, the City continued to improve its Emergency Planning and Disaster Preparedness activities. These improvements build upon the effectiveness of the recently adopted Emergency Operations Plan and creation of a revamped Emergency Operations Center (EOC). The City remains committed to training employees, implementing measures to minimize our risk to the effects of disasters, and provide 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 Red Cross awarded the City an \$80,000 grant to improve its care and shelter operation capabilities. These funds are being used to establish three care and shelter sites by partnering with local faith-based organizations, training their congregation members, and pre-positioning supplies.

A workshop on “Community Partnering for Disaster Response” was held with representatives from local businesses, churches, schools, and emergency responder agencies attending. The workshop provided an opportunity for community sectors to share information and discuss the various supporting roles each will perform during a disaster. The community was invited to a demonstration of fire suppressing gels and fire protection products. Poway’s Community Emergency Response Teams (CERT) consists of 64 members divided into three separate groups. In 2009, CERT members attended four training sessions.

Housing: Last year, the Housing Element of the General Plan was updated. State law mandates that the Housing Element be updated at least every five years. The Housing Element contains the City’s overall goals, objectives, policies and programs, and addresses the City’s affordable housing needs. The State Department of Housing and Community Development has approved and accepted the City’s Housing Element. This update represents a significant accomplishment and collaborative effort by staff and City Council.

The construction of The Meadows affordable for-sale housing is now complete. The project, which includes 30 homes, is located on Metate Road just west of Community Road. The entire development is affordable to households at low and moderate income levels and includes 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 City Council approved the construction of 71 affordable apartment units located on Brighton Avenue near Midland Road, adjacent to Old Poway Park. 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 2010, and will be part of the overall revitalization efforts within Old Poway Park. Extensive traffic improvements to Midland Road and construction of the Train Depot were completed in old Poway this year.

Design is also underway of 62 affordable family apartment units at Monte Vista near Pomerado Hospital. 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 townhomes will be 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.

Witch Creek Fire Rebuilding Efforts: Staff has provided personalized service to assist in obtaining project approval and building permits for the 90 families that lost their homes due to the Witch Creek Fire. This program has been very successful. As of December 1, 2009, building plans for 51 homes had been submitted for review, of which 46 building permits have been issued and 29 homes have been completed and approved for occupancy.

Public Safety: The City of Poway remains the safest City in San Diego County. The Sherriff's Department continued its aggressive zero-tolerance policy toward gang related crimes. The Department also reduced calls for service at multi-family housing complexes by employing a strategic community policing outreach program and partnered with code compliance, and apartment managers.

In fiscal year 2008, the Fire Department responded to 3,829 emergency responses. Approximately 70% of the incidents were Emergency Medical Services (EMS) related. The Paramedics used new automated handheld devices for initiating and processing the ambulance billing. This new equipment is carried on all engines and ambulances.

Safety Services also improved its ability to deliver service to the community. A new engine designed for a wildland fire was purchased in 2009. The hydraulic rescue tools on truck 3773 have been upgraded. This truck company provides the community with the tools commonly referred to as the "Jaws of Life." The new state-of-the-art cutting and prying tools that are engineered to cut and pry the advanced metals used in today's automobiles, which continue to be designed and constructed to better protect occupants. With significant upgrades to our waterline infrastructure, the City has greater capacity and improved ability to serve and protect both residents and firefighters from wildfires.

Community Services: The Community Services Department offered a wide variety of cultural, social, and recreational services for all ages. Staff organized and hosted 24 community-wide events, such as Christmas in the Park and Community Day; and 36 smaller-scaled events that showcased the City's unique facilities and park settings.

In 2009, budgetary constraints led to operational changes and internal reorganization within the department. However, staff managed these changes without significant service reductions from the prior year. Operational changes included improvements in technology and automation. This reduced staff time and enhanced customer access to program and facility information through web content and automated phone trees, and enabled youth sports leagues to better control their field lighting expenses. A focus on staff development equipped lead employees to identify and achieve continued operational efficiencies.

Reduced City resources created new partnership opportunities. For example, the Poway Chamber of Commerce has assumed responsibility for Community Day activities by organizing a street fair; and the Poway Community Association has assumed responsibility for the Community Day Parade.

Major On-going Initiatives

Community Park Master Plan: Community Park is a 22.3-acre park with a combination of passive and active uses which include: ball fields, skate park, swim center, tennis courts, dog park, and a senior center. This is a major initiative that will include active participation from several departments. The Community Park Master Plan effort will focus on significant community input from public hearings to open houses. As part of this planning effort, staff met with the community to get input on how the park is used and how it could best be improved. The Master Plan will be completed during 2010.

Capital Improvement Projects: There are 19 CIP projects that are either under construction or are substantially complete. Some of the major projects are the Espola Road Pipeline, the Oak Knoll Road

Improvement project, the Highlands Ranch Pump Station Replacement, the Iron Mountain Park & Ride, and the 2008-09 Street Overlay project.

There are 7 CIP projects totaling approximately \$3.5 million that are in the pre-construction phase. These include the High Valley Pump Station, the Settled Water Launder Replacement project and the 2009-10 Street Overlay project.

There are 16 CIP projects totaling approximately \$13.9 million that are in various stages of design. It is expected that construction on most of these will begin within the next 2 years. Some of the major projects currently being designed are the County Water Authority Treated Water Connection and Clearwell Pipeline replacement, the Boulder Mountain Reservoir Replacement, the High Valley Waterline Replacement and the St. Andrews Lift Station Reconstruction.

Technology Upgrades: The City's web site continues to improve over time. Online services such as e-Zoning, and Business Registration applications and renewals, have been added to its functionality. The City is updating and improving the layout and graphics of the web site to provide easier access to our online applications, improved navigation to the commonly used functions, and to implement functionality that was not available during its initial launch. Of note, the site has improved search capabilities and staff has improved the content management tools that are used to keep the web sites updated.

In January 2009, the Customer Service Division implemented CRW's LicenseTrak application that provide staff the ability to track, review and issue Business Certificates and Regulatory Licenses. Businesses can now apply, pay, and print their business certificate all online.

Approximately 25 existing servers at City Hall will be replaced with a four blade server configuration in which most of the existing server will be virtualized. Virtualization technology allows for multiple servers to reside on a single Blade Server reducing the electrical consumption and amount of physical hardware in the data center. The City will also centralize storage with a new Storage Area Network (SAN) appliance. This project is expected to be completed by January 2010.

Early last year, Development Services contracted with CRW Systems to provide municipal tracking software. Their product, TRAKiT, will provide a significant benefit to staff, management, and our customers. Staff will have the ability to track the status, progress, and history of all projects, permits, and Code Compliance cases in one easily accessible place. This new system will be a significant change to the way the City does business and interacts with its customers. The greater efficiency, accountability, and transparency it provides will continue to reap benefits for a long time to come. All new projects, permits, Code Compliance cases, and inspection records will be entered into the new system. Basic information on many of our historical records that predate the system will also be available.

The electronic versions of our records will reduce the need for paper files, better organize the routing and reviewing process, and link to our existing GIS system to graphically display the relationship between different projects and land parcels. Project information will be accessible to any staff member in the City at their own computer, greatly reducing the need to track down particular staff members to answer most questions.

Another technology focus has been the further development of the City's Geographic Information System (GIS). The most important GIS enhancement this fiscal year was the beginning of the Water and Wastewater Data Conversion project. This included the scanning of over 16,000 as-built engineering drawings that were used to interpolate the data into GIS format. When complete, this detailed information will greatly assist the Development Services staff with engineering design and

provide Public Works operations staff with the information needed for maintenance and emergency repairs.

Sustainability Initiatives: The City will be replacing old lighting at City Hall, the Poway Center for the Performing Arts (PCPA), the Poway Library, and all of its Fire Stations with energy-efficient interior lighting. The City is also working on future upgrades to the air conditioning system at the PCPA and the Library. A recent review of electricity use at eight City buildings showed that an investment of about \$55,000 could save over \$20,000 each year, save 175,000 kilowatt hours of electricity annually, and reduce our the City's carbon dioxide output by 76 tons.

The City is scheduled to receive \$1.3 million for a variety of projects under the American Recovery and Reinvestment Act (ARRA). Those projects include funding for streets maintenance and repair, enhancing disabled access to public walkways, and providing traffic enforcement equipment to the Poway Sheriff's Department to help lower the number of traffic accidents along our major corridors, such as Highway 67.

In addition, the City will receive \$212,000 in funding to retrofit the Public Works Operations Center with solar technology, allowing us to lower our operating costs and recoup our matching investment over a shorter period of time. This dovetails nicely with the City's overall efforts to reduce operating costs by retrofitting our facilities with energy efficiency measures, such as lighting replacements, smart controllers, occupancy sensors, and others. This project will save the City thousands of dollars a year and reduce the City's green house gas emissions. The solar installation is scheduled for completion in 2010.

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.

Other financial reports available for management and legislative review include quarterly reports of investments and Capital Improvement Projects. 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. During Fiscal Year 2006-07, the City, for the sixth time, adopted a two-year budget covering Fiscal Years 2007-08 and 2008-09.

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. Actual annual premiums are determined using a retrospective method.

At June 30, 2009, 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**

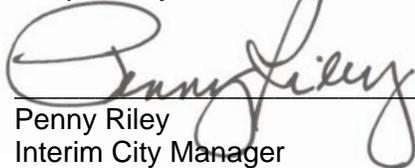
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Poway, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded 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; Kelli Sherman, 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
Interim City Manager


Steve Didier
Director of Administrative Services

City Council

Mayor
Deputy Mayor
Council:

Don Higginson
Carl Kruse
Merrilee Boyack
Jim Cunningham
Betty Rexford

Appointed Officials

City Manager
Assistant City Manager
City Attorney
City Clerk

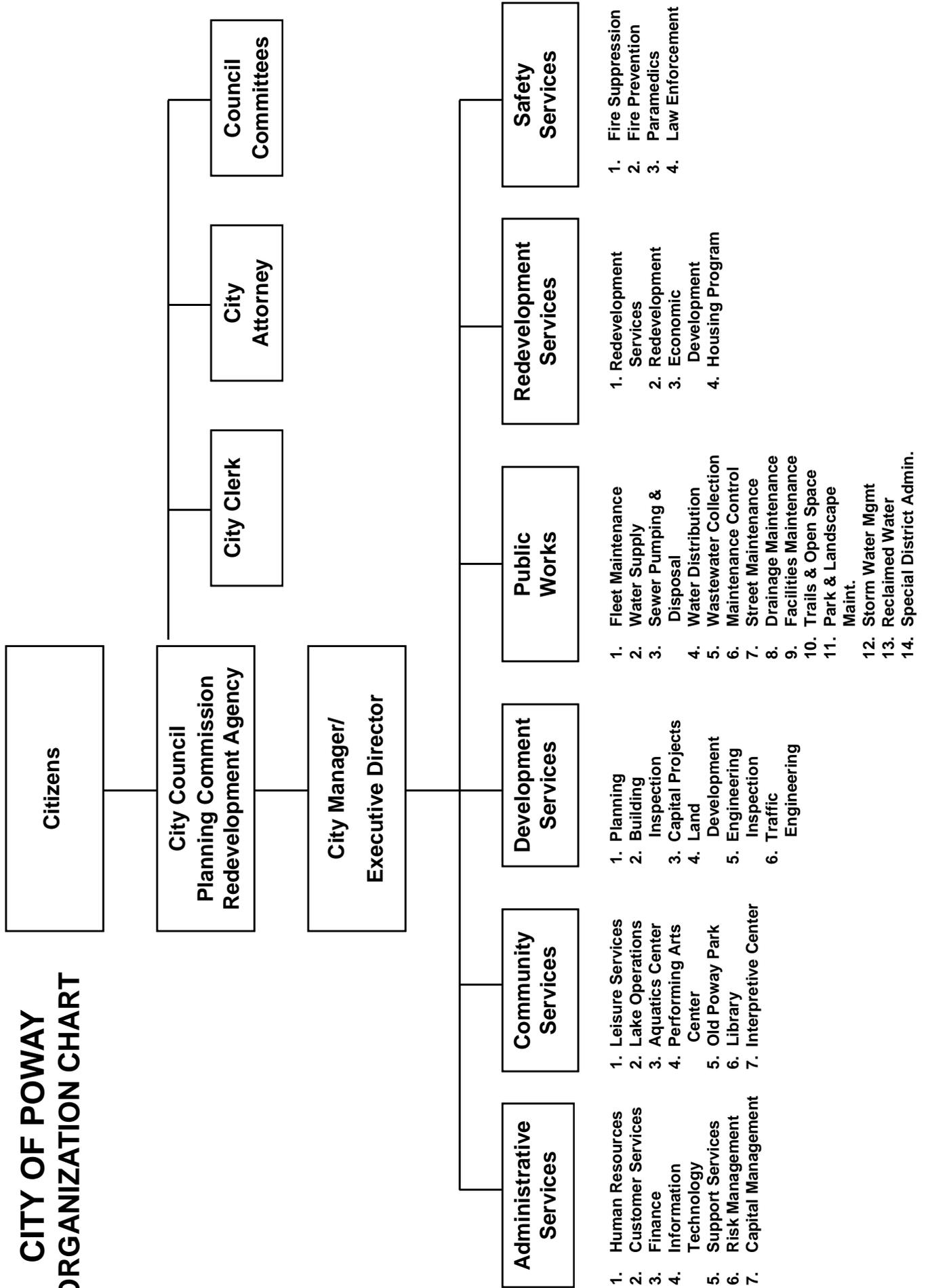
Rod Gould
Penny Riley
Lisa Foster
Linda Troyan

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, 2008

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.



President

Executive Director

This page intentionally left blank.

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, 2009, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States 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 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 opinion.

Subsequent to the financial statements date of June 30, 2009 and the year then ended, the State of California (State) has borrowed, deferred paying certain revenues and proposed taking other funds from local governments including, cities, counties, districts, and agencies. These actions by the State include:

- 8% of Property Taxes borrowed - to be repaid in three years
- Gas Tax payments deferred - two deferral periods during fiscal year 2009-2010
- Redevelopment Agency funds - to be taken for fiscal year 2009-2010 and 2010-2011

These above amounts are very significant to the local governments and may affect their ongoing operations. Certain lawsuits are in process to stop such State actions. The State Legislature has passed a bill which allows local governments to securitize the 8% of property taxes borrowed by the State. For more detailed information, see Note 18 of the Notes to Basic Financial Statements.

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

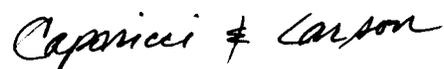
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 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.

As described in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board Statements No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, No. 52, *Land and Other Real Estate Held as Investments by Endowments*, No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards*.

The accompanying Required Supplementary Information, such as 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, is not a required part of the basic financial statements but is 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 opinion 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.


San Diego, California
January 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, 2009. 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 increased by 7% to \$138,006 as a result of this year's operations.
- During the year, the City's taxes, other governmental revenues and business activity revenues exceeded expenses by \$8,839.
- Governmental net assets were \$64,403.
- The total revenues from all sources were \$127,365.
- The total cost of all City programs was \$118,527.
- The General Fund reported excess expenditures over revenues and other financing sources (uses) of \$1,925.
- Actual revenues received in the General Fund were less than the final budget by \$1,684 while actual expenditures were \$6,789 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 \$32,153 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-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	\$ 175,442	\$ 178,718	\$ 37,257	\$ 35,927	\$ 212,699	\$ 214,645
Capital assets	195,035	198,615	40,696	36,420	235,731	235,035
Total assets	370,477	377,333	77,953	72,347	448,430	449,680
Liabilities:						
Long-term debt outstanding	294,554	301,601	1,883	2,043	296,437	303,644
Other liabilities	11,520	14,016	2,467	2,853	13,987	16,869
Total liabilities	306,074	315,617	4,350	4,896	310,424	320,513
Net assets:						
Invested in capital assets, net of debt	36,714	28,805	39,128	34,658	75,842	63,463
Restricted	99,252	101,384	280	282	99,532	101,666
Unrestricted	(71,563)	(68,473)	34,195	32,511	(37,368)	(35,962)
Total net assets	<u>\$ 64,403</u>	<u>\$ 61,716</u>	<u>\$ 73,603</u>	<u>\$ 67,451</u>	<u>\$ 138,006</u>	<u>\$ 129,167</u>

The City's combined net assets for the fiscal year ended June 30, 2009, were \$138,006. The City has chosen to account for its water and sewer operations as enterprise funds, which is shown as Business-Type Activities on Table 1. The City's net assets for governmental activities increased 4% from \$61,716 to \$64,403. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets decreased \$3,276 or 1.8% principally due to decreases in prepaid items and lease receivable. The prepaid items decreased because the City's insurance premium for fiscal year 2009-10 was not due until after July 1, 2009 of this year; and the lease receivable decreased due to scheduled principal pay downs.
- Capital assets decreased \$3,580 (net of depreciation and disposition) as detailed in Table 4. Additions were made for construction in progress for various City projects including the Poway Road Mixed Use project, Machinery and Equipment for the purchase of vehicles and generators for emergency use, with deletions for construction in progress for items moved to Business Activity, land sales, and retired vehicles, along with depreciation.
- Governmental long-term debt decreased \$7,047. The decrease is primarily due to the scheduled principal payments. (See Table 5 for additional detail.)

- Other liabilities decreased by a net \$2.5 million. The decrease was related to the timing of a few large payments, including payments in the previous fiscal year for the City's annual street slurry seal program which had caused an increase in that fiscal year's year-end balance. There were no unusual items.
- Invested in capital assets net of debt increased \$7.9 due to the amortization of debt and additions not funded by debt.
- Restricted net assets remained relatively unchanged, decreasing by \$2,132, or 2.1%.
- 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, decreased by \$3,090, or 4.51%, primarily due to current year operations and the continued expenditure of capital project funds.

Governmental Activities

The cost of all Governmental activities this year was \$91,817 as shown on Table 2 and 2.1. Of this cost, \$11,809 was paid for by those who directly benefited from the programs, \$7,936 was subsidized by grants received from other governmental organizations for both capital and operating activities, and \$74,761 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$19,745. Items of significance within Table 2 are:

Revenues:

- Charges for services increased by 7.5% primarily due having the rate adjustments from the City's fee study completed in the previous fiscal year implemented for the full fiscal year.
- Grants and contributions decreased by 31.6% primarily because of reimbursements related to the Witch Creek Fire disaster that were received in the previous fiscal year.
- The General Revenue category decreased 3.7% primarily due to decreases in sales tax and investment earnings.

