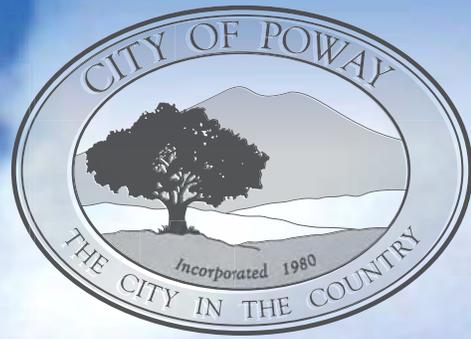
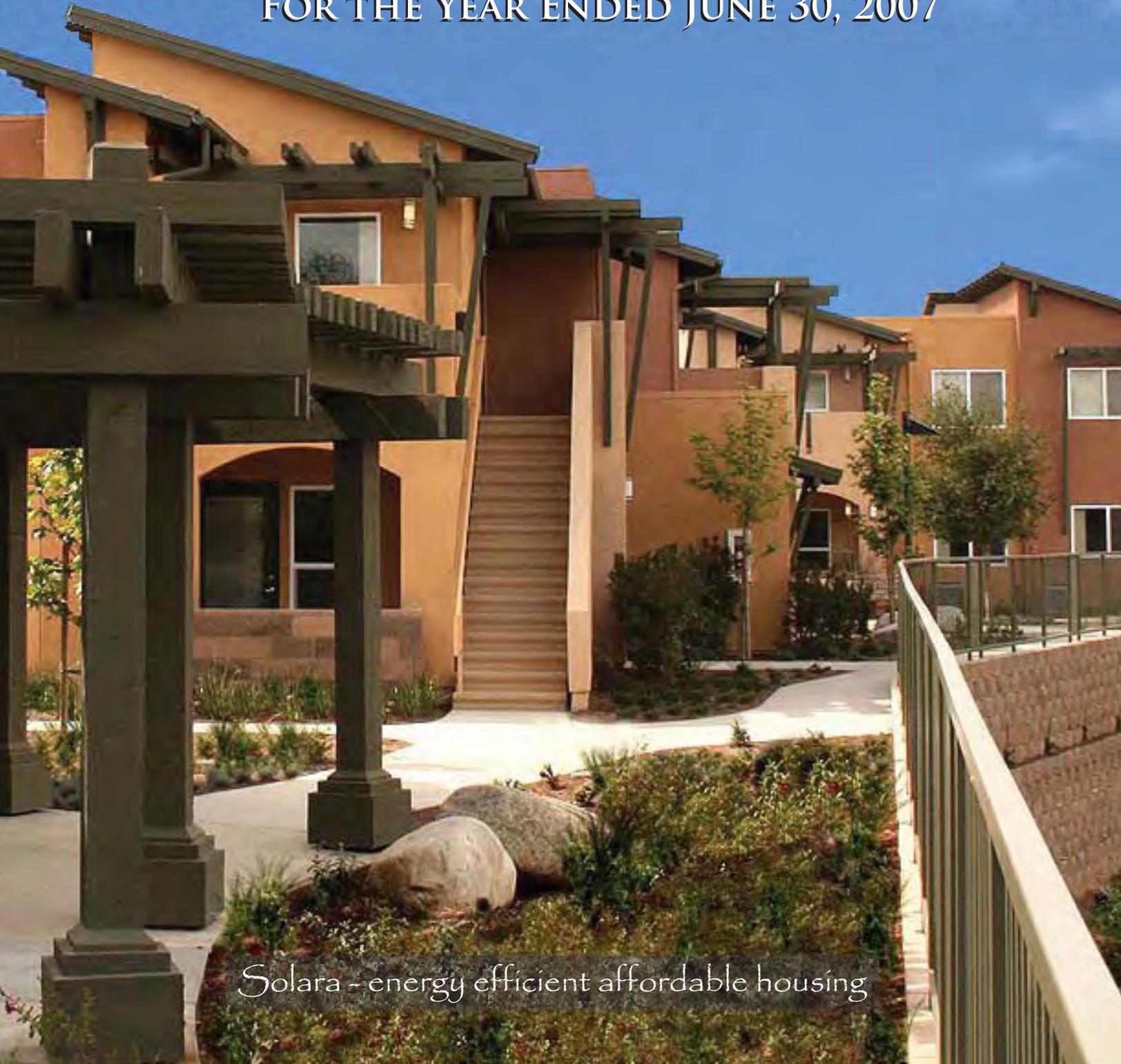