Expenses:

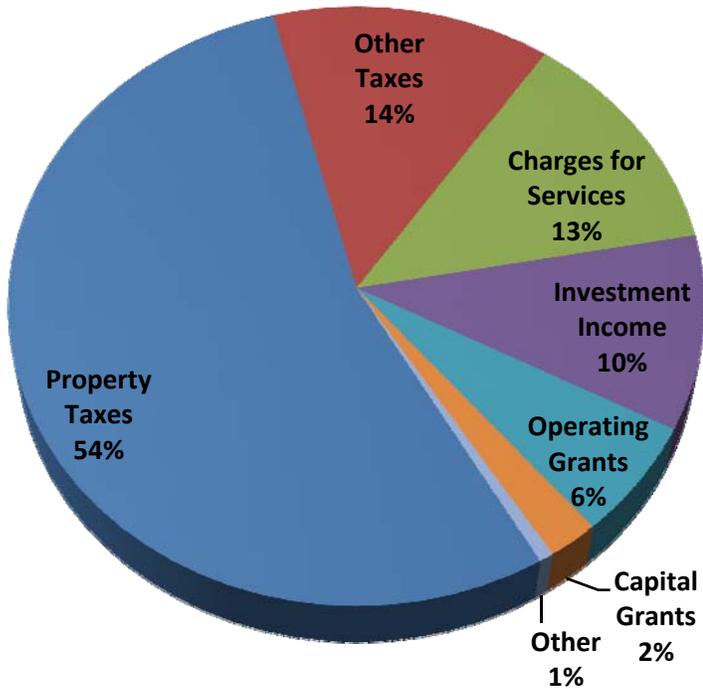
- General Government Expenses increased \$4,645 or 25.0%. The increase was related to spending on projects for which financial assistance was provided, but that were not capitalized.
- The Public Safety line increased by 1.0%. There were no significant changes in this category.
- Public Works had a 5.7% increase in expenses. This increase was primarily due to the correction of the classification of Maintenance District expenses to the Public Works category, offset by reduced street maintenance spending.
- The Development Services department decreased by \$141, or 2.6%. The decrease was caused because of reduced staffing in the capital improvement project division.
- Community Services decreased by \$2,134 or 11.6%. The decrease was because of the above mentioned correction of the Maintenance District expenses offset by an increase in tax shift and tax increment payments.
- Interest and fiscal charges decreased by 2.0%. There were no significant changes in this category.

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

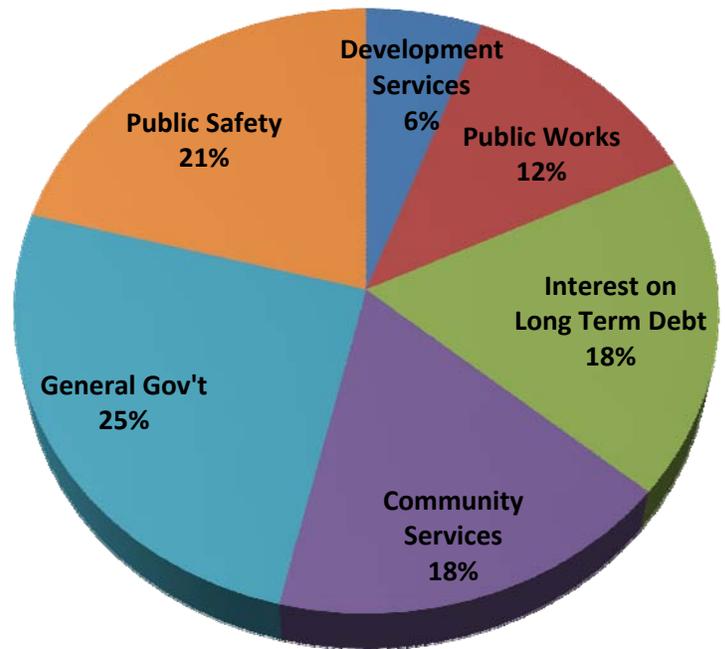
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 11,809	\$ 10,988	\$ 25,367	\$ 25,247	\$ 37,176	\$ 36,235
Operating grants and contributions	5,826	6,479			5,826	6,479
Capital grants and contributions	2,110	5,129	-	-	2,110	5,129
General revenues:						
Property taxes	51,191	50,669	-	-	51,191	50,669
Other taxes	12,934	15,432	-	-	12,934	15,432
Other	10,486	11,354	7,642	2,362	18,128	13,716
Total revenues	94,356	100,051	33,009	27,609	127,365	127,660
Expenses:						
General government	23,261	18,616			23,261	18,616
Public safety	19,228	19,039			19,228	19,039
Public works	11,214	10,608			11,214	10,608
Development svcs	5,226	5,367			5,226	5,367
Community svcs	16,196	18,330			16,196	18,330
Interest and charges	16,692	17,038			16,692	17,038
Water			18,698	17,535	18,698	17,535
Sewer			8,011	7,744	8,011	7,744
Total expenses	91,817	88,998	26,709	25,279	118,526	114,277
Change in net assets before transfers	2,539	11,053	6,300	2,330	8,839	13,383
Transfers	148	331	(148)	(331)	-	-
Change in net assets after transfers	2,687	11,384	6,152	1,999	8,839	13,383
Net assets - 7/1	61,716	50,332	67,451	65,452	129,167	115,784
Net assets - 6/30	\$ 64,403	\$ 61,716	\$ 73,603	\$ 67,451	\$ 138,006	\$ 129,167

**Fiscal Year 2009
Governmental Activities**
(Graphic representation of Table 2 in percentages)

Sources of Revenue



Program Expenses



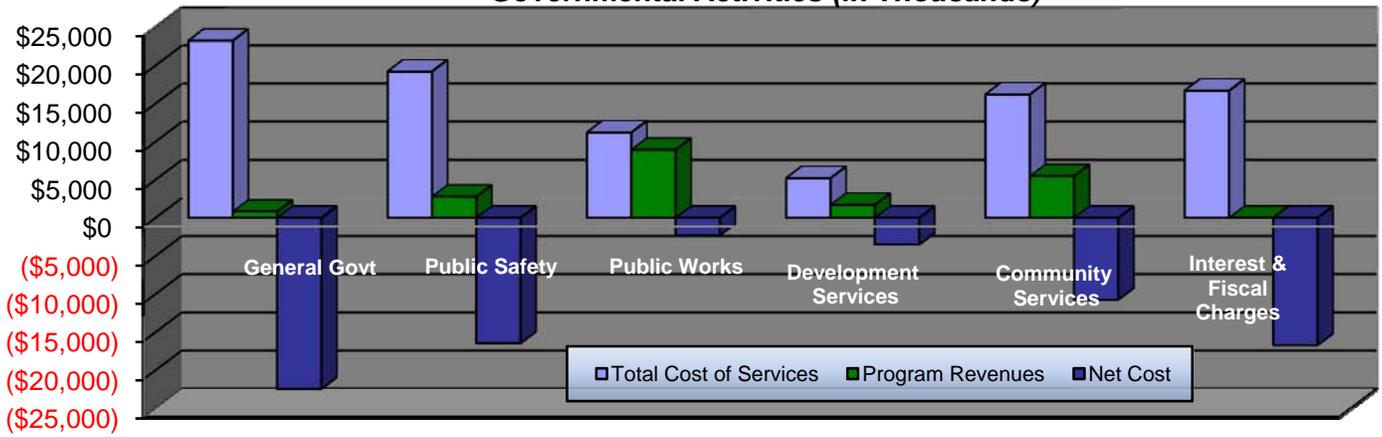
Net Cost of Governmental Activities

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	
	2009	2008	2009	2008	2009	2008
General government	\$ 23,261	\$ 18,616	\$ 819	\$ 2,429	\$ (22,442)	\$ (16,187)
Public safety	19,228	19,039	2,792	2,385	(16,436)	(16,654)
Public works	11,214	10,607	8,943	8,842	(2,271)	(1,765)
Development services	5,226	5,367	1,716	1,871	(3,510)	(3,496)
Community services	16,196	18,330	5,475	7,069	(10,721)	(11,261)
Interest and fiscal chgs	16,692	17,038	-	-	(16,692)	(17,038)
Totals	\$ 91,817	\$ 88,997	\$ 19,745	\$ 22,596	\$ (72,072)	\$ (66,401)

**Fiscal Year 2009
Total Cost of Services, Program Revenues & Net Cost
Governmental Activities (in Thousands)**



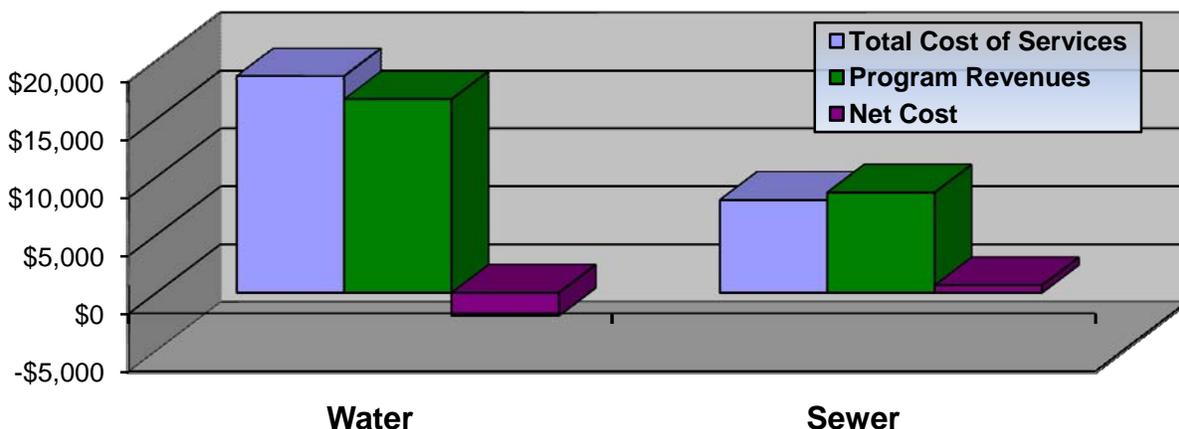
Total resources available during the year to finance governmental operations were \$156,221 consisting of Net Assets at July 1, 2008, of \$61,716, Program Revenues of \$19,745, General Revenues of \$74,612 and \$148 of Transfers. Total Governmental Activities during the year were \$91,817; thus Net Assets increased by \$2,687 to \$64,403. There were no unusual items that contributed to this increase. As discussed previously, property taxes, investment earnings and franchise taxes had increases that did contribute to the growth in Net Assets.

Business-Type Activities

Net assets of the Proprietary Funds (Business-Type activities) at June 30, 2009, as reflected in Table 1 were \$73,603. As shown in Table 2, program revenues were \$25,367, while the cost of providing all Proprietary (Business-Type) Activities this year was \$26,709 resulting in a loss of \$1,342. However, the additional \$7,494 of other revenues and transfers resulted in a Net Assets increase of \$6,152 or 9%.

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2009	2008	2009	2008	2009	2008
Water	\$ 18,698	\$ 17,535	\$ 16,715	\$ 16,806	\$ (1,983)	\$ (729)
Sewer	8,011	7,744	8,652	8,441	641	697
Totals	\$ 26,709	\$ 25,279	\$ 25,367	\$ 25,247	\$ (1,342)	\$ (32)

**Fiscal Year 2009
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 \$5,105 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. The General Government category was under budget primarily due to the implementation of a new city-wide cost allocation model, which resulted in a revised allocation of General Government expenses across a broader range of funds. The Public Safety category's expenditures were less than budgeted due to lower overtime costs than expected in Fire Suppression and an unfilled contract position in Law Enforcement Services.

Actual revenues fell short of the final budget by \$1,684 (excluding other financing sources). The major variances were in Taxes and Intergovernmental. The Taxes category fell short because of a greater than expected decrease in sales tax. This phenomenon was not isolated to the City of Poway, as many cities in San Diego County and across California experienced similar decreases. The Intergovernmental category primarily was higher because of additional reimbursements received related to the Witch Creek Fire.

During the fiscal year the City undertook quarterly budget updates instead of just its traditional midyear budget update. During these reviews the current budgeted expenditures were reduced in all categories, but none of the individual adjustments were significant. No unusual items contributed to the savings in the other categories, though in light of the current economy all departments were encouraged to take a close look at all expenditure activity and achieve savings where possible.

Housing Special Revenue Fund:

The significant increase in this fund balance is due to the budget variance in the Capital Outlay category related primarily to four affordable housing projects that are expected to move forward in fiscal year 2009-10.

City of Poway Redevelopment Agency Debt Service Fund:

Tax Increment was lower than expected due to increased property tax delinquencies. The Agency budgeted for its share of the State's attempted \$350 million Educational Revenue Augmentation Fund take-away, but the courts found that the taking of the funds by the State was illegal, so no payment was required. The transfer out category was also under budget due to a lower than expected transfer to the Housing Fund for its share of tax increment, and lower than expected funding for administrative expenditures.

Redevelopment Area Capital Project Funds:

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

Other Governmental Funds:

In this grouping of funds, except for the Storm Water Management Fund, none of the activity was unusual in nature. Because the Storm Water Management Fund is a newer fund it incurred higher than usual costs this year, but is expected to have reduced costs in the future and to recoup its currently negative fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Capital Assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities, and roads. The Governmental Construction in Progress decreased by \$3,281, primarily related to infrastructure projects that were moved to Business Activities. Business Construction in Progress included 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	
	2009	2008	2009	2008	2009	2008
Land	\$ 71,520	\$ 72,086	\$ 77	\$ 77	\$ 71,597	\$ 72,163
Buildings	41,247	42,162	6,420	6,886	47,667	49,048
Improvements	5,410	5,646	26,054	27,054	31,464	32,700
Infrastructure	63,653	62,283	-	-	63,653	62,283
Equip & Vehicles	6,902	6,854	1,019	833	7,921	7,687
Construction in Prog	6,303	9,584	7,126	1,570	13,429	11,154
	<u>\$ 195,035</u>	<u>\$ 198,615</u>	<u>\$ 40,696</u>	<u>\$ 36,420</u>	<u>\$ 235,731</u>	<u>\$ 235,035</u>

Debt

At year-end, the City had \$294,554 in Governmental-Type debt and \$1,883 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 increased as employees accrued more time off for compensated absences than was used, but again there were no unusual activities related to the increase. (See the Notes to the Basic Financial Statements, Note 5, Long-term Debt for additional information.)

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

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Tax Allocation Bonds	\$ 240,801	\$ 246,403	-	-	\$ 240,801	\$ 246,403
Certificates of Participation	50,068	51,603	-	-	50,068	51,603
Revenue Bonds	-	-	\$ 1,568	\$ 1,746	1,568	1,746
Loans Payable	2,283	2,215	-	-	2,283	2,215
Contract Payable	-	35	-	-	-	35
Comp Absences	1,402	1,345	315	297	1,717	1,642
Total	\$ 294,554	\$ 301,601	\$ 1,883	\$ 2,043	\$ 296,437	\$ 303,644

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City Budget for fiscal year 2009-2010, 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 11.7% from the fiscal year 2008-2009 revenue budget. This decrease mainly occurred because of budgeted decreases for Property and Sales Taxes.

General Fund expenditures are budgeted to decrease 10.3%. Many of the reductions began during fiscal year 2008-2009 with additional decreases also done for the fiscal year 2009-10 budget. Significant items included the final incorporation of the City's new cost allocation program, and an evaluation of the Community Services Department that included the elimination of the department's director position, and having the Redevelopment Services Director take over supervision of that department. Finally, the Development Services Department completed its evaluation of the City's streets maintenance program and was able to optimize the program while leveling out the annual General Fund expenditures. The City continues to monitor the local, state and national economic situation and while staff does not currently anticipate any necessary significant changes to the budget, we are 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.ca.us>

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Poway
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 117,816,817	\$ 21,161,594	\$ 138,978,411
Cash and investments with fiscal agents	22,977,459	280,469	23,257,928
Receivables:			
Taxes	3,216,786	-	3,216,786
Accounts	1,024,286	3,932,395	4,956,681
Interest	673,189	-	673,189
Due from other governments and agencies	2,234,400	-	2,234,400
Prepaid items	34,679	-	34,679
Inventories	81,889	1,854,170	1,936,059
Total current assets	148,059,505	27,228,628	175,288,133
Noncurrent assets:			
Lease receivable	27,500,000	-	27,500,000
Notes receivable	8,299,233	-	8,299,233
Internal balances	(8,987,328)	8,987,328	-
Loans to Business Park Fiduciary Fund	-	1,000,000	1,000,000
Deferred charges, net	571,017	40,765	611,782
Capital assets:			
Nondepreciable assets	77,822,975	7,202,689	85,025,664
Depreciable assets, net	117,211,718	33,493,622	150,705,340
Total capital assets	195,034,693	40,696,311	235,731,004
Total noncurrent assets	222,417,615	50,724,404	273,142,019
Total assets	370,477,120	77,953,032	448,430,152

City of Poway
Statement of Net Assets, Continued
June 30, 2009

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 8,902,010	\$ 2,407,436	\$ 11,309,446
Accrued liabilities	942,182	-	942,182
Accrued interest payable	1,676,308	14,354	1,690,662
Deposits	-	45,250	45,250
Compensated absences - due within one year	265,692	55,951	321,643
Long-term debt - due within one year	7,427,633	187,976	7,615,609
Total current liabilities	19,213,825	2,710,967	21,924,792
Noncurrent liabilities:			
Compensated absences - due in more than one year	1,136,311	258,866	1,395,177
Long-term debt - due in more than one year	285,723,869	1,380,571	287,104,440
Total noncurrent liabilities	286,860,180	1,639,437	288,499,617
Total liabilities	306,074,005	4,350,404	310,424,409
NET ASSETS			
Investments in capital assets, net of related debt	36,713,773	39,127,764	75,841,537
Restricted for:			
General fund	5,561,391	-	5,561,391
Affordable housing	19,001,963	-	19,001,963
Debt service	24,949,645	280,469	25,230,114
Capital improvement projects	29,394,569	-	29,394,569
Special revenue	19,364,024	-	19,364,024
Permanent:			
Expendable	320,870	-	320,870
Nonexpendable	660,000	-	660,000
Total restricted	99,252,462	280,469	99,532,931
Unrestricted	(71,563,120)	34,194,395	(37,368,725)
Total net assets	\$ 64,403,115	\$ 73,602,628	\$ 138,005,743

See accompanying Notes to Basic Financial Statements.

City of Poway
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 23,261,446	\$ 105,084	\$ 630,631	\$ 83,042	\$ 818,757
Public safety	19,227,914	2,413,197	378,415	-	2,791,612
Public works	11,213,841	4,868,530	4,066,801	8,054	8,943,385
Development services	5,226,071	1,388,448	327,759	-	1,716,207
Community services	16,195,999	3,033,466	422,438	2,019,367	5,475,271
Interest and fiscal charges	16,692,399	-	-	-	-
Total governmental activities	91,817,670	11,808,725	5,826,044	2,110,463	19,745,232
Business-Type activities:					
Water	18,697,576	16,714,571	-	-	16,714,571
Sewer	8,011,470	8,651,968	-	-	8,651,968
Total business-type activities	26,709,046	25,366,539	-	-	25,366,539
Total primary government	\$ 118,526,716	\$ 37,175,264	\$ 5,826,044	\$ 2,110,463	\$ 45,111,771

City of Poway
Statement of Activities and Changes in Net Assets, Continued
For the year ended June 30, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (22,442,689)	\$ -	\$ (22,442,689)
Public safety	(16,436,302)	-	(16,436,302)
Public works	(2,270,456)	-	(2,270,456)
Development services	(3,509,864)	-	(3,509,864)
Community services	(10,720,728)	-	(10,720,728)
Interest and fiscal charges	(16,692,399)	-	(16,692,399)
Total governmental activities	(72,072,438)	-	(72,072,438)
Business-Type activities:			
Water	-	(1,983,005)	(1,983,005)
Sewer	-	640,498	640,498
Total business-type activities	-	(1,342,507)	(1,342,507)
Total primary government	(72,072,438)	(1,342,507)	(73,414,945)
General revenues:			
Taxes:			
Property taxes	51,190,712	-	51,190,712
Sales taxes	10,325,455	-	10,325,455
Motor vehicle license taxes	173,673	-	173,673
Transit occupancy taxes	247,787	-	247,787
Franchise taxes	1,590,066	-	1,590,066
Other taxes	597,880	-	597,880
Total taxes	64,125,573	-	64,125,573
Investment earnings	9,879,153	1,987,778	11,866,931
Miscellaneous	607,387	933,994	1,541,381
Contributed capital	-	4,720,039	4,720,039
Transfers	147,503	(147,503)	-
Total general revenues and transfers	74,759,616	7,494,308	82,253,924
Change in net assets	2,687,178	6,151,801	8,838,979
Net assets - beginning of year	61,715,937	67,450,827	129,166,764
Net assets - end of year	\$ 64,403,115	\$ 73,602,628	\$ 138,005,743

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, 2009

	Major Funds			
	General	Low and Moderate Income Housing Special Revenue Fund	City of Poway Redevelopment Agency Debt Service Fund	Redevelopment Area Capital Project Fund
ASSETS				
Cash and investments	\$ 29,253,044	\$ 18,848,936	\$ 20,589,618	\$ 21,428,195
Receivables:				
Taxes	2,290,337	181,967	709,673	18,197
Notes	498,237	-	-	7,800,996
Accounts	404,637	20,000	-	1,250
Interest	593,826	-	33,688	45,577
Lease	-	-	27,500,000	-
Due from other funds	668,189	-	-	-
Due from other governments	1,630,278	-	-	-
Prepaid items	34,679	-	-	-
Inventories, at cost	81,889	-	-	-
Advances to other funds	4,805,762	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	21,472,486	-
Total assets	\$ 40,260,878	\$ 19,050,903	\$ 70,305,465	\$ 29,294,215
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,569,138	\$ 48,940	\$ 5,880,273	\$ 720,405
Accrued liabilities	942,182	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	35,413	-	27,500,000	-
Advances from other funds	-	-	16,294,386	-
Total liabilities	2,546,733	48,940	49,674,659	720,405
Fund Balances:				
Reserved	5,561,391	19,001,963	20,630,806	11,377,659
Unreserved:				
Designated for:				
General fund	32,152,754	-	-	-
Capital projects funds	-	-	-	17,196,151
Undesignated				
Special revenue funds	-	-	-	-
Total fund balances	37,714,145	19,001,963	20,630,806	28,573,810
Total liabilities and fund balances	\$ 40,260,878	\$ 19,050,903	\$ 70,305,465	\$ 29,294,215

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 21,577,511	\$ 111,697,304
16,612	3,216,786
-	8,299,233
598,233	1,024,120
98	673,189
-	27,500,000
-	668,189
604,122	2,234,400
-	34,679
-	81,889
3,737,676	8,543,438
<u>1,504,973</u>	<u>22,977,459</u>
<u>\$ 28,039,225</u>	<u>\$ 186,950,686</u>

\$ 649,445	\$ 8,868,201
-	942,182
668,189	668,189
719	27,536,132
<u>1,236,380</u>	<u>17,530,766</u>
<u>2,554,733</u>	<u>55,545,470</u>
11,857,900	68,429,719
-	32,152,754
7,644,251	24,840,402
<u>5,982,341</u>	<u>5,982,341</u>
<u>25,484,492</u>	<u>131,405,216</u>
<u>\$ 28,039,225</u>	<u>\$ 186,950,686</u>

City of Poway
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2009

Total Fund Balances - Total Governmental Funds	<u>\$ 131,405,216</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	77,822,975
Depreciable, net of accumulated depreciation	<u>117,211,718</u>
Total capital assets	<u>195,034,693</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.	
	571,017
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Compensated absences - due within one year	(265,692)
Compensated absences - due in more than one year (net of \$33,447 reported in Internal Service Funds)	(1,102,864)
Long-term liabilities - due within one year	(7,427,633)
Long-term liabilities - due in more than one year	<u>(285,723,869)</u>
Total long-term liabilities	<u>(294,520,058)</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>(1,676,308)</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>27,536,132</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>6,052,423</u>
Net Assets of Governmental Activities	<u><u>\$ 64,403,115</u></u>

See accompanying Notes to Basic Financial Statements.

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, 2009

	Major Funds			
	General	Low and Moderate Income Housing Special Revenue Funds	City of Poway Redevelopment Agency Debt Service Funds	Redevelopment Area Capital Project Funds
REVENUES:				
Taxes	\$ 24,413,717	\$ -	\$ 38,940,302	\$ -
Licenses and permits	422,948	-	-	-
Intergovernmental	938,661	-	-	-
Charges for services	914,982	-	-	-
Fines and forfeitures	852,535	-	-	-
Use of money and property	2,404,236	650,896	3,896,340	1,423,482
Developer fees	3,556,061	-	-	-
Assessment levied	-	-	-	-
Other revenues	510,282	428,415	-	770
Total revenues	34,013,422	1,079,311	42,836,642	1,424,252
EXPENDITURES:				
Current:				
General government	2,325,515	599,266	-	3,808,354
Public safety	18,522,946	-	-	-
Public works	2,648,940	-	-	-
Development Services	5,279,297	-	-	-
Community services	5,347,626	-	-	-
Capital outlay	2,733,924	121,745	-	12,642,196
Debt service:				
Principal	-	-	6,075,000	-
Interest and fiscal charges	-	-	15,664,912	-
Tax increment reimbursement	-	-	6,205,709	-
Total expenditures	36,858,248	721,011	27,945,621	16,450,550
REVENUES OVER (UNDER) EXPENDITURES	(2,844,826)	358,300	14,891,021	(15,026,298)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	154,734	-
Transfers in	4,153,196	7,800,214	2,143,096	4,462,591
Transfers out	(3,233,667)	(1,700,800)	(12,705,101)	-
Total other financing sources (uses)	919,529	6,099,414	(10,407,271)	4,462,591
NET CHANGE IN FUND BALANCE	(1,925,297)	6,457,714	4,483,750	(10,563,707)
FUND BALANCES:				
Beginning of year	39,639,442	12,544,249	16,147,056	39,137,517
End of year	\$ 37,714,145	\$ 19,001,963	\$ 20,630,806	\$ 28,573,810

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 2,708,627	\$ 66,062,646
-	422,948
1,951,143	2,889,804
2,039,985	2,954,967
-	852,535
6,487,183	14,862,137
341,816	3,897,877
1,873,179	1,873,179
73,668	1,013,135
<u>15,475,601</u>	<u>94,829,228</u>
-	6,733,135
150,090	18,673,036
5,917,217	8,566,157
-	5,279,297
4,394,364	9,741,990
2,483,996	17,981,861
780,000	6,855,000
1,067,093	16,732,005
-	6,205,709
<u>14,792,760</u>	<u>96,768,190</u>
<u>682,841</u>	<u>(1,938,962)</u>
-	154,734
1,483,202	20,042,299
<u>(1,758,380)</u>	<u>(19,397,948)</u>
<u>(275,178)</u>	<u>799,085</u>
407,663	(1,139,877)
<u>25,076,829</u>	<u>132,545,093</u>
<u>\$ 25,484,492</u>	<u>\$ 131,405,216</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, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ (1,139,877)
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.	5,520,556
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.	(6,318,110)
Loss on disposal of City's property provides current financial resources to governmental funds, but disposal of capital asset decrease capital assets in the Government-Wide Statement of Net Assets. Loss on sale of City's property	(2,783,005)
Long-term 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, long-term compensated absences were not reported as expenditures in governmental funds. This amount represent the change in compensated absences from prior year.	(57,603)
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 Repayment of contract and notes payable Principal payment	(154,734) 122,499 6,855,000
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 2007 Tax Allocation Bonds 2003 Certificates of Participation 2005 Certificates of Participation	198,188 63,626 9,601 10,220
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.	39,606
Revenues in the statement of activities that did not provide current financial resources are not reported as revenues in the funds.	(739,676)
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.	1,084,721
Change in Net Assets of Governmental Activities	\$ 2,687,178

See accompanying Notes to Basic Financial Statements.

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

City of Poway
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Major Funds			Governmental
	Water	Sewer	Total	Activities Internal Service Fund
ASSETS				
Current assets:				
Cash and investments	\$ 7,160,435	\$ 14,001,159	\$ 21,161,594	\$ 6,119,513
Cash and investments with fiscal agents	280,469	-	280,469	-
Receivables:				
Accounts	2,373,473	1,558,922	3,932,395	166
Inventories	1,844,604	9,566	1,854,170	-
Total current assets	<u>11,658,981</u>	<u>15,569,647</u>	<u>27,228,628</u>	<u>6,119,679</u>
Noncurrent assets:				
Advances to other funds	3,524,205	5,463,123	8,987,328	-
Advances to Fiduciary Fund - Business Park	-	1,000,000	1,000,000	-
Deferred charges	40,765	-	40,765	-
Capital assets:				
Nondepreciable	2,999,717	4,202,972	7,202,689	-
Depreciable	47,656,164	29,867,003	77,523,167	-
Less accumulated depreciation	(29,159,184)	(14,870,361)	(44,029,545)	-
Total net capital assets	<u>21,496,697</u>	<u>19,199,614</u>	<u>40,696,311</u>	<u>-</u>
Total noncurrent assets	<u>25,061,667</u>	<u>25,662,737</u>	<u>50,724,404</u>	<u>-</u>
Total assets	<u>36,720,648</u>	<u>41,232,384</u>	<u>77,953,032</u>	<u>6,119,679</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,184,039	223,397	2,407,436	33,809
Deposits	45,250	-	45,250	-
Accrued interest payable	14,354	-	14,354	-
Compensated absences due within one year	55,249	702	55,951	-
Long-term debt due within one year	187,976	-	187,976	-
Total current liabilities	<u>2,486,868</u>	<u>224,099</u>	<u>2,710,967</u>	<u>33,809</u>
Noncurrent liabilities:				
Compensated absences	199,400	59,466	258,866	33,447
Long-term debt due in more than one year	1,380,571	-	1,380,571	-
Total noncurrent liabilities	<u>1,579,971</u>	<u>59,466</u>	<u>1,639,437</u>	<u>33,447</u>
Total liabilities	<u>4,066,839</u>	<u>283,565</u>	<u>4,350,404</u>	<u>67,256</u>
NET ASSETS				
Invested in capital assets, net of related debt	19,928,150	19,199,614	39,127,764	-
Restricted for debt service	280,469	-	280,469	-
Unrestricted	12,445,190	21,749,205	34,194,395	6,052,423
Total net assets	<u>\$ 32,653,809</u>	<u>\$ 40,948,819</u>	<u>\$ 73,602,628</u>	<u>\$ 6,052,423</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, 2009

	Major Funds			Governmental
	Water	Sewer	Total	Activities Internal Service Fund
OPERATING REVENUES:				
Charges for services	\$ 16,331,428	\$ 8,322,932	\$ 24,654,360	\$ 2,323,825
Connection fees	383,143	329,036	712,179	-
Other	28,711	905,283	933,994	2,471
Total operating revenues	16,743,282	9,557,251	26,300,533	2,326,296
OPERATING EXPENSES:				
Personnel services	3,412,187	776,706	4,188,893	359,537
Maintenance and operations	5,377,413	6,386,808	11,764,221	662,197
Cost of purchased water	8,709,609	-	8,709,609	-
Depreciation	1,198,367	847,956	2,046,323	-
Total operating expenses	18,697,576	8,011,470	26,709,046	1,021,734
OPERATING INCOME (LOSS)	(1,954,294)	1,545,781	(408,513)	1,304,562
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	1,012,915	1,076,760	2,089,675	277,007
Interest expense and fiscal charges	(101,897)	-	(101,897)	-
Total nonoperating revenues (expenses)	911,018	1,076,760	1,987,778	277,007
INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND TRANSFERS	(1,043,276)	2,622,541	1,579,265	1,581,569
CONTRIBUTED CAPITAL AND TRANSFERS:				
Contributed capital	885,939	3,834,100	4,720,039	-
Transfers in	75,439	-	75,439	-
Transfers out	(111,471)	(111,471)	(222,942)	(496,848)
Total contributed capital and transfers	849,907	3,722,629	4,572,536	(496,848)
Change in net assets	(193,369)	6,345,170	6,151,801	1,084,721
NET ASSETS:				
Beginning of year	32,847,178	34,603,649	67,450,827	4,967,702
End of year	\$ 32,653,809	\$ 40,948,819	\$ 73,602,628	\$ 6,052,423

See accompanying Notes to Basic Financial Statements.

City of Poway
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009

	Major Funds		Total	Governmental
	Water	Sewer		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 17,189,813	\$ 8,629,739	\$ 25,819,552	\$ 2,327,682
Cash paid to employees for services	(3,400,115)	(770,702)	(4,170,817)	(360,183)
Cash paid to suppliers for goods or services	(14,775,517)	(6,580,716)	(21,356,233)	(736,131)
Others	315,644	1,023,826	1,339,470	-
Net cash provided (used) by operating activities	(670,175)	2,302,147	1,631,972	1,231,368
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Contributed capital	885,939	3,834,100	4,720,039	-
Transfers in	75,439	-	75,439	-
Transfers out	(111,471)	(111,471)	(222,942)	(496,848)
Net cash provided (used) by noncapital financing activities	849,907	3,722,629	4,572,536	(496,848)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Net changes in capital assets	(2,368,813)	(3,953,965)	(6,322,778)	-
Principal paid on long-term debt	(177,780)	-	(177,780)	-
Payment of interest and fees	(103,442)	-	(103,442)	277,007
Net cash provided (used) by capital and related financing activities	(2,650,035)	(3,953,965)	(6,604,000)	277,007
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	1,013,268	1,076,760	2,090,028	-
Net cash provided (used) by investing activities	1,013,268	1,076,760	2,090,028	-
Net increase (decrease) in cash and investments	(1,457,035)	3,147,571	1,690,536	1,011,527
CASH AND INVESTMENTS:				
Beginning of year	8,897,939	10,853,588	19,751,527	5,107,986
End of year	<u>\$ 7,440,904</u>	<u>\$ 14,001,159</u>	<u>\$ 21,442,063</u>	<u>\$ 6,119,513</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET ASSETS				
Cash and investments	7,160,435	14,001,159	21,161,594	6,119,513
Cash with investments with fiscal agents	280,469	-	280,469	-
Total cash and investments	\$ 7,440,904	\$ 14,001,159	\$ 21,442,063	\$ 6,119,513
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,954,294)	\$ 1,545,781	\$ (408,513)	\$ 1,304,562
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,198,367	847,956	2,046,323	-
Changes in operating assets and liabilities:				
Accounts receivable	482,102	(22,229)	459,873	1,386
Inventories	(512,201)	984	(511,217)	-
Deferred charges	6,437	-	6,437	-
Due from other governments	6,227	12,275	18,502	-
Advances to other funds	280,706	106,268	386,974	-
Accounts payable	(182,731)	(194,892)	(377,623)	(73,934)
Deposits	(6,860)	-	(6,860)	-
Compensated absences	12,072	6,004	18,076	(646)
Total adjustments	1,284,119	756,366	2,040,485	(73,194)
Net cash provided (used) by operating activities	\$ (670,175)	\$ 2,302,147	\$ 1,631,972	\$ 1,231,368

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, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 9,104,068
Receivables:	
Taxes	138
Accounts	1,000,000
Interest	109,579
Cash and investments with fiscal agent	<u>5,326,854</u>
Total assets	<u><u>\$ 15,540,639</u></u>
LIABILITIES	
Accounts payable	\$ 167,170
Deposits	4,134,021
Due to bondholders	10,239,448
Advances from City of Poway	<u>1,000,000</u>
Total liabilities	<u><u>\$ 15,540,639</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

City of Poway
Notes to Basic Financial Statements
For the year ended June 30, 2009

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, 2009

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, 2009

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 Services 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 Projects 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, 2009

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, 2009

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

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."

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Inventories

Inventories within the various fund types consist of 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. Land Held for Resale

Land held for resale is carried at lower of cost or market, but not greater than the net realizable value. An amount equal to the carrying value of land is reserved in fund balance because such assets are not available to finance current operation.

H. 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, 2009

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, 2009

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.

N. Implementation of New GASB Pronouncements

The City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowment*
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Implementation of New GASB Pronouncements, Continued

- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards*

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB’s authoritative literature. It is intended to make it easier for preparers of state and local government financial statements to identify and apply the “GAAP hierarchy,” which consists of sources of accounting principles used in the preparation of financial statements so that they are presented in conformity with GAAP and the framework for selecting those principles.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB’s accounting and financial reporting literature for state and local governments. The Statement No. 56 guidance addresses three issues from the AICPA’s literature – related party transactions, going concern considerations, and subsequent events.

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.