*City of*  
**POWAY**  
CALIFORNIA



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2007**



*Solara - energy efficient affordable housing*



# City of Poway

Poway, California

*Comprehensive Annual Financial Report*

*For the year ended June 30, 2007*

PREPARED BY THE CITY OF POWAY, CALIFORNIA

FINANCE DEPARTMENT



**City of Poway**  
**Basic Financial Statements**  
**For the year ended June 30, 2007**

**Table of Contents**

|   | <u>Page</u>   |
|---|---------------|
| <br><b><u>INTRODUCTORY SECTION</u></b>  |               |
| Table of Contents.....  | i             |
| Letter of Transmittal .....   | v             |
| Principal Officials .....   | xiii          |
| Organizational Chart .....  | xiv           |
| GFOA Certificate of Achievement for Excellence in Financial Reporting .....   | xv            |
| <br><b><u>FINANCIAL SECTION</u></b>   |               |
| <b>Independent Auditors' Report.....</b>  | <b>1</b>      |
| <b>Management's Discussion and Analysis (Required Supplementary Information) .....</b>  | <b>3</b>      |
| <br><b>Basic Financial Statements:</b>  |               |
| <br><b>Government - Wide Financial Statements:</b>  |               |
| Statement of Net Assets.....  | 16            |
| Statement of Activities and Changes in Net Assets.....  | 18            |
| <br><b>Fund Financial Statements:</b>   |               |
| <b><i>Governmental Fund Financial Statements:</i></b>   |               |
| Balance Sheet .....   | 24            |
| Reconciliation of Governmental Funds Balances Sheet to the<br>Government-Wide Statement of Net Assets.....  | 27            |
| Statement of Revenues, Expenditures<br>and Changes in Fund Balances.....  | 28            |
| Reconciliation of Governmental Statement of Revenues, Expenditures,<br>and Changes in Fund Balances to the Government-Wide Statement<br>of Activities and Changes in Net Assets ..... | 30            |
| <br><b><i>Proprietary Fund Financial Statements:</i></b>  |               |
| Statement of Net Assets .....   | 32            |
| Statement of Revenues, Expenses and Changes in Fund Net Assets .....  | 33            |
| Statement of Cash Flows.....  | 34            |
| <br><b><i>Fiduciary Fund Financial Statements:</i></b>  |               |
| Statement of Fiduciary Net Assets .....   | 36            |
| <br><b>Notes to Basic Financial Statements.....</b>   | <br><b>37</b> |

**City of Poway**  
**Basic Financial Statements**  
**For the year ended June 30, 2007**

**Table of Contents, Continued**

---

|   | <u>Page</u> |
|---|-------------|
| <b><u>FINANCIAL SECTION, Continued</u></b>  |             |
| <b>Required Supplementary Information:</b>  |             |
| Budgetary Information .....   | 76          |
| Budgetary Comparison Schedule - General Fund .....                                    | 77          |
| Budgetary Comparison Schedule - Low/Moderate Income Housing Special Revenue Fund..... | 78          |
| Defined Benefit Pension Plans.....  | 79          |
| <br><b>Supplementary Information:</b>   |             |
| <br><i>Non-Major Governmental Funds:</i>  |             |
| Combining Balance Sheet.....  | 86          |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....      | 90          |
| <i>Non-Major Special Revenue Funds:</i>   |             |
| City of Poway RDA Debt Service Fund .....   | 94          |
| Fire Protection.....  | 95          |
| 800 MHz Communication System .....  | 96          |
| Gas Tax.....  | 97          |
| Street Improvement .....  | 98          |
| Drainage Special .....  | 99          |
| Maintenance Districts .....   | 100         |
| Miscellaneous Grants.....   | 101         |
| Community Development Block Grant .....   | 102         |
| Transportation Development Act .....  | 103         |
| Proposition A Special .....   | 104         |
| Royal Mobilehome Park Administration.....   | 105         |
| Traffic Congestion AB 2928.....   | 106         |
| Bette Bendixen .....  | 107         |
| Poway Road Beautification.....  | 108         |
| Poway Valley Senior Center Endowment.....   | 109         |
| Old Poway Park Tree.....  | 110         |
| Poway Public Arts Special Revenue Fund.....   | 111         |
| Kumeyaay Endowment .....  | 112         |
| Poway Fine Arts Center .....  | 113         |
| Senior Volunteer Patrol .....   | 114         |
| Mary Patricia Ross.....   | 115         |
| Library Permanent .....   | 116         |
| City Debt Service Fund.....   | 117         |
| <br><i>Internal Service Funds:</i>  |             |
| Combining Statement of Net Assets.....  | 120         |
| Combining Statement of Revenues, Expenses and Changes in Net Assets.....              | 121         |
| Combining Statement of Cash Flows .....   | 122         |

**City of Poway**  
**Basic Financial Statements**  
**For the year ended June 30, 2007**

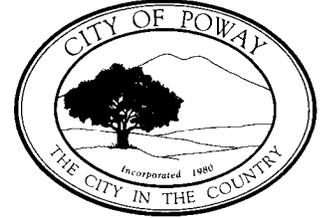
**Table of Contents, Continued**

---

|  | <u>Page</u> |
|--|-------------|
| <br><b><u>FINANCIAL SECTION, Continued</u></b>   |             |
| <i>Agency Funds:</i>   |             |
| Combining Balance Sheet.....   | 124         |
| Statement of Changes in Net Assets .....   | 125         |
| <br><b><u>STATISTICAL SECTION (Unaudited)</u></b>  |             |
| Net Assets by Component - Last Five Fiscal Years .....                                       | 128         |
| Changes in Net Assets for Governmental Activities - Last Five Fiscal Years .....             | 129         |
| Changes in Net Assets for Business-Type Activities - Last Five Fiscal Years .....            | 131         |
| Fund Balances, Governmental Funds - Last Ten Fiscal Years .....                              | 132         |
| Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years .....                   | 134         |
| Assessed Value of Taxable Property General Property Tax - Last Ten Fiscal Years.....         | 136         |
| Direct and Overlapping Property Tax Rates General Property Tax - Last Ten Fiscal Years ..... | 138         |
| Principal Secured Property Tax Payers General Property Tax                                   |             |
| - Current Year and Nine Years Ago.....   | 139         |
| Assessed Value of Taxable Property Redevelopment Tax Increment                               |             |
| Property Tax - Last Ten Fiscal Years .....   | 140         |
| Redevelopment Property Tax Levies and Collections .....                                      | 142         |
| General Property Tax Levies and Collections - Last Ten Fiscal Years .....                    | 143         |
| Ratios of Outstanding Debt by Type - Last Ten Fiscal Years .....                             | 144         |
| Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years .....                      | 146         |
| Direct and Overlapping Debt as of June 30, 2006 .....  | 147         |
| Legal Debt Margin Information - Last Ten Fiscal Years.....                                   | 148         |
| Pledged Revenue Coverage - Last Ten Fiscal Years .....                                       | 150         |
| Demographic and Economic Statistics - Last Ten Calendar Years .....                          | 151         |
| Principal Employers - Current Year and Nine Years Ago .....                                  | 152         |
| Full-Time-Equivalent City Employees by Function - Last Ten Fiscal Years .....                | 153         |
| Operating Indicators - Current Fiscal Year .....   | 154         |
| Capital Assets Statistics - Current Fiscal Year .....  | 155         |

*This page intentionally left blank.*

# CITY OF POWAY



MICKEY CAFAGNA, Mayor  
MERRILEE BOYACK, Deputy Mayor  
BOB EMERY, Councilmember  
DON HIGGINSON Councilmember  
BETTY REXFORD, Councilmember

December 1, 2007

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 as of and for the year ended June 30, 2007. 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.

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 complement 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 (police and fire), 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.