The following is a summary of cash and investment at June 30, 2009:

	Government-Wide Statement of Net Assets		Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Statement of Net Assets	Total
Cash and investments	\$ 117,816,817	\$ 21,161,594	\$ 9,104,068	\$ 148,082,479
Cash and investments with fiscal agents	22,977,459	280,469	5,326,854	28,584,782
Total	\$ 140,794,276	\$ 21,442,063	\$ 14,430,922	\$ 176,667,261

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

Cash, cash equivalents, and investments consisted of the following at June 30, 2009:

Cash on hand	\$	7,150
Demand deposits		1,197,285
Investments		<u>175,462,826</u>
Total cash and investments	\$	<u>176,667,261</u>

A. Cash Deposits

The carrying amounts of the City's demand deposits were \$1,197,285 at June 30, 2009. Bank balances at June 30, 2009, were \$2,967,773 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, 2009

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	15%	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, 2009

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	\$ 3,241,046	\$ 3,042,140	\$ -	\$ 198,906	\$ -
U.S. Agencies	19,213,682	-	9,268,561	9,945,121	-
Other Government	48,510,711	48,510,711	-	-	-
Asset Backed Securities	4,838,370	3,008,415	-	1,829,955	-
Mortgage Backed Securities	3,776,421	1,464,933	-	2,311,488	-
Medium-Term and Corporate Notes	21,680,310	8,254,499	4,064,769	8,317,220	1,043,822
Local Agency Investment Fund (LAIF)	45,297,686	45,297,686	-	-	-
San Diego County Investment Pool	35,374	35,374	-	-	-
LOI Bond AD #2001-1	184,444	18,803	40,913	91,649	33,079
Certificates of Deposit	100,000	100,000	-	-	-
Held by bond trustee:					
Money Market Funds	12,642,509	12,642,509	-	-	-
Investment Contracts	14,618,432	-	-	-	14,618,432
Federal Home Loan Mortgage Corporation	1,323,841	-	1,323,841	-	-
	<u>\$ 175,462,826</u>	<u>\$ 122,375,070</u>	<u>\$ 14,698,084</u>	<u>\$ 22,694,339</u>	<u>\$ 15,695,333</u>

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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	Minimum											
	Amounts	Rating	Exempt	AAA/Aaa	A+/A1	AA+/Aa1	A+/A2	A/A2	AA/Aa2	A/Aa3	AA/Aa3	AA/NR
U.S. Treasuries	\$ 3,241,046	Aaa	\$ -	\$ 3,241,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agencies	19,213,682	Aaa	-	19,213,682	-	-	-	-	-	-	-	-
Other government	48,510,711	Aaa	-	-	-	-	-	-	-	-	-	48,510,711
Asset Backed Securities	4,838,370	Aaa	-	3,607,180	-	-	-	-	-	1,231,190	-	-
Mortgage Backed Securities	3,776,421	Aaa	-	3,776,421	-	-	-	-	-	-	-	-
Medium-Term and Corporate Notes	21,680,310	A1	-	7,100,262	2,088,292	505,759	959,008	6,310,404	1,037,839	1,665,635	984,390	1,028,718
Local Agency Investment Fund (LAIF)	45,297,686	N/A	45,297,686	-	-	-	-	-	-	-	-	-
San Diego County Investment Pool	35,374		35,374	-	-	-	-	-	-	-	-	-
LOI Bond AD #2001-1	184,444		184,444	-	-	-	-	-	-	-	-	-
Certificates of Deposit	100,000		-	100,000	-	-	-	-	-	-	-	-
Held by bond trustee:												
Money Market Funds	12,642,509		12,642,509	-	-	-	-	-	-	-	-	-
Investment Contracts	14,618,432		14,618,432	-	-	-	-	-	-	-	-	-
Federal National Mortgage Corporation	1,323,841		1,323,841	-	-	-	-	-	-	-	-	-
	<u>\$ 175,462,826</u>		<u>\$ 74,102,286</u>	<u>\$ 37,038,591</u>	<u>\$ 2,088,292</u>	<u>\$ 505,759</u>	<u>\$ 959,008</u>	<u>\$ 6,310,404</u>	<u>\$ 1,037,839</u>	<u>\$ 2,896,825</u>	<u>\$ 984,390</u>	<u>\$ 49,539,429</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. Bank	U.S. Treasuries	\$ 3,241,046
Union Bank/U.S. Bank	U.S. Agencies	19,213,682
Union Bank/U.S. Bank	Other government	48,510,711
Union Bank	Corporates	21,680,310
State Treasurer Office	LAIF	45,297,686
Societe Generale	Investment Contract	3,544,500
FSA Capital	Investment Contract	11,073,932

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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, 2009, at fair value. The fair value is calculated by multiplying the account balance with LAIF times a fair value factor of 1.001364207 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, 2009, 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, 2009, the City had \$45,297,686 invested in LAIF, which had invested 14.71% 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-rate a 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, 2009, the City had \$35,374 invested in the San Diego County Investment Pool.

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3. INTERFUND TRANSACTIONS

A. Due To and Due From Other Funds

As of June 30, 2009, balances were as follows:

	Due from other funds	
	General Fund	Total
Due to other funds		
Governmental Activities:		
Non-major Governmental Funds	\$ 668,189	\$ 668,189
Total	\$ 668,189	\$ 668,189

These balances resulted from loans to cover negative cash balances as of June 30, 2009.

B. Advances To and Advances From Other Funds

	Advances from other funds			
	City of Poway Redevelopment Agency Debt Service Fund	Non-major Governmental Funds	Fiduciary Agency Funds	Total
Advances to other funds				
Governmental Activities:				
General Fund	\$ 3,801,458	\$ 1,004,304	\$ -	\$ 4,805,762
Non-major Governmental Funds	3,720,100	17,576	-	3,737,676
Business-Type Activities:				
Water	3,524,205	-	-	3,524,205
Sewer	5,248,623	214,500	1,000,000	6,463,123
Total	\$ 16,294,386	\$ 1,236,380	\$ 1,000,000	\$ 18,530,766

The advances were primarily used for the following:

The City Council authorized various loans to the Redevelopment Agency totaling \$16,294,386 and to other Non-major Governmental funds totaling \$1,236,380 at various interest rates. The terms of the loans are indefinite. Accrued interest on the loans of \$1,011,820 and \$4,697,982 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, 2009

3. INTERFUND TRANSACTIONS, Continued

C. Transfers To and From Other Funds

Transfers for the year ended June 30, 2009, were as follows:

	Transfers Out							Total
	General	Low and Moderate Income Housing Special Revenue Fund	City of Poway Redevelopment Agency Debt Service Fund	Non-major Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Internal Service Funds	
Transfers In	General	Fund	Fund	Funds	Fund	Fund	Funds	Total
General Fund	\$ 2,520,000	\$ -	\$ -	\$ 1,136,348	\$ -	\$ -	\$ 496,848	\$ 4,153,196
Low and Moderate Income Housing								
Special Revenue Fund	-	-	7,800,214	-	-	-	-	7,800,214
City of Poway Redevelopment								
Agency Debt Service Fund	-	1,700,800	-	442,296	-	-	-	2,143,096
Redevelopment Area								
Capital Projects Fund	-	-	4,462,591	-	-	-	-	4,462,591
Non-major Governmental								
Funds	713,667	-	442,296	104,297	111,471	111,471	-	1,483,202
Enterprise Fund								
Water	-	-	-	75,439	-	-	-	75,439
Total	\$ 3,233,667	\$ 1,700,800	\$ 12,705,101	\$ 1,758,380	\$ 111,471	\$ 111,471	\$ 496,848	\$ 20,117,738

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.
- More available funds to capital project funds for approved projects.
- More 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, 2009

4. CAPITAL ASSETS

A. Government-Wide Financial Statements

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

	Balance July 1, 2008	Additions	Deletions	Reclassification	Balance June 30, 2009
Non-depreciable Assets:					
Land	\$ 72,085,673	\$ 13,812	\$ (579,500)	\$ -	\$ 71,519,985
Construction in progress	9,583,971	4,456,338	(2,183,703)	(5,553,616)	6,302,990
Total non-depreciable assets	81,669,644	4,470,150	(2,763,203)	(5,553,616)	77,822,975
Depreciable Assets:					
Buildings	63,998,700	-	-	967,394	64,966,094
Improvements other than buildings	6,309,047	-	-	-	6,309,047
Infrastructure	135,218,729	-	(45,997)	4,486,566	139,659,298
Machinery and equipment	14,075,041	1,050,406	(347,289)	99,656	14,877,814
Total depreciable assets, at cost	219,601,517	1,050,406	(393,286)	5,553,616	225,812,253
Less accumulated depreciation:					
Buildings	(21,837,152)	(1,881,496)	-	-	(23,718,648)
Improvements other than buildings	(662,818)	(236,574)	-	-	(899,392)
Infrastructure	(72,935,244)	(3,117,391)	45,998	-	(76,006,637)
Machinery and equipment	(7,220,695)	(1,082,649)	327,486	-	(7,975,858)
Total accumulated depreciation	(102,655,909)	(6,318,110)	373,484	-	(108,600,535)
Total depreciable assets, net	116,945,608	(5,267,704)	(19,802)	5,553,616	117,211,718
Total governmental activities	\$ 198,615,252	\$ (797,554)	\$ (2,783,005)	\$ -	\$ 195,034,693

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2009 are as follows:

General government	\$ 1,530,072
Public safety	935,027
Public works	3,435,509
Community services	417,502
Total depreciation expense	\$ 6,318,110

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

4. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

	Balance			Balance
	July 1, 2008	Additions	Deletions	June 30, 2009
Non-depreciable Assets:				
Land	\$ 76,797	\$ -	\$ -	\$ 76,797
Construction in progress	1,569,649	5,556,243	-	7,125,892
Total non-depreciable assets	1,646,446	5,556,243	-	7,202,689
Depreciable Assets:				
Buildings	21,076,441	-	-	21,076,441
Improvements other than buildings	53,112,997	423,927	-	53,536,924
Machinery and equipment	2,567,193	342,608	-	2,909,801
Total depreciable assets, at cost	76,756,631	766,535	-	77,523,166
Less accumulated depreciation:				
Buildings	(14,190,044)	(465,739)	-	(14,655,783)
Improvements other than buildings	(26,058,787)	(1,424,440)	-	(27,483,227)
Machinery and equipment	(1,734,390)	(156,144)	-	(1,890,534)
Total accumulated depreciation	(41,983,221)	(2,046,323)	-	(44,029,544)
Total depreciable assets, net	34,773,410	(1,279,788)	-	33,493,622
Total business-type activities	\$ 36,419,856	\$ 4,276,455	\$ -	\$ 40,696,311

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2009 are as follows:

Water	\$ 1,198,367
Sewer	847,956
Total depreciation expense	\$ 2,046,323

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, 2009

5. LONG-TERM DEBT

The following is a summary of long-term debt for the year ended June 30, 2009:

	Balance July 1, 2008	Debt Issued	Debt Retired	Balance June 30, 2009	Classification	
					Due in One Year	Due in more than One Year
Governmental Activities:						
Tax Allocation Bonds	\$ 246,402,452	\$ -	\$ (5,601,814)	\$ 240,800,638	\$ 5,813,566	\$ 234,987,072
Certificates of Participation	51,602,984	-	(1,534,821)	50,068,163	1,614,067	48,454,096
Contract payable	35,372	-	(35,372)	-	-	-
Notes payable	2,215,093	154,734	(87,126)	2,282,701	-	2,282,701
Compensated absences	1,345,046	311,855	(254,898)	1,402,003	265,692	1,136,311
Total governmental activities	\$ 308,350,999	\$ 466,589	\$ (7,514,031)	\$ 294,553,505	\$ 7,693,325	\$ 286,860,180
Business-Type Activities:						
Revenue Bonds	\$ 1,746,327	\$ -	\$ (177,780)	\$ 1,568,547	\$ 187,976	\$ 1,380,571
Compensated absences	296,741	71,337	(53,261)	314,817	55,951	258,866
Total business-type activities	\$ 2,173,342	\$ 71,337	\$ (231,041)	\$ 1,883,364	\$ 243,927	\$ 1,639,437

A. Governmental Activities Long-Term Debt

Tax Allocation Bonds

Tax Allocation Bonds at June 30, 2009, consisted of the following:

	Balance			Balance June 30, 2009	Amount Due	Amount Due
	July 1, 2008	Additions	Deletions		Within One Year	More Than One Year
2000 Tax allocation bonds	\$ 10,625,000	\$ -	\$ (1,290,000)	\$ 9,335,000	\$ 1,355,000	\$ 7,980,000
2001 Tax allocation bonds	73,525,000	-	(500,000)	73,025,000	550,000	72,475,000
2003 Tax allocation bonds	133,420,000	-	(3,520,000)	129,900,000	3,620,000	126,280,000
Bond premium	2,727,377	-	(198,188)	2,529,189	194,994	2,334,195
2007 Tax allocation bonds	24,710,000	-	(30,000)	24,680,000	30,000	24,650,000
Bond premium	1,395,075	-	(63,626)	1,331,449	63,572	1,267,877
Total Tax Allocation Bonds	\$ 246,402,452	\$ -	\$ (5,601,814)	\$ 240,800,638	\$ 5,813,566	\$ 234,987,072

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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. The \$5,885,000 from the 1990A bonds were paid off in fiscal year 2005. In addition to partially refunding the 1990A Tax Allocation Bonds, these bonds were issued to pay amounts owed under three owner participation agreements. 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, 2009 was \$9,335,000.

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 \$16,689,701 payable through 2033.

The annual requirements to amortize the bonds outstanding at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 1,355,000	\$ 492,775	\$ 1,847,775
2011	1,425,000	424,987	1,849,987
2012	740,000	352,862	1,092,862
2013	-	334,363	334,363
2014	-	334,363	334,363
2015-2019	-	1,671,813	1,671,813
2010-2024	-	1,671,813	1,671,813
2025-2029	1,160,000	1,560,694	2,720,694
2030-2033	4,655,000	511,031	5,166,031
Total	\$ 9,335,000	\$ 7,354,701	\$ 16,689,701

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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, 2009 was \$73,025,000.

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 \$129,543,743 payable through 2033.

The annual requirements to amortize the bonds outstanding at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 550,000	\$ 3,736,789	\$ 4,286,789
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	3,507,414	5,802,414
2015-2019	11,705,000	15,735,657	27,440,657
2020-2024	13,175,000	12,541,359	25,716,359
2025-2029	23,320,000	8,002,198	31,322,198
2030-2033	17,840,000	1,995,986	19,835,986
Total	\$ 73,025,000	\$ 56,518,743	\$ 129,543,743

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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 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, 2009 was \$129,900,000.

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 \$213,185,363 payable through 2033.

The annual requirements to amortize the bonds outstanding at June 30, 2009, are as follows:

June 30,	Principal	Interest	Total	Bond Premium
2010	\$ 3,620,000	\$ 6,421,100	\$ 10,041,100	\$ 194,994
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
2015-2019	27,590,000	25,327,575	52,917,575	769,142
2020-2024	35,620,000	17,315,863	52,935,863	525,844
2025-2029	27,545,000	7,675,875	35,220,875	233,099
2030-2033	18,575,000	2,266,750	20,841,750	68,835
Total	\$ 129,900,000	\$ 83,285,363	\$ 213,185,363	\$ 2,529,189

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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. Payments of the bonds 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, 2009 was \$24,680,000.

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 \$50,375,915 payable through 2033.

The annual requirements to amortize the bonds outstanding at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total	Bond Premium
2010	\$ 30,000	\$ 1,226,880	\$ 1,256,880	\$ 63,572
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
2014-2018	180,000	6,094,920	6,274,920	315,811
2019-2023	215,000	6,055,981	6,270,981	313,793
2024-2028	8,450,000	5,605,063	14,055,063	290,430
2029-2033	15,685,000	1,816,125	17,501,125	94,103
Total	\$ 24,680,000	\$ 25,695,915	\$ 50,375,915	\$ 1,331,449

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

5. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Certificates of Participation

Certificates of Participation at June 30, 2009, consisted of the following:

	Balance			Amount Due		
	June 30, 2008	Additions	Deletions	June 30, 2009	Within One Year	More Than One Year
1995 Certificates of Participation	\$ 28,235,000	\$ -	\$ (735,000)	\$ 27,500,000	\$ 780,000	\$ 26,720,000
2003 Certificates of Participation	16,000,000	-	(355,000)	15,645,000	370,000	15,275,000
Bond premium	151,784	-	(9,601)	142,183	9,425	132,758
2005 Certificates of Participation	7,130,000	-	(425,000)	6,705,000	445,000	6,260,000
Bond premium	86,200	-	(10,220)	75,980	9,642	66,338
Total certificates of participation	\$ 51,602,984	\$ -	\$ (1,534,821)	\$ 50,068,163	\$ 1,614,067	\$ 48,454,096

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, 2009, the outstanding balance of the 1995 Refunding Certificates of Participation was \$27,500,000.

The annual debt service requirements for the 1995 Refunding Certificates of Participation outstanding at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 780,000	\$ 1,631,388	\$ 2,411,388
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
2015-2019	5,875,000	6,184,606	12,059,606
2020-2024	7,875,000	4,170,150	12,045,150
2025-2029	9,370,000	1,460,700	10,830,700
Total	\$ 27,500,000	\$ 19,479,923	\$ 46,979,923

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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, 2009, the outstanding balance of the 2003 Certificates of Participation was \$15,645,000.

Year Ending June 30,	Principal	Interest	Total	Bond Premium
2010	\$ 370,000	\$ 759,816	\$ 1,129,816	\$ 9,425
2011	385,000	745,016	1,130,016	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
2015-2019	2,470,000	3,177,500	5,647,500	39,414
2020-2024	3,155,000	2,495,000	5,650,000	30,948
2025-2029	4,020,000	1,623,500	5,643,500	20,138
2030-2033	4,005,000	512,750	4,517,750	6,361
Total	<u>\$ 15,645,000</u>	<u>\$ 11,462,612</u>	<u>\$ 27,107,612</u>	<u>\$ 142,183</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, 2009, the outstanding balance of the 2005 Certificates of Participation was \$6,705,000.

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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
2010	\$ 445,000	\$ 271,675	\$ 716,675	\$ 9,642
2011	460,000	254,113	714,113	9,019
2012	480,000	233,538	713,538	8,289
2013	505,000	214,532	719,532	7,614
2014	520,000	194,626	714,626	6,908
2015-2019	2,480,000	628,703	3,108,703	22,313
2020-2024	1,060,000	291,436	1,351,436	10,344
2025-2027	755,000	52,090	807,090	1,851
Total	<u>\$ 6,705,000</u>	<u>\$ 2,140,713</u>	<u>\$ 8,845,713</u>	<u>\$ 75,980</u>

Contract Payable

Contract payable at June 30, 2009, consisted of the following:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Pomerado Cemetery District	\$ 35,372	\$ -	\$ (35,372)	\$ -
Total contract payable	<u>\$ 35,372</u>	<u>\$ -</u>	<u>\$ (35,372)</u>	<u>\$ -</u>

Contract Payable – Pomerado Cemetery District

On October 23, 1984, the Agency entered into a settlement agreement with Pomerado Cemetery District. The purpose of the agreement is to alleviate any financial burden or detriment caused to the District by the Redevelopment Plan.

Payments by the Agency to the Pomerado Cemetery District are as follows:

For the first fiscal year in which the Agency receives tax revenues at least equal to two-hundred-fifty dollars (\$250) plus an additional twenty percent (20%) pursuant to Section 33334.2 of the Health and Safety Code, the Agency shall pay to the District the sum of two hundred fifty dollars (\$250).

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

5. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Contract Payable, Continued

Contract Payable – Pomerado Cemetery District, Continued

For each fiscal year during which the Redevelopment Plan remains in effect after the fiscal year referred to in the preceding paragraph, the Agency shall pay to the District from tax revenues an amount equal to the amount of tax revenues paid by the Agency to the District during the fiscal year immediately preceding the fiscal year for which the calculation is being made, multiplied by one and seven one-hundredths (1.07).

The Agency has pledged a portion of future property tax increment revenue to repay the contract payable. Also as part of the agreement once the Agency received cumulative tax increment equaling its original tax increment plan cap of \$408,489,000 it will begin to pass-through the Districts tax sharing agreement percentage of .2118% instead of making the above loan payment. The agency reached the original cap during the current fiscal year and made payment according to the pass-through calculation. The contract payable has been paid in full as of June 30, 2009.