### **Economic Condition and Outlook**

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. Now the City, a thriving, civic-spirited community, is 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 50,830 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. Water, sewage collection, fire, paramedic, parks and recreation, planning and building, street maintenance, and redevelopment services are provided by the City. 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 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 \$99,889 for 2007. Home lots are often larger than in most other areas, with a median sales price of \$659,000 in June 2007. The June 2007 median sales price does represent a minor 1.2% decrease from the revised June 2006 median sales price of \$666,750. Poway is predominately a single-family community, and the Poway Unified School District--a top performer in the state and nation--is a source of great pride, as is the fact that the City has the lowest crime rate in the county. 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. The expected population at build out is 55,000.

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. Though in Fiscal Year 2007, consistent with the nationwide slowing of consumer spending, Poway's sales tax revenue did decrease and is expected to be flat in Fiscal Year 2008.

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 vacancy rate of 6.8%. In addition, the Park is comprised of 500 businesses, a workforce of more than 19,000 people, and generates combined annual sales of an estimated \$2 billion. In Fiscal Year 2008, the Business Park will continue to increase its amount of commercial and industrial space, providing additional corporate headquarters opportunities, distribution centers, and professional offices. A major national defense contractor will begin occupying one million square feet in the Business Park later this year, bringing more than 2,000 professional positions to the City. The Poway Business Park will continue to be a major growth center for San Diego County.

Despite a strong and diverse economy, now that the community is nearly built-out, the City of Poway has reached a new era financially. As the City grew rapidly over the past 25 years, revenues such as sales tax and property tax also grew quickly. With minimal development on the horizon, new major sources of property and sales tax are not anticipated. Additionally, as the national and state economies slow, particularly real estate and consumer spending, the impact is felt locally. Poway must focus on long-term financial sustainability. This requires assessing the organization as a whole for opportunities to reduce costs, while maintaining high service levels.

In adopting the Fiscal Year 2008 budget, several vacant positions and one staffed part-time position were eliminated. Cost savings were also achieved through steps such as eliminating the non-emergency receptionists at the Poway Sheriff's Station and reducing funds budgeted for operations and maintenance.

Additionally, as set forth by the City's Financial Policy, over the past year, the City has comprehensively reviewed all fees, charges, and overhead costs. The overhead cost allocation study, completed in Spring 2007, ensured all internal costs were charged to the appropriate fund, such as the General Fund, Water, or Redevelopment. In Fall 2007, the City Council will consider comprehensive changes to the City's user fees, which are charged for elective services, such as recreation programs and development permits. Staff is also currently evaluating the City's development impact fees and anticipates presenting recommendations to the City Council in Spring 2008. The purpose of development impact fees is to offset the financial cost of new development to the community, such as parks, fire services, and traffic impacts. The City will adopt a comprehensive fee and charge schedule annually each December.

## Major Initiatives

### For the Year:

**Redevelopment:** In August 2006, the City Council directed staff to explore creating a Town Center for Poway in a 53-acre area along the south side of Poway Road that includes Community Park. The Town Center would be pedestrian-oriented with retail, dining, housing, and recreation. Public outreach occurred between August and November 2006 to identify community visions and concerns about the Town Center concept. Over 300 individuals participated at more than twenty venues. In March 2007, the City Council received a summary report of the public outreach process and authorized staff to further pursue development of the Town Center. Between Spring and Summer 2007, the housing component and market feasibility of the project were further explored, followed by a report to the City Council in October 2007. Next steps include preparing a Request for Interest (RFI) for the project to be used to help market the project to private developers.

**Public Improvements:** In January 2007, the City Council adopted a Capital Improvement Program encompassing 71 projects priced at \$45 million for completion in the next two years. Project examples include improvements for Old Poway and the Oak Knoll neighborhood, water and sewer system rehabilitation projects, roadway maintenance work, and facility upgrades.

In Summer 2007, work began to develop a Master Plan for Community Park, which was designed and built by the County of San Diego prior to Poway's incorporation. Because of the Park's proximity to the Town Center area, planning for both projects is being done concurrently.

**Housing:** Solara, the City's newest affordable workforce housing development, was completed in March 2007, featuring state-of-the-art environmentally-conscious building techniques. Solara is the first environmentally sustainable affordable housing development in the United States and has won multiple awards. Located on the west side of Community Road, the complex includes 56 one-, two-, and three-bedroom garden apartments, with a 2,100 square foot community building, a learning center, laundry facilities, kitchen, and offices. Over 700 families applied to move into the complex. The complex is owned by Community HousingWorks, a nonprofit organization that specializes in affordable housing. The Redevelopment Agency's funding contribution of approximately \$4 million was highly leveraged using state and federal funds to offset the total project cost of nearly \$20 million.