Notes Payable

Notes payable at June 30, 2009, consisted of the following:

	Balance			Balance	Amount Due	Amount Due
	June 30, 2008	Additions	Deletions	June 30, 2009	Within	More Than
					One Year	One Year
Mossy Nissan	\$ 2,215,093	\$ 154,734	\$ (87,126)	\$ 2,282,701	\$ -	\$ 2,282,701
Total contract payable	\$ 2,215,094	\$ 154,734	\$ (87,126)	\$ 2,282,701	\$ -	\$ 2,282,701

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, 2009 was \$2,282,701.

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

5. LONG-TERM DEBT, Continued

B. Business-Type Activities Long-Term Debt

Revenue Bonds

Revenue Bonds at June 30, 2009, consisted of the following:

	Balance			Amount Due		
	June 30, 2008	Additions	Deletions	June 30, 2009	Within One Year	More Than One Year
1995 Revenue Bonds	\$ 1,760,000	\$ -	\$ (180,000)	\$ 1,580,000	\$ 190,000	\$ 1,390,000
Bond discounts	(13,673)	-	2,220	(11,453)	(2,024)	(9,429)
Total contract payable	\$ 1,746,327	\$ -	\$ (177,780)	\$ 1,568,547	\$ 187,976	\$ 1,380,571

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, 2009, the outstanding balance of the 1995 Revenue Bonds was \$1,580,000.

The City has pledged a portion of future water revenue to repay the 1995 Revenue Bonds. Total principal and interest remaining on the bond is \$1,902,441 payable through 2016.

The annual requirements to amortize the bonds outstanding at June 30, 2009 are as follows:

Year Ending June 30,	Principal	Interest	Total	Bond Discount
2010	\$ 190,000	\$ 81,138	\$ 271,138	\$ (2,024)
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	20,625	255,625	(1,755)
2015-2016	515,000	42,902	557,902	(2,341)
Total	\$ 1,580,000	\$ 322,441	\$ 1,902,441	\$ (11,453)

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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, 2009, the outstanding balance of the non-defeased portion 2000 Tax Allocation Refunding Bonds was \$9,335,000, 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. 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, 2009, the outstanding balances of the November 1998, April 2004 and May 1998 issuances were \$3,720,000, \$865,000, and \$19,840,000, 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, 2009, the outstanding balance of the bonds was \$320,000.

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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, 2009, the outstanding balance of the bonds was \$184,444.

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 7% employee contributions for all Miscellaneous employees and 9% for Safety employees (Fire, Fire Management, and the Fire Chief), which amounted to \$1,327,955 for the year ended June 30, 2009. The City's employer required contribution rate was 23.331% for Safety employees and 11.786% for Miscellaneous employees for the fiscal year.

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

7. RETIREMENT BENEFITS, Continued

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

Annual Pension Cost

For 2008-2009, the City's annual pension cost of \$2,607,123 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, 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, 2006, was 25 years for miscellaneous employees and 17 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
6/30/2007	\$ 1,000	\$ 1,377	\$ 2,377	100%	\$ -
6/30/2008	1,026	1,397	2,423	100%	-
6/30/2009	1,119	1,488	2,607	100%	-

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	6/30/2006	\$ 47,546	\$ 54,224	\$ (6,850)	87.7%	\$ 12,128	(56.48)%
	6/30/2007	51,942	58,792	(6,850)	88.3%	12,901	(53.10)%
	6/30/2008	56,126	63,279	(7,153)	88.7%	12,891	(55.49)%

**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.

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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, 2009, the City's annual required contribution is \$1,082,561. The required contribution was based on the July 1, 2007 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 15 remaining at June 30, 2009.

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>
6/30/2007	\$ 805	100%	\$ -
6/30/2008	818	100%	-
6/30/2009	1,083	100%	-

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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	6/30/2004	\$ -	\$ 4,821	\$ (4,821)	0.0%	\$ 11,691	(41.24)%
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)%

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, 2009, the City's payroll covered by the plan was \$745,088. The City made employer contributions of \$527 (0.0708% of current covered payroll), and employees contributed \$55,355 (7.4293% 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, 2009 was \$24,827.

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, 2009

10. OTHER REQUIRED DISCLOSURES

Government-Wide Financial Statements

At June 30, 2009, the unrestricted net assets had a deficit balance of \$(71,563,120) 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.

Fund Financial Statements

At June 30, 2009, the unrestricted net assets had deficit balance of \$(290,061) for Storm Water Management Fund. This is the second year of the fund and there have been additional start-up costs that will be recovered through future revenues.

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.

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, 2009

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. Premium 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, 2009, 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, 2009 is as follows:

Total assets	\$ 319,297
Total liabilities	\$ 34,814
Fund equity	\$ 284,483
Total revenues	\$ 270,767
Total expenses	\$ 269,383
Net increase in fund equity	\$ 1,384

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, 2009

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.

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.

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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. At June 30, 2009, the outstanding balance of the loan was \$473,898.

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	\$ 140,824	\$ 115,897	\$ -	\$ 3,576,663	\$ 398,675	\$ 4,232,059
Prepaid items	34,679	-	-	-	-	34,679
Inventories	81,889	-	-	-	-	81,889
Notes receivable	498,237	-	-	7,800,996	-	8,299,233
Advances to other funds	4,805,762	-	-	-	3,737,676	8,543,438
Debt service	-	-	20,630,806	-	4,318,839	24,949,645
Low and moderate income housing	-	18,886,066	-	-	-	18,886,066
Capital projects	-	-	-	-	3,402,710	3,402,710
Total reserved	5,561,391	19,001,963	20,630,806	11,377,659	11,857,900	68,429,719
Unreserved:						
Designated for:						
City facilities	3,126,076	-	-	-	-	3,126,076
State of California Economic downturn	3,133,550	-	-	-	-	3,133,550
Special projects	941,173	-	-	-	-	941,173
Street maintenance	4,525,479	-	-	-	-	4,525,479
PERS rate stabilization	1,431,905	-	-	-	-	1,431,905
Capital projects	-	-	-	17,196,151	7,644,251	24,840,402
Miscellaneous	18,994,571	-	-	-	-	18,994,571
Total unreserved, designated	32,152,754	-	-	17,196,151	7,644,251	56,993,156
Undesignated for:						
Special revenue funds	-	-	-	-	5,982,341	5,982,341
Total unreserved, undesignated	-	-	-	-	5,982,341	5,982,341
Total fund balances	\$ 37,714,145	\$ 19,001,963	\$ 20,630,806	\$ 28,573,810	\$ 25,484,492	\$ 131,405,216

City of Poway
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

18. SUBSEQUENT EVENTS

State Budget Crisis

Subsequent to the financial statements date of June 30, 2009, the State of California enacted legislation to borrow property tax payments from local governments. Property taxes borrowed by the State for fiscal year 2009-2010 were nearly \$2 billion statewide to help the State's budget shortfall. The amount to be borrowed from the City is \$1,272,554. The deferral of these funds for 3 years would have a significant impact on the City's General Fund operations and the 2009-2011 Budget assumed that these monies would not be available. Legislators and the Governor promised to allow local agencies to sell their eventual repayment from the State to investors to cover the property tax and to pay the full cost of the sale, or securitization. The Governor signed Senate Bill 67 on October 19, 2009 allowing the securitization to move forward. On October 20, 2009, the City Council approved Resolution 09-065 authorizing City of Poway's participation in the program.

The State also enacted legislation authorizing a two-year takeaway of Redevelopment Agency funds. The estimated impact on the Redevelopment Agency is \$13,700,882 in 2009-2010 and \$2,818,043 in 2010-2011. This takeaway action is being litigated by the California Redevelopment Association and other parties with hope that it will be considered unconstitutional as was last year's State proposed takeaway.

In addition to the property tax borrowing and Redevelopment Agency takeaway, the State is deferring gas tax monies during 2009-2010. Amounts owed for July through September were distributed in October, and November through March payments are scheduled to be deferred until April. The City uses these restricted monies for street maintenance.

Community Facilities District No. 88-1

In December 2009, the Community Facilities District No. 88-1 (CFD #88-1) issued approximately \$16,600,000 in Special Tax Refunding Bonds to refund the outstanding portion of the \$35,445,000 CFD #88-1 Special Tax Refunding Bonds, Series 1998. The original bonds from 1989 and 1990 were issued to finance the acquisition and construction of certain public improvements within the District. 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 of Poway. The City is acting as agent only for the property owners in collecting the special assessments and forwarding the collections to the fiscal agent. Neither the faith and credit nor the taxing power of the City is pledged to the payment of these bonds.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

City of Poway
Required Supplementary Information
For the year ended June 30, 2009

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 submits a proposed budget to the City Council during early May. The City Council holds budget hearings during May and early June. The final budget is adopted by the City Council during late 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.

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, 2009

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		
REVENUES:				
Taxes	\$ 26,662,000	\$ 26,662,000	\$ 24,413,717	\$ (2,248,283)
Licenses and permits	390,720	390,720	422,948	32,228
Intergovernmental	575,030	575,030	938,661	363,631
Charges for services	1,003,270	1,003,270	914,982	(88,288)
Fines and forfeitures	700,000	700,000	852,535	152,535
Use of money and property	2,223,450	2,223,450	2,404,236	180,786
Developer fees	3,516,550	3,673,940	3,556,061	(117,879)
Other revenue	469,280	469,280	510,282	41,002
Total revenues	35,540,300	35,697,690	34,013,422	(1,684,268)
EXPENDITURES:				
Current:				
General government	4,568,769	4,290,719	2,325,515	1,965,204
Public safety	19,692,961	19,663,181	18,522,946	1,140,235
Public works	3,007,178	2,880,278	2,648,940	231,338
Development services	5,468,312	5,424,352	5,279,297	145,055
Community services	6,036,515	5,829,455	5,347,626	481,829
Capital outlay	-	5,559,526	2,733,924	2,825,602
Total expenditures	38,773,735	43,647,511	36,858,248	6,789,263
REVENUES OVER (UNDER) EXPENDITURES	(3,233,435)	(7,949,821)	(2,844,826)	5,104,995
OTHER FINANCING SOURCES (USES):				
Transfers in	3,055,638	5,255,638	4,153,196	(1,102,442)
Transfers out	(2,389,250)	(4,590,310)	(3,233,667)	1,356,643
Total other financing sources (uses)	666,388	665,328	919,529	254,201
Net change in fund balance	\$ (2,567,047)	\$ (7,284,493)	(1,925,297)	\$ 5,359,196
FUND BALANCES:				
Beginning of year			39,639,442	
End of year			<u>\$ 37,714,145</u>	

City of Poway
Required Supplementary Information, Continued
For the year ended June 30, 2009

1. BUDGETARY INFORMATION, Continued

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

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Interest and rental	\$ 275,510	\$ 275,510	\$ 650,896	\$ 375,386
Other revenue	-	-	428,415	428,415
Total revenues	<u>275,510</u>	<u>275,510</u>	<u>1,079,311</u>	<u>803,801</u>
EXPENDITURES:				
General government	841,476	776,705	599,266	177,439
Capital outlay	17,031,884	17,031,884	121,745	16,910,139
Total expenditures	<u>17,873,360</u>	<u>17,808,589</u>	<u>721,011</u>	<u>17,087,578</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(17,597,850)</u>	<u>(17,533,079)</u>	<u>358,300</u>	<u>17,891,379</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	7,993,590	7,903,270	7,800,214	(103,056)
Transfers out	(1,679,700)	(1,679,700)	(1,700,800)	(21,100)
Total other financing sources (uses)	<u>6,313,890</u>	<u>6,223,570</u>	<u>6,099,414</u>	<u>(124,156)</u>
Net change in fund balance	<u>\$ (11,283,960)</u>	<u>\$ (11,309,509)</u>	<u>6,457,714</u>	<u>\$ 17,767,223</u>
FUND BALANCES:				
Beginning of year			<u>12,544,249</u>	
End of year			<u>\$ 19,001,963</u>	

City of Poway
Required Supplementary Information, Continued
For the year ended June 30, 2009

2. DEFINED BENEFIT PENSION PLANS

A. California Public Employees' Retirement Plan (PERS)

A schedule of funding progress for the year ended June 30, 2009 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	6/30/2006	\$ 47,546	\$ 54,224	\$ (6,678)	87.7%	\$ 12,128	(55.06)%
Employees Group	6/30/2007	51,942	58,792	(6,850)	88.3%	12,901	(53.10)%
	6/30/2008	56,126	63,279	(7,153)	88.7%	12,891	(55.49)%

Public Safety The City's safety plan becomes part of a CalPERS Risk Pool for employers with less than 100 active plan members. As part
Employees Group 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, 2009 including the past two actuarial valuation 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.

Performing Arts Center Trust Fund - Used to account for money provided by donors restricted to Performing Arts Center construction.

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.

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, 2009

	Special Revenue				
	Fire	800 MHz	Gas	Street	Drainage
	Protection	Communication System	Tax	Improvement	
ASSETS					
Cash and investments	\$ -	\$ 34,548	800,794	\$ 359,596	\$ 1,544,134
Cash and investments with fiscal agents	-	-	-	-	-
Receivables:					
Taxes	2,418	-	-	-	5,137
Accounts	-	-	-	-	-
Interest	-	98	-	-	-
Due from other governments and agencies	-	-	69,833	-	-
Advances to other funds	-	-	-	1,642,944	2,094,732
Total assets	\$ 2,418	\$ 34,646	\$ 870,627	\$ 2,002,540	\$ 3,644,003
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 5,211	\$ 304,616	-	\$ 53,511
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	723,147	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	5,211	304,616	723,147	53,511
Fund Balances:					
Reserved for:					
Encumbrances	-	-	110,992	-	36,549
Advances to other funds	-	-	-	1,642,944	2,094,732
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total reserved	-	-	110,992	1,642,944	2,131,281
Unreserved:					
Designated:					
Capital projects	-	-	-	-	-
Total unreserved, designated	-	-	-	-	-
Undesignated	2,418	29,435	455,019	(363,551)	1,459,211
Total fund balances	2,418	29,435	566,011	1,279,393	3,590,492
Total liabilities and fund balances	\$ 2,418	\$ 34,646	\$ 870,627	\$ 2,002,540	\$ 3,644,003

Special Revenue

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
\$ 5,797,438	\$ 1,900,676	\$ 71,367	\$ 639,153	\$ 93,813	\$ 3,850,776	\$ 99,431	\$ 20,679	\$ 10,171
-	-	-	-	-	-	-	-	-
9,057	-	-	-	-	-	-	-	-
-	48,437	-	-	-	239,247	-	-	-
-	-	-	-	-	-	-	-	-
-	194,582	236,678	-	-	-	103,029	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 5,806,495</u>	<u>\$ 2,143,695</u>	<u>\$ 308,045</u>	<u>\$ 639,153</u>	<u>\$ 93,813</u>	<u>\$ 4,090,023</u>	<u>\$ 202,460</u>	<u>\$ 20,679</u>	<u>\$ 10,171</u>
\$ 90,839	\$ 43,880	\$ 71,367	\$ 4,959	-	\$ 50,166	-	-	-
-	153,060	236,678	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	719	-	-	-	-	-	-	-
<u>90,839</u>	<u>197,659</u>	<u>308,045</u>	<u>4,959</u>	<u>-</u>	<u>50,166</u>	<u>-</u>	<u>-</u>	<u>-</u>
82	111,172	48,593	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	202,460	20,679	10,171
<u>82</u>	<u>111,172</u>	<u>48,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,460</u>	<u>20,679</u>	<u>10,171</u>
5,715,574	1,834,864	-	-	93,813	-	-	-	-
5,715,574	1,834,864	-	-	93,813	-	-	-	-
-	-	(48,593)	634,194	-	4,039,857	-	-	-
5,715,656	1,946,036	-	634,194	93,813	4,039,857	202,460	20,679	10,171
<u>\$ 5,806,495</u>	<u>\$ 2,143,695</u>	<u>\$ 308,045</u>	<u>\$ 639,153</u>	<u>\$ 93,813</u>	<u>\$ 4,090,023</u>	<u>\$ 202,460</u>	<u>\$ 20,679</u>	<u>\$ 10,171</u>

(Continued)

City of Poway
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2009

	Special Revenue				
	Poway Valley Senior Center Endowment	Old Poway Park Tree	Poway Public Arts Center	Kumeyaay Endowment	Poway Fine Arts Centers
ASSETS					
Cash and investments	\$ 434,197	\$ 5,882	\$ 52,552	\$ 15,220	\$ 3,071
Cash and investments with fiscal agents	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Interest	-	-	-	-	-
Due from other governments and agencies	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total assets	\$ 434,197	\$ 5,882	\$ 52,552	\$ 15,220	\$ 3,071
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	434,197	5,882	52,552	15,220	3,071
Total reserved	434,197	5,882	52,552	15,220	3,071
Unreserved:					
Designated:					
Capital projects	-	-	-	-	-
Total unreserved, designated	-	-	-	-	-
Undesignated	-	-	-	-	-
Total fund balances	434,197	5,882	52,552	15,220	3,071
Total liabilities and fund balances	\$ 434,197	\$ 5,882	\$ 52,552	\$ 15,220	\$ 3,071

Special Revenue						Permanent Fund		Debt Service Fund
Senior Volunteer Patrol	Prop1B Transportation Bond	Storm Water Management	Fire Equipment Trust	Public Art Trust	Regional Arterial Traffic Mitigation	Mary Patricia Ross Trust	Library	Debt Service Fund
\$ 27,412	\$ 776,827	\$ -	\$ 8,756	\$ 28,273	\$ 80,022	\$ 86,680	\$ 894,190	\$ 2,813,866
-	-	-	-	-	-	-	-	1,504,973
-	-	-	-	-	-	-	-	-
-	-	310,549	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 27,412</u>	<u>\$ 776,827</u>	<u>\$ 310,549</u>	<u>\$ 8,756</u>	<u>\$ 28,273</u>	<u>\$ 80,022</u>	<u>\$ 86,680</u>	<u>\$ 894,190</u>	<u>\$ 4,318,839</u>
\$ 29	\$ -	\$ 24,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	278,451	-	-	-	-	-	-
-	-	206,005	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>29</u>	<u>-</u>	<u>509,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	91,287	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	4,318,839
-	776,827	-	-	-	80,022	86,680	894,190	-
-	776,827	91,287	-	-	80,022	86,680	894,190	4,318,839
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
27,383	-	(290,061)	8,756	28,273	-	-	-	-
27,383	776,827	(198,774)	8,756	28,273	80,022	86,680	894,190	4,318,839
<u>\$ 27,412</u>	<u>\$ 776,827</u>	<u>\$ 310,549</u>	<u>\$ 8,756</u>	<u>\$ 28,273</u>	<u>\$ 80,022</u>	<u>\$ 86,680</u>	<u>\$ 894,190</u>	<u>\$ 4,318,839</u>

(Continued)

City of Poway
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2009

	Capital Project		Total Other Governmental Funds
	Fund		
	Park Improvement	Municipal Improvement	
ASSETS			
Cash and investments	\$ 1,124,329	\$ 3,658	\$ 21,577,511
Cash and investments with fiscal agents	-	-	1,504,973
Receivables			
Taxes	-	-	16,612
Accounts	-	-	598,233
Interest	-	-	98
Due from other governments and agencies	-	-	604,122
Advances to other funds	-	-	3,737,676
Total assets	\$ 1,124,329	\$ 3,658	\$ 28,039,225
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 649,445
Due to other funds	-	-	668,189
Advances from other funds	307,228	-	1,236,380
Deferred revenue	-	-	719
Total liabilities	307,228	-	2,554,733
Fund Balances:			
Reserved for:			
Encumbrances	-	-	398,675
Advances to other funds	-	-	3,737,676
Debt service	-	-	4,318,839
Capital projects	817,101	3,658	3,402,710
Total reserved	817,101	3,658	11,857,900
Unreserved:			
Designated:			
Capital projects	-	-	7,644,251
Total unreserved, designated	-	-	7,644,251
Undesignated	-	-	5,982,341
Total fund balances	817,101	3,658	25,484,492
Total liabilities and fund balances	\$ 1,124,329	\$ 3,658	\$ 28,039,225

(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, 2009

	Special Revenue				
	Fire Protection	800 MHz		Street Improvement	Drainage
		Communication System	Gas Tax		
REVENUES:					
Taxes	\$ -	\$ -	\$ 830,816	\$ -	\$ 688,149
Intergovernmental	-	-	-	-	-
Charges for services	597,879	135,478	-	-	20,056
Development fees	-	-	-	23,785	48,030
Assessments levied	-	-	-	-	-
Use of money and property	-	752	19,389	15,285	369,363
Other revenues	-	-	1,692	-	1,934
Total revenues	597,879	136,230	851,897	39,070	1,127,532
EXPENDITURES:					
Current:					
Public safety	-	150,090	-	-	-
Public works	-	-	610,528	-	705,341
Community services	-	-	-	-	-
Capital outlay	-	-	-	520,474	137,124
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	150,090	610,528	520,474	842,465
REVENUES OVER (UNDER) EXPENDITURES	597,879	(13,860)	241,369	(481,404)	285,067
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	104,297
Transfers out	(597,453)	-	-	-	-
Total other financing sources (uses)	(597,453)	-	-	-	104,297
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	426	(13,860)	241,369	(481,404)	389,364
FUND BALANCES:					
Beginning of year	1,992	43,295	324,642	1,760,797	3,201,128
End of year	\$ 2,418	\$ 29,435	\$ 566,011	\$ 1,279,393	\$ 3,590,492

Special Revenue

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
\$ 308,852	\$ -	\$ -	\$ -	\$ 880,810	\$ -	\$ -	\$ -	\$ -
-	462,223	217,588	5,000	-	-	432,440	-	-
-	-	-	-	-	-	-	-	-
-	158,331	-	-	-	-	-	-	-
1,873,179	-	-	-	-	-	-	-	-
210,416	69,083	-	24,722	6,154	4,781,528	1,065	785	386
24,118	-	-	-	-	2,534	-	-	-
<u>2,416,565</u>	<u>689,637</u>	<u>217,588</u>	<u>29,722</u>	<u>886,964</u>	<u>4,784,062</u>	<u>433,505</u>	<u>785</u>	<u>386</u>
-	-	-	-	-	-	-	-	-
2,656,843	-	-	-	1,001,469	-	-	-	-
-	-	-	-	-	4,394,364	-	-	-
41,395	420,525	217,588	59,507	-	-	231,045	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>2,698,238</u>	<u>420,525</u>	<u>217,588</u>	<u>59,507</u>	<u>1,001,469</u>	<u>4,394,364</u>	<u>231,045</u>	<u>-</u>	<u>-</u>
(281,673)	269,112	-	(29,785)	(114,505)	389,698	202,460	785	386
299,632	-	-	-	-	-	-	-	-
-	(100,000)	-	-	-	-	-	-	-
<u>299,632</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
17,959	169,112	-	(29,785)	(114,505)	389,698	202,460	785	386
5,697,697	1,776,924	-	663,979	208,318	3,650,159	-	19,894	9,785
<u>\$ 5,715,656</u>	<u>\$ 1,946,036</u>	<u>\$ -</u>	<u>\$ 634,194</u>	<u>\$ 93,813</u>	<u>\$ 4,039,857</u>	<u>\$ 202,460</u>	<u>\$ 20,679</u>	<u>\$ 10,171</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, 2009

	Special Revenue				
	Poway Valley	Old Poway	Poway	Kumeyaay	Poway
	Senior Center Endowment	Park Tree	Public Arts Center	Endowment	Fine Arts Centers
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Developer fees	-	-	-	-	-
Assessments levied	-	-	-	-	-
Use of money and property	16,462	223	1,992	549	116
Other	-	-	-	-	-
Total revenues	16,462	223	1,992	549	116
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	16,462	223	1,992	549	116
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	16,462	223	1,992	549	116
FUND BALANCES:					
Beginning of year	417,735	5,659	50,560	14,671	2,955
End of year	\$ 434,197	\$ 5,882	\$ 52,552	\$ 15,220	\$ 3,071

Special Revenue						Permanent Fund		Debt Service Fund
Senior Volunteer Patrol	Prop1B Transportation Bond	Storm Water Management	Fire Equipment Trust	Public Art Trust	Regional Arterial Traffic Mitigation	Mary Patricia Ross Trust	Library	Debt Service Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	755,656	-	-	-	78,236	-	-	-
-	-	1,286,572	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
997	21,738	179	495	1,072	1,786	3,285	34,641	863,241
10,000	-	1,934	31,456	-	-	-	-	-
10,997	777,394	1,288,685	31,951	1,072	80,022	3,285	34,641	863,241
-	-	-	-	-	-	-	-	-
-	-	943,036	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,203	828,170	-	26,965	-	-	-	-	-
-	-	-	-	-	-	-	-	780,000
-	-	-	-	-	-	-	-	1,067,093
1,203	828,170	943,036	26,965	-	-	-	-	1,847,093
9,794	(50,776)	345,649	4,986	1,072	80,022	3,285	34,641	(983,852)
-	-	-	-	-	-	-	-	1,079,273
-	-	(591,731)	-	-	-	-	(26,900)	(442,296)
-	-	(591,731)	-	-	-	-	(26,900)	636,977
9,794	(50,776)	(246,082)	4,986	1,072	80,022	3,285	7,741	(346,875)
17,589	827,603	47,308	3,770	27,201	-	83,395	886,449	4,665,714
\$ 27,383	\$ 776,827	\$ (198,774)	\$ 8,756	\$ 28,273	\$ 80,022	\$ 86,680	\$ 894,190	\$ 4,318,839

(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, 2009

	Capital Project Fund		Total Other Governmental Funds
	Park Improvement	Municipal Improvement	
REVENUES:			
Taxes	\$ -	\$ -	\$ 2,708,627
Intergovernmental	-	-	1,951,143
Charges for services	-	-	2,039,985
Developer fees	111,670	-	341,816
Assessments levied	-	-	1,873,179
Use of money and property	41,341	138	6,487,183
Other	-	-	73,668
Total revenues	153,011	138	15,475,601
EXPENDITURES:			
Current:			
Public safety	-	-	150,090
Public works	-	-	5,917,217
Community services	-	-	4,394,364
Capital outlay	-	-	2,483,996
Debt service:			
Principal	-	-	780,000
Interest and fiscal charges	-	-	1,067,093
Total expenditures	-	-	14,792,760
REVENUES OVER (UNDER) EXPENDITURES	153,011	138	682,841
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	1,483,202
Transfers out	-	-	(1,758,380)
Total other financing sources (uses)	-	-	(275,178)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	153,011	138	407,663
FUND BALANCES:			
Beginning of year	664,090	3,520	25,076,829
End of year	\$ 817,101	\$ 3,658	\$ 25,484,492

(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, 2009

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 16,147,056	\$ 16,147,056	\$ 16,147,056	\$ -
Resources (inflows):				
Tax increment	39,516,370	39,516,370	38,940,302	(576,068)
Use of money and property	3,809,590	3,809,590	3,896,340	86,750
Proceeds from bonds and loans	154,120	154,120	154,734	614
Transfers in	2,121,996	2,121,996	2,143,096	21,100
Amount available for appropriation	45,602,076	45,602,076	45,134,472	(467,604)
Charges to appropriation (outflows):				
Debt service:				
Principal	6,075,000	6,075,000	6,075,000	-
Interest and fiscal charges	15,617,100	15,941,100	15,664,912	276,188
Tax increment reimbursement	5,895,960	6,523,910	6,205,709	318,201
Tax shift	-	2,818,040	-	2,818,040
Transfers out	14,272,896	14,173,546	12,705,101	(1,468,445)
Total charges to appropriations	41,860,956	45,531,596	40,650,722	1,943,984
Excess of resources over (under) charges to appropriations	3,741,120	70,480	4,483,750	1,476,380
Fund balance, June 30, 2009	\$ 19,888,176	\$ 16,217,536	\$ 20,630,806	\$ 1,476,380

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 1,992	\$ 1,992	\$ 1,992	\$ -
Resources (inflows):				
Charges for services	600,000	600,000	597,879	(2,121)
Amount available for appropriation	600,000	600,000	597,879	(2,121)
Charges to appropriations (outflows):				
Transfers out	600,000	600,000	597,453	2,547
Total charges to appropriations	600,000	600,000	597,453	2,547
Excess of resources over (under) charges to appropriations	-	-	426	426
Fund balance, June 30, 2009	\$ 1,992	\$ 1,992	\$ 2,418	\$ 426

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 43,295	\$ 43,295	\$ 43,295	\$ -
Resources (inflows):				
Charges for services	1,500	1,500	752	(748)
Use of money and property	134,000	134,000	135,478	1,478
Amount available for appropriation	135,500	135,500	136,230	730
Charges to appropriations (outflows):				
Public safety	155,810	155,810	150,090	5,720
Total charges to appropriations	155,810	155,810	150,090	5,720
Excess of resources over (under) charges to appropriations	(20,310)	(20,310)	(13,860)	6,450
Fund balance, June 30, 2009	\$ 22,985	\$ 22,985	\$ 29,435	\$ 6,450

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	<u>\$ 324,642</u>	<u>\$ 324,642</u>	<u>\$ 324,642</u>	<u>\$ -</u>
Resources (inflows):				
Taxes	991,510	991,510	830,816	(160,694)
Use of money and property	17,220	17,220	19,389	2,169
Other revenue	<u>-</u>	<u>-</u>	<u>1,692</u>	<u>1,692</u>
Amount available for appropriation	<u>1,008,730</u>	<u>1,008,730</u>	<u>851,897</u>	<u>3,861</u>
Charges to appropriations (outflows):				
Public works	<u>1,547,969</u>	<u>431,499</u>	<u>610,528</u>	<u>(179,029)</u>
Total charges to appropriations	<u>1,547,969</u>	<u>431,499</u>	<u>610,528</u>	<u>(179,029)</u>
Excess of resources over (under) charges to appropriations	<u>(539,239)</u>	<u>577,231</u>	<u>241,369</u>	<u>(175,168)</u>
Fund balance, June 30, 2009	<u>\$ (214,597)</u>	<u>\$ 901,873</u>	<u>\$ 566,011</u>	<u>\$ (175,168)</u>

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 1,760,797	\$ 1,760,797	\$ 1,760,797	\$ -
Resources (inflows):				
Developers fee	42,500	42,500	23,785	(18,715)
Use of money and property	19,460	19,460	15,285	(4,175)
Amount available for appropriation	61,960	61,960	39,070	(22,890)
Charges to appropriations (outflows):				
Capital outlay	-	520,475	520,474	1
Total charges to appropriations	-	520,475	520,474	1
Excess of resources over (under) charges to appropriations	61,960	(458,515)	(481,404)	(22,889)
Fund balance, June 30, 2009	\$ 1,822,757	\$ 1,302,282	\$ 1,279,393	\$ (22,889)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 3,201,128	\$ 3,201,128	\$ 3,201,128	\$ -
Resources (inflows):				
Taxes	706,250	706,250	688,149	(18,101)
Charges for services	19,440	19,440	20,056	616
Developer fees	14,130	14,130	48,030	33,900
Use of money and property	36,350	360,350	369,363	9,013
Other revenue	-	-	1,934	1,934
Transfers in	-	-	104,297	104,297
Amount available for appropriation	776,170	1,100,170	1,231,829	131,659
Charges to appropriations (outflows):				
Public works	794,567	470,567	705,341	(234,774)
Capital outlay	-	1,206,721	137,124	1,069,597
Total charges to appropriations	794,567	1,677,288	842,465	834,823
Excess of resources over (under) charges to appropriations	(18,397)	(577,118)	389,364	966,482
Fund balance, June 30, 2009	\$ 3,182,731	\$ 2,624,010	\$ 3,590,492	\$ 966,482

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 5,697,697	\$ 5,697,697	\$ 5,697,697	\$ -
Resources (inflows):				
Taxes	308,230	308,230	308,852	622
Assessment levied	1,889,200	1,889,200	1,873,179	(16,021)
Use of money and property	165,090	165,090	210,416	45,326
Other revenue	-	-	24,118	24,118
Transfers in	298,570	301,420	299,632	(1,788)
Amount available for appropriation	2,661,090	2,663,940	2,716,197	52,257
Charges to appropriations (outflows):				
Community services	3,134,486	3,142,876	2,656,843	486,033
Capital outlay	-	39,131	41,395	(2,264)
Total charges to appropriations	3,134,486	3,182,007	2,698,238	483,769
Excess of resources over (under) charges to appropriations	(473,396)	(518,067)	17,959	536,026
Fund balance, June 30, 2009	\$ 5,224,301	\$ 5,179,630	\$ 5,715,656	\$ 536,026

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 1,776,924	\$ 1,776,924	\$ 1,776,924	\$ -
Resources (inflows):				
Intergovernmental	305,600	305,600	462,223	156,623
Developer fees	85,000	85,000	158,331	73,331
Use of money and property	57,070	57,070	69,083	12,013
Other revenue	46,000	46,000	-	(46,000)
Amount available for appropriation	493,670	493,670	689,637	195,967
Charges to appropriations (outflows):				
Capital outlay	-	1,698,749	420,525	1,278,224
Transfers out	100,000	100,000	100,000	-
Total charges to appropriations	100,000	1,798,749	520,525	1,278,224
Excess of resources over (under) charges to appropriations	393,670	(1,305,079)	169,112	1,474,191
Fund balance, June 30, 2009	\$ 2,170,594	\$ 471,845	\$ 1,946,036	\$ 1,474,191

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 193,630	\$ 113,939	\$ -	\$ 113,939
Resources (inflows):				
Intergovernmental	193,630	193,630	217,588	23,958
Amount available for appropriation	193,630	193,630	217,588	23,958
Charges to appropriations (outflows):				
Capital outlay	-	318,894	217,588	101,306
Total charges to appropriations	-	318,894	217,588	101,306
Excess of resources over (under) charges to appropriations	193,630	(125,264)	-	125,264
Fund balance, June 30, 2009	\$ 387,260	\$ (11,325)	\$ -	\$ 239,203

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 663,979	\$ 663,979	\$ 663,979	\$ -
Resources (inflows):				
Intergovernmental	5,000	5,000	5,000	-
Use of money and property	20,660	20,660	24,722	4,062
Amount available for appropriation	25,660	25,660	29,722	4,062
Charges to appropriations (outflows):				
Capital outlay	-	517,468	59,507	457,961
Total charges to appropriations	-	517,468	59,507	457,961
Excess of resources over (under) charges to appropriations	25,660	(491,808)	(29,785)	462,023
Fund balance, June 30, 2009	\$ 689,639	\$ 172,171	\$ 634,194	\$ 462,023

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 208,318	\$ 208,318	\$ 208,318	\$ -
Resources (inflows):				
Taxes	1,352,000	1,352,000	880,810	(471,190)
Use of money and property	20,660	20,660	6,154	(14,506)
Amount available for appropriation	1,372,660	1,372,660	886,964	(485,696)
Charges to appropriations (outflows):				
Public works	1,001,470	1,001,470	1,001,469	1
Total charges to appropriations	1,001,470	1,001,470	1,001,469	1
Excess of resources over (under) charges to appropriations	371,190	371,190	(114,505)	(485,695)
Fund balance, June 30, 2009	\$ 579,508	\$ 579,508	\$ 93,813	\$ (485,695)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 3,650,159	\$ 3,650,159	\$ 3,650,159	\$ -
Resources (inflows):				
Use of money and property	4,789,130	4,789,130	4,781,528	(7,602)
Other revenue	-	-	2,534	2,534
Amount available for appropriation	4,789,130	4,789,130	4,784,062	(5,068)
Charges to appropriations (outflows):				
Community services	4,881,194	4,884,385	4,394,364	490,021
Total charges to appropriations	4,881,194	4,884,385	4,394,364	490,021
Excess of resources over (under) charges to appropriations	(92,064)	(95,255)	389,698	484,953
Fund balance, June 30, 2009	\$ 3,558,095	\$ 3,554,904	\$ 4,039,857	\$ 484,953

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	489,320	489,320	432,440	(56,880)
Use of money and property	8,610	8,610	1,065	(7,545)
Amount available for appropriation	497,930	497,930	433,505	(64,425)
Charges to appropriations (outflows):				
Capital outlay	-	450,000	231,045	218,955
Total charges to appropriations	-	450,000	231,045	218,955
Excess of resources over (under) charges to appropriations	497,930	47,930	202,460	154,530
Fund balance, June 30, 2009	\$ 497,930	\$ 47,930	\$ 202,460	\$ 154,530

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 19,894	\$ 19,894	\$ 19,894	\$ -
Resources (inflows):				
Use of money and property	660	660	785	125
Amount available for appropriation	660	660	785	125
Excess of resources over (under) charges to appropriations	660	660	785	125
Fund balance, June 30, 2009	\$ 20,554	\$ 20,554	\$ 20,679	\$ 125

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 9,785	\$ 9,785	\$ 9,785	\$ -
Resources (inflows):				
Use of money and property	330	330	386	56
Amount available for appropriation	330	330	386	56
Excess of resources over (under) charges to appropriations	330	330	386	56
Fund balance, June 30, 2009	\$ 10,115	\$ 10,115	\$ 10,171	\$ 56

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 417,735	\$ 417,735	\$ 417,735	\$ -
Resources (inflows):				
Use of money and property	14,300	14,300	16,462	2,162
Amount available for appropriation	14,300	14,300	16,462	2,162
Charges to appropriations (outflows):				
Capital outlay	-	303,822	-	303,822
Total charges to appropriations	-	303,822	-	303,822
Excess of resources over (under) charges to appropriations	14,300	(289,522)	16,462	305,984
Fund balance, June 30, 2009	\$ 432,035	\$ 128,213	\$ 434,197	\$ 305,984