Also during Fiscal Year 2007, design work continued on the City's first single-family "for sale" affordable housing development and a multifamily rental development in Old Poway. The Meadows, located off Metate Lane, will offer 30 attached homes available for purchase to qualified buyers. Four additional homes are proposed in the York Avenue area as part of the same project.

The City continued the process of updating the Housing Element, which is focused on Poway's housing needs, constraints, and opportunities. The Housing Element is required by state law and must be updated every five years.

**Technology:** In March 2007, the City began televising City Council meetings. Meetings are video-recorded and replayed on the local government access channels several times each week. Additionally, the City implemented a new geographic information system (GIS), enabling the City to create custom maps, query specific geographic data (such as locations of sewer lines, fire hydrants, traffic signals, and more), analyze spatial relationships, and edit attributes on a map. This database is useful to City staff and residents pursuing development projects or seeking information on boundaries, land elevation, or land use.

Another technology focus of Fiscal Year 2007 was creation of the City's new Web site, which launched in early October 2007. The site features a new look and address, with greatly expanded content, improved navigation, and more interactive services such as an online service request form and a subscription option for e-mail updates on certain topics.

**Public Safety:** The Fire Department's new aerial ladder truck went into service January 1, 2007, which includes four additional personnel on duty at all times. This translates into faster response times and improved service levels. The truck's ladder extends 100-feet up into the air and is capable of reaching buildings that are tall, wide, and set back from the street, such as those at the Hospital and in the Business Park. Additionally during Fiscal Year 2007, construction of the state-of-the-art fire training tower was completed in the Business Park.

**Disaster Preparedness:** During Fiscal Year 2007, several projects were completed to improve the City's capability to respond to a disaster, whether an earthquake, fire, flood, or other cause. The City's Emergency Operations Plan was revamped according to national and state standardized emergency management systems. The detailed plan identifies how non-emergency responders should function in response to an emergency situation in Poway. All employees, particularly those assigned roles in the Emergency Operations Center (EOC), went through extensive training and several drills. Outfitting of the City Council Chambers to function as the EOC was also completed (replacing the Fire Station 1 classroom), including necessary technology and supplies. A Citizens Emergency Response Team (CERT) for Poway was also launched during Fiscal Year 2007. To date, sixty individuals have been trained as CERT volunteers to provide assistance during an emergency.

### **For the Future:**

**Redevelopment and Economic Development:** Groundbreaking for the Hampton Inn & Suites hotel in the Poway Business Park is scheduled for November 2007. The 103-room hotel is anticipated to generate nearly \$300,000 in transient occupancy tax for the City of Poway's General Fund. The hotel will also support Poway's strong and diverse economy by serving local businesses that frequently require corporate travel for their ongoing success.

Redevelopment Services is preparing a Request for Interest (RFI) regarding the Town Center project to release to the development community in Winter 2008, following approval of the City Council. Through the RFI, developers interested in the project will submit design ideas and information on their experience and financial readiness for this type of project. The goal of the RFI process is for the City to select a development partner.

Partnering with the Chamber of Commerce, the City has launched the "Poway: Your First Choice" campaign to promote the importance of shopping locally. The project includes a shopping habits survey that was conducted in the Fall 2007.

**Public Improvements:** Construction will begin in Winter 2008 on the \$10 million Oak Knoll roadway and sewer projects, which includes upgrading the sewer line, adding sidewalks and streetlights, removing the utility poles, and increasing parking, along Oak Knoll Road between Poway Road and Carriage Road. Additionally, the City of Poway, in partnership with a nonprofit affordable housing developer, is pursuing acquisition and rehabilitation of an 88-unit apartment complex located on Oak Knoll Road. The complex will be purchased, renovated, and the units will then be available as affordable housing.

Preparation of the Master Plan for Community Park continues. Over 400 individuals participated in a survey about current and future uses for the Park. Sixty people attended two workshops in September to discuss the types of amenities they would like the Park to include. A summary report will be provided to the City Council in December 2007.