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	<u>\$ 5,659</u>	<u>\$ 5,659</u>	<u>\$ 5,659</u>	<u>\$ -</u>
Resources (inflows):				
Use of money and property	<u>190</u>	<u>190</u>	<u>223</u>	<u>33</u>
Amount available for appropriation	<u>190</u>	<u>190</u>	<u>223</u>	<u>33</u>
Excess of resources over (under) charges to appropriations	<u>190</u>	<u>190</u>	<u>223</u>	<u>33</u>
Fund balance, June 30, 2009	<u><u>\$ 5,849</u></u>	<u><u>\$ 5,849</u></u>	<u><u>\$ 5,882</u></u>	<u><u>\$ 33</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 50,560	\$ 50,560	\$ 50,560	\$ -
Resources (inflows):				
Use of money and property	2,820	2,820	1,992	(828)
Amount available for appropriation	2,820	2,820	1,992	(828)
Charges to appropriations (outflows):				
Capital outlay	-	20,000	-	20,000
Total charges to appropriations	-	20,000	-	20,000
Total charges to appropriations	-	-	-	-
Excess of resources over (under) charges to appropriations	2,820	(17,180)	1,992	19,172
Fund balance, June 30, 2009	\$ 53,380	\$ 33,380	\$ 52,552	\$ 19,172

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 14,671	\$ 14,671	\$ 14,671	\$ -
Resources (inflows):				
Use of money and property	990	990	549	(441)
Amount available for appropriation	990	990	549	(441)
Charges to appropriations (outflows):				
Capital outlay	-	6,963	-	6,963
Total charges to appropriations	-	6,963	-	6,963
Excess of resources over (under) charges to appropriations	990	(5,973)	549	6,522
Fund balance, June 30, 2009	\$ 15,661	\$ 8,698	\$ 15,220	\$ 6,522

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 2,955	\$ 2,955	\$ 2,955	\$ -
Resources (inflows):				
Use of money and property	100	100	116	16
Amount available for appropriation	100	100	116	16
Excess of resources over (under) charges to appropriations	100	100	116	16
Fund balance, June 30, 2009	\$ 3,055	\$ 3,055	\$ 3,071	\$ 16

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 17,589	\$ 17,589	\$ 17,589	\$ -
Resources (inflows):				
Use of money and property	450	450	997	547
Other revenue	-	-	10,000	10,000
Amount available for appropriation	-	-	10,997	10,997
Charges to appropriations (outflows):				
Capital outlay	-	16,728	1,203	15,525
Total charges to appropriations	-	16,728	1,203	15,525
Excess of resources over (under) charges to appropriations	-	-	9,794	(4,528)
Fund balance, June 30, 2009	\$ 17,589	\$ 17,589	\$ 27,383	\$ (4,528)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 827,603	\$ 827,603	\$ 827,603	\$ -
Resources (inflows):				
Intergovernmental	-	-	755,656	755,656
Use of money and property	-	-	21,738	21,738
Amount available for appropriation	-	-	777,394	21,738
Charges to appropriations (outflows):				
Capital outlay	-	817,560	828,170	10,610
Total charges to appropriations	-	-	828,170	-
Excess of resources over (under) charges to appropriations	-	-	(50,776)	21,738
Fund balance, June 30, 2009	\$ 827,603	\$ 827,603	\$ 776,827	\$ 21,738

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 47,308	\$ 47,308	\$ 47,308	\$ -
Resources (inflows):				
Charges for services	1,299,290	1,299,290	1,286,572	(12,718)
Other	-	-	1,934	1,934
Amount available for appropriation	1,299,290	1,299,290	1,288,685	(10,605)
Charges to appropriations (outflows):				
Public works	1,145,780	1,397,530	943,036	(454,494)
Transfers out	-	-	591,731	(591,731)
Total charges to appropriations	-	-	1,534,767	(1,046,225)
Excess of resources over (under) charges to appropriations	1,299,290	1,299,290	(246,082)	(1,056,830)
Fund balance, June 30, 2009	\$ 1,346,598	\$ 1,346,598	\$ (198,774)	\$ (1,056,830)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 3,770	\$ 3,770	\$ 3,770	\$ -
Resources (inflows):				
Use of money and property	990	990	495	(495)
Other revenues	-	-	31,456	31,456
Amount available for appropriation	990	990	31,951	30,961
Charges to appropriations (outflows):				
Capital outlay	-	35,595	26,965	(8,630)
Total charges to appropriations	-	-	26,965	(8,630)
Excess of resources over (under) charges to appropriations	990	990	4,986	22,331
Fund balance, June 30, 2009	\$ 4,760	\$ 4,760	\$ 8,756	\$ 22,331

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	<u>\$ 27,201</u>	<u>\$ 27,201</u>	<u>\$ 27,201</u>	<u>\$ -</u>
Resources (inflows):				
Use of money and property	-	-	1,072	1,072
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount available for appropriation	<u>-</u>	<u>-</u>	<u>1,072</u>	<u>1,072</u>
Excess of resources over (under) charges to appropriations	<u>-</u>	<u>-</u>	<u>1,072</u>	<u>1,072</u>
Fund balance, June 30, 2009	<u><u>\$ 27,201</u></u>	<u><u>\$ 27,201</u></u>	<u><u>\$ 28,273</u></u>	<u><u>\$ 1,072</u></u>

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	70,000	70,000	78,236	8,236
Use of money and property	-	-	1,786	1,786
Amount available for appropriation	70,000	70,000	80,022	10,022
Excess of resources over (under) charges to appropriations	70,000	70,000	80,022	10,022
Fund balance, June 30, 2009	\$ 70,000	\$ 70,000	\$ 80,022	\$ 10,022

-

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	<u>\$ 83,395</u>	<u>\$ 83,395</u>	<u>\$ 83,395</u>	<u>\$ -</u>
Resources (inflows):				
Use of money and property	<u>2,780</u>	<u>2,780</u>	<u>3,285</u>	<u>505</u>
Amount available for appropriation	<u>2,780</u>	<u>2,780</u>	<u>3,285</u>	<u>505</u>
Excess of resources over (under) charges to appropriations	<u>2,780</u>	<u>2,780</u>	<u>3,285</u>	<u>505</u>
Fund balance, June 30, 2009	<u><u>\$ 86,175</u></u>	<u><u>\$ 86,175</u></u>	<u><u>\$ 86,680</u></u>	<u><u>\$ 505</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 886,449	\$ 886,449	\$ 886,449	\$ -
Resources (inflows):				
Use of money and property	30,630	30,630	34,641	4,011
Amount available for appropriation	30,630	30,630	34,641	4,011
Charges to appropriations (outflows):				
Transfers out	40,860	40,860	26,900	13,960
Total charges to appropriations	40,860	40,860	26,900	13,960
Excess of resources over (under) charges to appropriations	(10,230)	(10,230)	7,741	17,971
Fund balance, June 30, 2009	\$ 876,219	\$ 876,219	\$ 894,190	\$ 17,971

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	\$ 4,665,714	\$ 4,665,714	\$ 4,665,714	\$ -
Resources (inflows):				
Use of money and property	844,390	844,390	863,241	18,851
Transfers in	1,057,096	1,057,096	1,079,273	22,177
Amount available for appropriation	1,901,486	1,901,486	1,942,514	41,028
Charges to appropriations (outflows):				
Debt service:				
Principal	780,000	780,000	780,000	-
Interest and fiscal charges	1,077,980	1,077,980	1,067,093	10,887
Transfers out	442,296	442,296	442,296	-
Total charges to appropriations	2,300,276	2,300,276	2,289,389	10,887
Excess of resources over (under) charges to appropriations	(398,790)	(398,790)	(346,875)	51,915
Fund balance, June 30, 2009	\$ 4,266,924	\$ 4,266,924	\$ 4,318,839	\$ 51,915

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	<u>\$ 664,090</u>	<u>\$ 664,090</u>	<u>\$ 664,090</u>	<u>\$ -</u>
Resources (inflows):				
Development fees	54,400	54,400	111,670	57,270
Use of money and property	<u>33,580</u>	<u>33,580</u>	<u>41,341</u>	<u>7,761</u>
Amount available for appropriation	<u>87,980</u>	<u>87,980</u>	<u>153,011</u>	<u>7,761</u>
Excess of resources over (under) charges to appropriations	<u>87,980</u>	<u>87,980</u>	<u>153,011</u>	<u>7,761</u>
Fund balance, June 30, 2009	<u><u>\$ 752,070</u></u>	<u><u>\$ 752,070</u></u>	<u><u>\$ 817,101</u></u>	<u><u>\$ 7,761</u></u>

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund balance, July 1, 2008	<u>\$ 3,520</u>	<u>\$ 3,520</u>	<u>\$ 3,520</u>	<u>\$ -</u>
Resources (inflows):				
Use of money and property	<u>120</u>	<u>120</u>	<u>138</u>	<u>18</u>
Amount available for appropriation	<u>120</u>	<u>120</u>	<u>138</u>	<u>18</u>
Excess of resources over (under) charges to appropriations	<u>120</u>	<u>120</u>	<u>138</u>	<u>18</u>
Fund balance, June 30, 2009	<u><u>\$ 3,640</u></u>	<u><u>\$ 3,640</u></u>	<u><u>\$ 3,658</u></u>	<u><u>\$ 18</u></u>

This page intentionally left blank.

INTERNAL SERVICE FUNDS

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 Funds - Vehicle Maintenance Fund
June 30, 2009

ASSETS

Current assets:

Cash and investments	\$ 6,119,513
Accounts receivable	166
Total current assets	<u>6,119,679</u>
Total assets	<u>6,119,679</u>

LIABILITIES

Current liabilities:

Accounts payable	33,809
Compensated absences	33,447
Total current liabilities	<u>67,256</u>
Total liabilities	<u>67,256</u>

NET ASSETS

Unrestricted	<u>6,052,423</u>
Total net assets	<u>\$ 6,052,423</u>

City of Poway
Statement of Activities and Changes in Net Assets
Internal Service Fund - Vehicle Maintenance Fund
For the year ended June 30, 2009

OPERATING REVENUES:

Charges for services	\$ 2,323,825
Other	<u>2,471</u>
Total operating revenues	<u>2,326,296</u>

OPERATING EXPENSES:

Personnel services	359,537
Maintenance and operations	<u>662,197</u>
Total operating expenses	<u>1,021,734</u>

OPERATING INCOME (LOSS)	<u>1,304,562</u>
--------------------------------	------------------

NONOPERATING REVENUES:

Interest revenue	<u>277,007</u>
Total nonoperating revenues	<u>277,007</u>

INCOME (LOSS) BEFORE TRANSFERS	<u>1,581,569</u>
---------------------------------------	------------------

TRANSFERS:

Transfers out	<u>(496,848)</u>
Total transfers	<u>(496,848)</u>

Changes in net assets	1,084,721
------------------------------	-----------

NET ASSETS:

Beginning of year	<u>4,967,702</u>
End of year	<u>\$ 6,052,423</u>

City of Poway
Statement of Cash Flows
Internal Service Fund - Vehicle Maintenance Fund
For the year ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash receipts from users	\$ 2,327,682
Cash payments to employees for services	(360,183)
Cash payments to suppliers of goods or services	(736,131)
	<hr/>
Net cash provided (used) by operating activities	1,231,368
	<hr/>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfers out	(496,848)
	<hr/>
Net cash provided (used) by noncapital financing activities	(496,848)
	<hr/>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	277,007
	<hr/>
Net cash provided (used) by capital and related financing activities	277,007
	<hr/>
Net increase in cash and cash equivalents	1,011,527

CASH AND CASH EQUIVALENTS:

Beginning of year	5,107,986
	<hr/>
End of year	\$ 6,119,513
	<hr/> <hr/>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET

CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income	\$ 1,304,562
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	1,386
Accounts payable	(73,934)
Compensated absences	(646)
	<hr/>
Total adjustments	(73,194)
	<hr/>
Net cash provided (used) by operating activities	\$ 1,231,368
	<hr/> <hr/>

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, 2009

	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
ASSETS						
Cash and investments	\$ 4,285,579	\$ 1,499,392	\$ 3,206,910	\$ 52,580	\$ 59,607	\$ 9,104,068
Receivables:						
Taxes	-	-	-	138	-	138
Accounts	-	-	1,000,000	-	-	1,000,000
Interest	-	26,505	83,074	-	-	109,579
Cash and investments with fiscal agents	-	1,597,109	3,675,986	53,759	-	5,326,854
Total assets	\$ 4,285,579	\$ 3,123,006	\$ 7,965,970	\$ 106,477	\$ 59,607	\$ 15,540,639
LIABILITIES						
Accounts payable	\$ 151,558	\$ -	\$ 11,377	\$ 4,235	\$ -	\$ 167,170
Deposits	4,134,021	-	-	-	-	4,134,021
Due to bondholders	-	3,123,006	6,954,593	102,242	59,607	10,239,448
Advances from City of Poway	-	-	1,000,000	-	-	1,000,000
Total liabilities	\$ 4,285,579	\$ 3,123,006	\$ 7,965,970	\$ 106,477	\$ 59,607	\$ 15,540,639

City of Poway
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the year ended June 30, 2009

	Balance July 1, 2008	Net Changes in Assets and Liabilities	Balance June 30, 2009
<u>Developer Deposits Fund</u>			
Assets:			
Cash and investments	\$ 3,734,151	\$ 551,428	\$ 4,285,579
Total assets	\$ 3,734,151	\$ 551,428	\$ 4,285,579
Liabilities:			
Accounts payable	\$ 78,407	\$ 73,151	\$ 151,558
Deposits	3,655,744	478,277	4,134,021
Total liabilities	\$ 3,734,151	\$ 551,428	\$ 4,285,579
<u>South Poway CFD No. 1</u>			
<u>Bond Deposits Fund</u>			
Assets:			
Cash and investments	\$ 1,377,530	\$ 121,862	\$ 1,499,392
Taxes receivable	21,757	(21,757)	-
Interest receivable	57,296	(30,791)	26,505
Cash and investments with fiscal agent	1,594,772	2,337	1,597,109
Total assets	\$ 3,051,355	\$ 71,651	\$ 3,123,006
Liabilities:			
Due to bondholders	\$ 3,051,355	\$ 71,651	\$ 3,123,006
Total liabilities	\$ 3,051,355	\$ 71,651	\$ 3,123,006
<u>Parkway Business Center</u>			
<u>CFD No. 88-1 Bond Deposits Fund</u>			
Assets:			
Cash and investments	\$ 3,138,496	\$ 68,414	\$ 3,206,910
Taxes receivable	970	(970)	-
Accounts receivable	1,106,268	(106,268)	1,000,000
Interest receivable	84,163	(1,089)	83,074
Cash and investments with fiscal agent	3,678,244	(2,258)	3,675,986
Total assets	\$ 8,008,141	\$ (42,171)	\$ 7,965,970
Liabilities:			
Accounts payable	\$ 31,932	\$ (20,555)	\$ 11,377
Due to bondholders	6,869,941	84,652	6,954,593
Advances from City of Poway	1,106,268	(106,268)	1,000,000
Total liabilities	\$ 8,008,141	\$ (42,171)	\$ 7,965,970

(Continued)

City of Poway
Combining Statement of Changes in Assets and Liabilities
All Agency Funds, Continued
For the year ended June 30, 2009

	Balance July 1, 2008	Net Changes in Assets and Liabilities	Balance June 30, 2009
<u>High Valley Roads</u>			
<u>AD No. 96-1 Bond Deposits Fund</u>			
Assets:			
Cash and investments	\$ 53,409	\$ (829)	\$ 52,580
Taxes receivable	1,140	(1,002)	138
Interest receivable	203	(203)	-
Cash and investments with fiscal agents	54,827	(1,068)	53,759
Total assets	\$ 109,579	\$ (3,102)	\$ 106,477
Liabilities:			
Accounts payable	\$ 4,235	\$ -	\$ 4,235
Due to bondholders	105,344	(3,102)	102,242
Total liabilities	\$ 109,579	\$ (3,102)	\$ 106,477
<u>Old Coach Waterline</u>			
<u>AD No. 2001-1 Bond Deposits Fund</u>			
Assets:			
Cash and investments	\$ 55,591	\$ 4,016	\$ 59,607
Taxes receivable	8	(8)	-
Total assets	\$ 55,599	\$ 4,008	\$ 59,607
Liabilities:			
Due to bondholders	\$ 55,599	\$ 4,008	\$ 59,607
Total liabilities	\$ 55,599	\$ 4,008	\$ 59,607
<u>All Agency Funds</u>			
Assets:			
Cash and investments	\$ 8,359,177	\$ 744,891	\$ 9,104,068
Taxes receivable	23,875	(23,737)	138
Accounts receivable	1,106,268	(106,268)	1,000,000
Interest receivable	141,662	(32,083)	109,579
Cash and investments with fiscal agents	5,327,843	(989)	5,326,854
Total assets	\$ 14,958,825	\$ 581,814	\$ 15,540,639
Liabilities:			
Accounts payable	\$ 114,574	\$ 52,596	\$ 167,170
Deposits	3,655,744	478,277	4,134,021
Due to bondholders	10,082,239	157,209	10,239,448
Advances from City of Poway	1,106,268	(106,268)	1,000,000
Total liabilities	\$ 14,958,825	\$ 581,814	\$ 15,540,639

(Concluded)

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 Three Years
(accrual basis of accounting)

	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>
Governmental activities				
Invested in capital assets, net of related debt	\$ 36,713,773	\$ 28,805,157	\$ 21,675,540	\$ 16,728,005
Restricted	99,252,462	101,384,182	99,518,581	98,416,094
Unrestricted - as restated	<u>(71,563,120)</u>	<u>(68,473,402)</u>	<u>(70,862,504)</u>	<u>(78,799,982)</u>
Total governmental activities net assets	<u>64,403,115</u>	<u>61,715,937</u>	<u>50,331,617</u>	<u>36,344,117</u>
Business-type activities				
Invested in capital assets, net of related debt	39,127,764	34,657,630	35,055,052	36,472,213
Restricted	280,469	281,531	283,938	283,534
Unrestricted	<u>34,194,395</u>	<u>32,511,666</u>	<u>30,112,939</u>	<u>25,587,312</u>
Total business-type activities net assets	<u>73,602,628</u>	<u>67,450,827</u>	<u>65,451,929</u>	<u>62,343,059</u>
Primary government				
Invested in capital assets, net of related debt	75,841,537	63,462,787	56,730,592	53,200,218
Restricted	99,532,931	101,665,713	99,802,519	98,699,628
Unrestricted	<u>(37,368,725)</u>	<u>(35,961,736)</u>	<u>(40,749,565)</u>	<u>(53,212,670)</u>
Total primary government net assets	<u>138,005,743</u>	<u>129,166,764</u>	<u>115,783,546</u>	<u>98,687,176</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 Three Years
(accrual basis of accounting)

	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>
Functional expenses:				
General Government	\$ 23,261,446	\$ 18,616,222	\$ 14,559,177	\$ 15,689,334
Public Safety	19,227,914	19,039,199	18,121,264	17,313,198
Public Works	11,213,841	10,607,352	9,100,534	13,023,698
Development Services	5,226,071	5,367,148	4,978,301	
Community Services	16,195,999	18,329,674	16,964,745	19,510,067
Interest and fiscal charges	16,692,399	17,038,330	19,697,044	16,986,839
Total functional expenses	<u>91,817,670</u>	<u>88,997,925</u>	<u>83,421,065</u>	<u>82,523,136</u>
Program revenues:				
Charges for services:				
General Government	105,084	133,893	176,938	173,484
Public Safety	2,413,197	2,068,632	2,181,971	2,104,975
Public Works	4,868,530	4,327,217	4,011,644	3,512,623
Development Services	1,388,448	1,522,060	1,451,489	
Community Services	3,033,466	2,935,862	2,894,396	3,908,179
Interest and fiscal charges	-	-	-	-
Operating grants and contributions	5,826,044	6,478,997	6,103,045	6,198,885
Capital grants and contributions	2,110,463	5,128,657	2,940,273	3,088,436
Total program revenues	<u>19,745,232</u>	<u>22,595,318</u>	<u>19,759,756</u>	<u>18,986,582</u>
Total governmental activities	<u>(72,072,438)</u>	<u>(66,402,607)</u>	<u>(63,661,309)</u>	<u>(63,536,554)</u>
General revenues:				
Taxes:				
Property taxes	51,190,712	50,669,452	48,048,249	45,725,853
Sales taxes	10,325,455	12,904,265	13,032,518	13,918,879
Motor vehicle license tax	173,673	225,353	273,727	392,240
Transient occupancy tax	247,787	206,323	202,767	190,097
Franchise taxes	1,590,066	1,497,724	1,588,677	1,399,524
Other Taxes	597,880	598,965	596,868	609,982
Total taxes	<u>64,125,573</u>	<u>66,102,082</u>	<u>63,742,806</u>	<u>62,236,575</u>
Investment earnings	9,879,153	10,639,352	10,569,205	8,508,647
Miscellaneous	607,387	714,405	3,349,606	2,894,418
Sale of capital assets	-	-	-	(11,262)
Transfers	147,503	331,088	(12,808)	460,810
Total general revenues and transfers	<u>74,759,616</u>	<u>77,786,927</u>	<u>77,648,809</u>	<u>74,089,188</u>
Change in Net Assets	<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 implementation of GASB 44 in fiscal year 2006.

This page intentionally left blank.

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

	YearEnded <u>June 30, 2009</u>	YearEnded <u>June 30, 2008</u>	YearEnded <u>June 30, 2007</u>	YearEnded <u>June 30, 2006</u>
Functional expenses:				
Water	\$ 18,697,576	\$ 17,534,682	\$ 17,371,707	\$ 16,009,205
Sewer	8,011,470	7,743,880	7,970,848	8,730,098
Total functional expenses	<u>26,709,046</u>	<u>25,278,562</u>	<u>25,342,555</u>	<u>24,739,303</u>
Program revenues:				
Charges for services:				
Water	16,714,571	16,806,379	16,637,705	15,181,771
Sewer	8,651,968	8,440,646	7,943,890	7,479,071
Capital grants and contributions	-	-	63,604	66,840
Total program revenues	<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>(1,342,507)</u>	<u>(31,537)</u>	<u>(697,356)</u>	<u>(2,011,621)</u>
General revenues:				
Property taxes	-	-	-	309,296
Investment earnings	1,987,778	2,283,493	3,038,852	1,157,563
Contributed capital	4,720,039	-	-	-
Miscellaneous	933,994	78,030	754,566	738,337
Sale of capital assets	-	-	-	-
Transfers	(147,503)	(331,088)	12,808	(460,810)
Total general revenues and transfers	<u>7,494,308</u>	<u>2,030,435</u>	<u>3,806,226</u>	<u>1,744,386</u>
Change in Net Assets	<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 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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund					
Reserved	\$ 5,561,391	\$ 8,478,531	\$ 7,538,564	\$ 7,389,245	7,885,013
Unreserved:					
Designated	32,152,754	31,160,911	30,375,251	27,539,942	25,115,075
Undesignated	-	-	-	-	-
Total General Fund	<u>\$ 37,714,145</u>	<u>\$ 39,639,442</u>	<u>\$ 37,913,815</u>	<u>\$ 34,929,187</u>	<u>33,000,088</u>
All Other Governmental Funds					
Reserved	\$ 62,868,328	\$ 55,650,435	\$ 43,663,739	\$ 39,477,985	35,478,892
Unreserved:					
Designated:					
Special revenue funds	-	-	-	7,760,635	8,816,961
Debt service funds	-	-	-	-	-
Capital projects funds	24,840,402	32,578,654	43,037,658	-	-
Undesignated:					
Special revenue funds	5,982,341	4,676,562	5,278,620	6,014,938	7,795,241
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	37,769,191	42,511,597
Total all Other Governmental Funds	<u>\$ 93,691,071</u>	<u>\$ 92,905,651</u>	<u>\$ 91,980,017</u>	<u>\$ 91,022,749</u>	<u>94,602,691</u>
Total Fund Balance	<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>	<u><u>127,602,779</u></u>

June 30,				
<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
7,581,391	6,907,055	16,683,177	17,681,990	16,968,010
21,827,076	12,325,729	21,258,117	20,173,503	16,633,194
-	8,556,645	-	-	-
29,408,467	27,789,429	37,941,294	37,855,493	33,601,204
44,761,898	51,282,639	49,060,668	38,197,024	43,568,860
8,175,996	8,613,436	8,133,105	7,370,213	6,093,702
-	-	-	-	-
-	-	-	-	198
7,804,756	6,898,403	5,207,265	4,571,924	4,735,846
-	-	-	-	-
55,342,242	44,896,736	60,711,652	13,366,748	14,054,971
116,084,892	111,691,214	123,112,690	63,505,909	68,453,577
145,493,359	139,480,643	161,053,984	101,361,402	102,054,781

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

	Year Ended June 30,			
	2009	2008	2007	2006
Revenues				
Taxes	\$ 66,062,646	\$ 68,817,462	\$ 63,810,241	\$ 62,042,614
Licenses and permits	422,948	328,159	330,755	296,935
Intergovernmental	2,889,804	3,971,720	4,336,767	5,796,558
Charges for services	2,954,967	2,676,329	4,419,664	7,557,159
Fines and forfeitures	852,535	803,552	720,949	732,633
Use of money and property	14,862,137	15,516,351	16,120,443	13,459,180
Developer Fees	3,897,877	3,780,128	4,509,741	489,210
Assessment levied	1,873,179	1,892,326	1,868,567	1,845,859
Other revenues	1,013,135	2,568,693	1,389,762	1,157,139
Total revenues	94,829,228	100,354,720	97,506,889	93,377,287
Expenditures				
Current:				
General government	6,733,135	7,252,320	9,614,109	9,552,247
Public safety	18,673,036	18,528,701	17,897,811	16,563,059
Public works	8,566,157	8,009,622	6,556,796	11,338,373
Development services	5,279,297	5,420,200	5,028,405	
Community services	9,741,990	12,593,136	11,877,425	11,884,718
Capital outlay	17,981,861	18,354,376	14,205,962	18,802,010
Debt service:				
Principal	6,855,000	6,560,000	6,470,000	5,875,000
Interest and fiscal charges	16,732,005	17,077,417	17,896,630	17,101,983
Debt Issuance Costs	-	-	-	-
Tax shift	-	-	-	1,674,851
Tax increment reimbursements	6,205,709	5,515,447	4,889,025	3,831,350
Total expenditures	96,768,190	99,311,219	94,436,163	96,623,591
Excess of revenues over (under) expenditures	(1,938,962)	1,043,501	3,070,726	(3,246,304)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	154,734	151,285	148,273	149,563
Refunding bond activity -net	-	-	(184,586)	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in (out) net	644,351	1,456,475	907,483	1,445,898
Total other financing sources	799,085	1,607,760	871,170	1,595,461
Net change in fund balance	\$ (1,139,877)	\$ 2,651,261	\$ 3,941,896	\$ (1,650,843)
Debt service as a percentage of noncapital expenditures	26.9%	26.2%	29.1%	26.4%

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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	
\$ 55,406,112	\$ 47,368,683	\$ 43,439,827	\$ 39,575,352	\$ 35,840,942	\$ 31,118,687	
288,716	296,984	295,471	305,685	309,652	306,688	
4,637,517	5,445,572	8,313,394	6,183,143	6,026,700	5,139,707	
7,607,467	7,449,929	8,452,248	8,192,172	7,851,665	7,854,457	
273,322	251,834	176,291	202,598	239,369	253,586	
13,535,451	8,152,189	11,924,593	12,584,448	10,735,796	8,372,411	
536,404	1,243,389	1,208,015	591,230	855,799	2,589,766	
1,835,519	1,816,524	1,825,528	1,754,096	1,750,613	1,597,188	
2,525,614	1,473,492	2,007,778	3,000,545	957,898	1,724,643	
86,646,122	73,498,596	77,643,145	72,389,269	64,568,434	58,957,133	
11,114,009	10,668,972	10,178,866	8,918,157	8,407,234	7,486,657	
17,304,746	15,588,991	13,866,595	12,905,831	11,324,004	10,900,368	
4,865,184	3,966,484	4,246,773	3,817,814	3,702,963	3,552,863	
10,671,636	7,569,324	7,373,691	6,579,853	6,666,018	5,805,605	
31,981,651	31,743,517	32,096,700	22,972,729	17,733,164	9,524,359	
6,706,720	7,875,000	14,192,769	9,288,293	6,821,853	22,714,960	
16,482,351	15,477,533	18,455,993	15,095,386	11,805,570	12,174,817	
255,302	2,765,590	-	1,708,370	7,790	1,119,531	
2,549,564	1,357,911	780,349	-	-	-	
2,380,488	29,865,057	5,678,795	4,928,042	6,176,365	5,495,266	
104,311,651	126,878,379	106,870,531	86,214,475	72,644,961	78,774,426	
(17,665,529)	(53,379,783)	(29,227,386)	(13,825,206)	(8,076,527)	(19,817,293)	
8,499,883	156,029,702	17,856,218	80,781,467	5,975,575	43,763,276	
(9,301,120)	(99,094,350)	-	(8,005,801)	-	(9,681,371)	
232,168	1,110,603	14,600,000	-	-	-	
506,234	1,346,544	658,650	640,108	1,388,450	963,286	
(62,835)	59,392,499	33,114,868	73,415,774	7,364,025	35,045,191	
\$ (17,728,364)	\$ 6,012,716	\$ 3,887,482	\$ 59,590,568	\$ (712,502)	\$ 15,227,898	
27.3%	19.9%	38.9%	38.6%	33.9%	50.4%	

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	
2000	1,519,814,478	2,346,163,842	106,169,614	3,972,147,934	(131,138,106)	3,841,009,828
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

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

Change From Prior Year	Estimated Tax Revenues	Total Direct Tax Rate
12.94%	4,831,463	0.211%
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%

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	
2000	0.211%	0.389%	0.167%	0.118%	0.067%	0.047%	1.000%
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%

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
2000	1.000%	0.016%	0.000%	0.010%	1.026%
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%

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

	2009			2000		
	Taxable Assessed	Rank	% of Total City Assessed Secured Value	Taxable Assessed	Rank	% of Total City Assessed Secured Value
	Secured Value		Secured Value	Secured Value		Secured Value
Sorento West Properties	\$88,745,482	1	1.06%	\$ -	-	-
PDP Pomerado LLC	69,558,551	2	0.83%	-	-	-
Slough Poway	66,779,944	3	0.80%	-	-	-
Prudential Insurance Co.	39,714,613	4	0.47%	-	-	-
Sysco Food Services	35,374,370	5	0.42%	32,360,553	1	0.81%
Costco Wholesale Corporation	35,326,203	6	0.42%	-	-	-
Government Employees Insurance Company	35,299,468	7	0.42%	-	-	-
Fairfield Township LLC	33,686,003	8	0.40%	-	-	-
Poway Crossings Investors LLC	31,275,000	9	0.37%	-	-	-
Poway Tech Center Investors LLC	27,030,000	10	0.32%	-	-	-
Regency Centers LP	-	-	-	23,043,746	2	0.58%
Burnham Pacific Properties Inc.	-	-	-	19,300,000	3	0.49%
First American Title Insurance Co.	-	-	-	15,420,772	4	0.39%
Pomerado Leasing LP	-	-	-	14,583,816	5	0.37%
Braemar Properties LP	-	-	-	13,876,994	6	0.35%
Countryside Apartments LLC	-	-	-	12,927,723	7	0.33%
Tech Business Center LLC	-	-	-	12,782,944	8	0.32%
Health Care Property Investors	-	-	-	12,390,416	9	0.31%
VAT Partners	-	-	-	12,316,982	10	0.31%
	<u>\$ 462,789,634</u>		<u>5.53%</u>	<u>\$ 169,003,946</u>		<u>4.25%</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	
2000	643,337,814	1,052,147,828	63,156,922	1,758,642,564	(18,560,142)	(186,287,869)
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)

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

Net Taxable Value	Change From Prior Year	Estimated Tax Revenues	Total Direct Tax Rate
1,553,794,553	21.28%	15,887,358	1.022%
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%

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		
2000	15,942,224	15,616,458	97.96%	298,192	15,914,649
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

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		
2000	13,317,472	13,122,841	98.54%	269,313	13,392,154
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

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
2000	\$ 150,715,000	\$ 54,095,000	\$ 289,249	\$ 42,944	\$ 2,810,000
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	-

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			
\$ 2,930,000	\$ 120,926	\$ 5,407	\$ 211,008,526	13.05%	\$ 4,281
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	14.77%	6,136
1,930,000	-	-	304,336,788	13.80%	5,987
1,760,000	-	-	297,655,467	12.87%	5,825
1,580,000	-	-	290,652,702	12.49%	5,685

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
2000	150,715,000	3.79%	3,058
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

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, 2009

2008-09 Assessed Valuation:	\$ 8,207,420,042
Redevelopment Incremental Valuation:	3,812,849,826
Adjusted Assessed valuation:	<u>\$ 4,394,570,216</u>

	Debt	%	Estimated Share
	Outstanding	Applicable (a)	of Overlapping
			Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 293,425,000	0.236%	\$ 692,483
Poway Unified School District Facilities Improvement Dist No. 2002-1	179,316,320	26.550%	47,609,279
Poway Unified School District Facilities Improvement Dist No. 2007-1	73,998,934	25.789%	19,083,585
Palomar Community College District	151,750,000	5.411%	8,211,193
Escondido Union High School District	32,432,978	0.101%	32,757
San Pasqual Union High School District	1,016,351	2.639%	26,822
Palomar Pomerado Hospital District	418,568,319	8.249%	34,527,701
South Poway Community Facilities District No. 1	4,585,000	100.000%	4,585,000
City of Poway Community Facilities District No. 88-1	19,840,000	100.000%	19,840,000
Poway Unified School District Community Improvement Dist No. 1	49,480,000	0.391%	193,467
City of Poway 1915 Act Bonds	504,444	100.000%	504,444
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 1,224,917,346		\$ 135,306,731
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
San Diego County General Fund Obligations	\$ 462,405,000	1.230%	\$ 5,687,582
San Diego County Pension Obligations	986,677,916	1.230%	12,136,138
San Diego County Superintendent of Schools General Fund Obligations	16,395,000	1.230%	201,659
Palomar Community College District Certificates of Participation	7,300,000	5.411%	395,003
Escondido Union High School District Certificates of Participation	9,870,000	0.101%	9,969
Poway Unified School District Certificates of Participation	127,465,490	15.118%	19,270,233
City of Poway Certificates of Participation	49,850,000	100.000%	49,850,000
TOTAL OVERLAPPING GENERAL FUND DEBT	\$ 1,659,963,406		\$ 87,550,584
TOTAL OVERLAPPING DEBT	\$ 2,884,880,752		\$ 222,857,315 (b)

Ratio to 2008-09 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.65%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$49,850,000) 1.13%

Combined Total Debt 5.07%

State School Building Aid Repayable as of 6/30/09: \$ -

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			
	2009	2008	2007	2006
Assessed valuation	\$ 4,394,570,216	\$ 4,310,588,610	\$ 4,035,420,029	\$ 3,683,578,609
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,098,642,554	1,077,647,153	1,008,855,007	920,894,652
Debt limit percentage	15%	15%	15%	15%
Debt limit	164,796,383	161,647,073	151,328,251	138,134,198
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

	2005	2004	2003	2002	2001	2000
\$	3,341,441,046	\$ 3,106,118,400	\$ 2,894,214,986	\$ 2,734,305,211	\$ 2,514,417,338	\$ 2,360,664,203
	25%	25%	25%	25%	25%	25%
	835,360,262	776,529,600	723,553,747	683,576,303	628,604,335	590,166,051
	15%	15%	15%	15%	15%	15%
	125,304,039	116,479,440	108,533,062	102,536,445	94,290,650	88,524,908
	243,728	491,401	466,036	790,018	1,095,502	1,426,255
	0.19%	0.42%	0.43%	0.77%	1.16%	1.61%

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			
2000	\$ 17,276,653	\$ 1,535,000	\$ 7,061,325	\$ 8,596,325	2.01	
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	

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

Calendar Year	Population	Personal Income	Per Capita Personal Income	Labor Force	Unemployment Rate
2000	49,287	\$ 1,616,761,461	\$ 32,803	25,000	2.4%
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	2,099,739,722	41,544	27,400	2.4%
2007	50,830	2,205,041,864	43,381	28,000	2.7%
2008	51,103	2,311,989,158	45,242	28,600	3.5%
2009	51,126	2,327,370,503	45,522	28,100	6.1%

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 Three Years Prior**

Employer	2009			2006		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Geico Direct	1,500	1	5.34%	1,800	1	6.57%
Poway Unified School District	1,462	2	5.20%	758	5	2.77%
Pomerado Hospital	743	3	2.64%	750	6	2.74%
Cohu Inc.	650	4	2.31%			
Sysco Food Services of SD	456	5	1.62%	500	8	1.82%
Digirad Corporation	434	6	1.54%	375	10	1.37%
First American Credco	416	7	1.48%	935	4	3.41%
Walmart	340	8	1.21%			
City of Poway	310	9	1.10%			
Mitchell Repair Information Company	265	10	0.94%			
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	6,576		23.40%	8,318		30.36%
Total City Labor Force	28,100			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

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

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

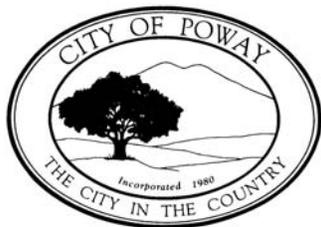
City of Poway
Capital Assets Statistics
Current and Prior Three Years

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