**Technology:** With the launch of the City's new Web site complete, work will now focus on adding more interactive services, such as online facility rentals and water and sewer bill payment, as well as video archiving of City Council meetings. Another focus is adding more layers of information to the geographic information system (GIS) to increase its effectiveness, and to make elements of the system accessible to the public via the City's Web site.

### 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 annually reviews the

City's financial operations and budget controls. 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 had an investment management agreement with Metropolitan West Securities, Inc. Metropolitan West Securities, Inc., 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 114 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, 2007, 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, 2006. 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 GFOA to determine its eligibility for the certificate.

**CSMFO Certificate of Award for  
Outstanding Financial Reporting**

The California Society of Municipal Finance Officers (CSMFO) has modified its submission requirements and is no longer reviewing comprehensive annual financial reports that have also been submitted to the GFOA. Therefore, the City of Poway's Fiscal Year 2005-06 comprehensive annual financial report was not submitted to the CSMFO.

**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; Al Kohn, Senior Accountant; and Maria Weston, Accountant; and the entire staff in the Finance Division. 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,



Rod Gould  
City Manager



Tina M. White  
Director of Administrative Services

**PRINCIPAL OFFICIALS**

**AT**

**JUNE 30, 2007**

**CITY COUNCIL**

**Mickey Cafagna, Mayor**  
**Merrilee Boyack, Deputy Mayor**  
**Bob Emery, Council Member**  
**Don Higginson, Council Member**  
**Betty Rexford, Council Member**

**APPOINTED OFFICIALS**

City Manager  
Assistant City Manager  
City Attorney  
City Clerk

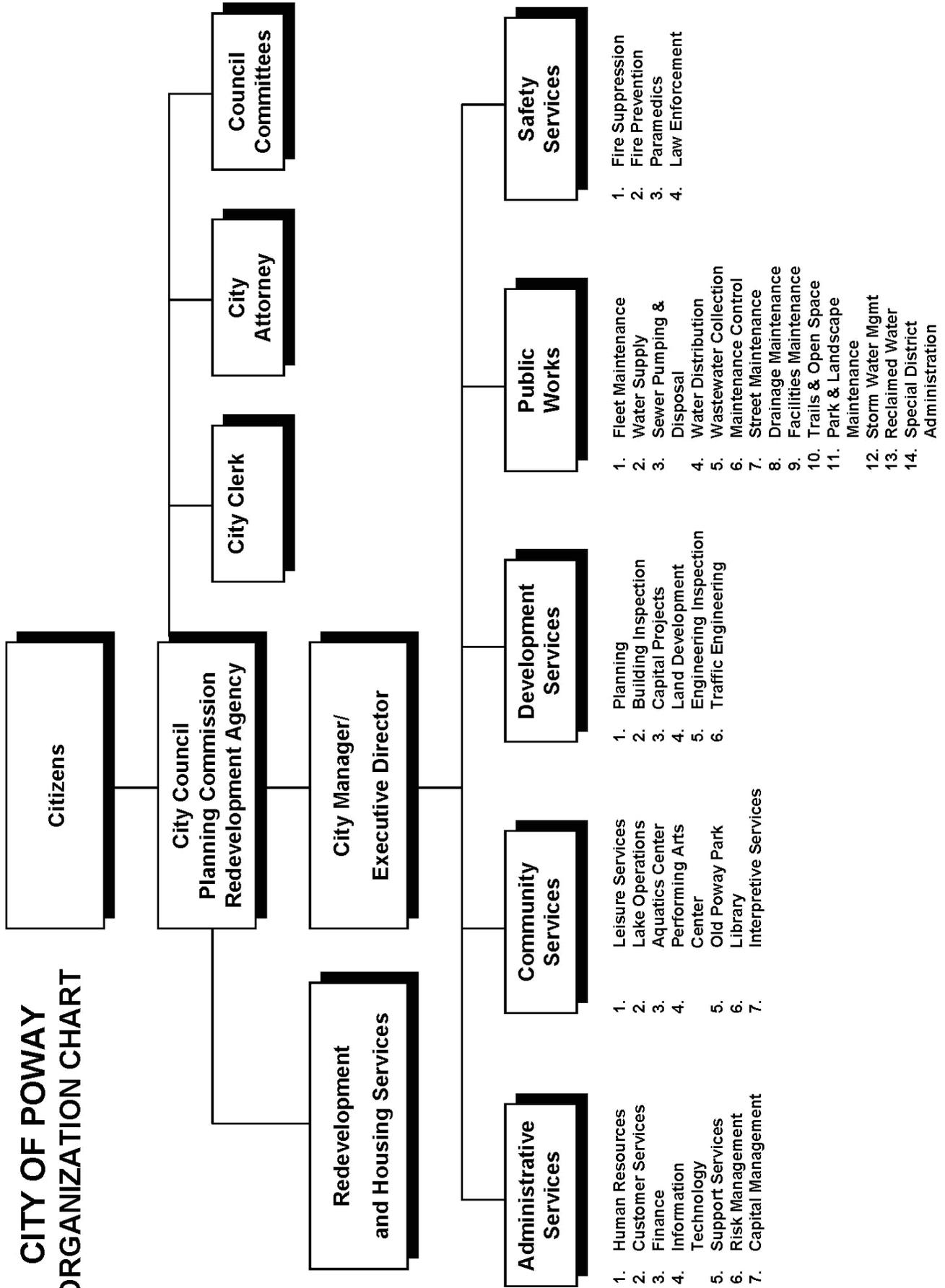
Rod Gould  
Penny Riley  
Lisa Foster  
L. Diane Shea

**ADMINISTRATIVE PERSONNEL**

Director of Administrative Services  
Director of Community Services  
Director of Development Services  
Director of Public Works  
Director of Redevelopment Services  
Director of Safety Services

Tina M. White  
Robert A. Clark  
Niall S. Fritz  
James R. Howell  
Dena L. Fuentes  
Mark A. 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, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emer*

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, 2007, 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2007, 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 December 11, 2007, 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, 4, and 17, the City in 2007 has fully implemented Governmental Accounting Standards Board Statement No. 34 and recorded infrastructure capital assets acquired prior to fiscal year 2002-2003 in the amount of \$113,132,113, less accumulated depreciation of \$66,492,810, for an increase in net assets of \$46,639,303.

Toll Free Ph: (877) 862-2200

Toll Free Fax: (866) 436-0927

**Oakland**  
180 Grand Ave., Suite 1365  
Oakland, California 94612

**Orange County**  
9 Corporate Park, Suite 100  
Irvine, California 92606

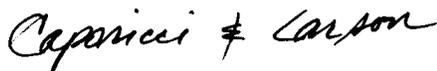
**Sacramento**  
777 Campus Commons Rd., Suite 200  
Sacramento, California 95825

**San Diego**  
4858 Mercury, Suite 106  
San Diego, California 92111

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

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



San Diego, California  
December 11, 2007

## 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, 2007. 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 122% to \$115,784 as a result of this year's operations and the inclusion of infrastructure assets.
- During the year, the City's taxes, other governmental revenues and business activity revenues exceeded expenses by \$17,096.
- Governmental net assets were \$50,332.
- The total revenues from all sources were \$125,860.
- The total cost of all City programs was \$108,764.
- The General Fund reported excess revenues over expenditures and other financing uses of \$2,985.
- Actual resources received in the General Fund exceeded final budget by \$2,002 while actual expenditures were \$6,412 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 \$30,375 or 79% 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.

|   | Governmental<br>Activities |                  | Business<br>Activities |                  | Total             |                  |
|---|----------------------------|------------------|------------------------|------------------|-------------------|------------------|
|   | 2007                       | 2006             | 2007                   | 2006             | 2007              | 2006             |
| <b>Assets:</b>                          |                            |                  |                        |                  |                   |                  |
| Current and other assets                | \$ 174,183                 | \$ 168,237       | \$ 32,324              | \$ 28,081        | \$ 206,507        | \$ 196,318       |
| Capital assets                          | 196,246                    | 191,172          | 36,986                 | 38,567           | 233,232           | 229,739          |
| <b>Total assets</b>                     | <b>370,429</b>             | <b>359,409</b>   | <b>69,310</b>          | <b>66,648</b>    | <b>439,739</b>    | <b>426,057</b>   |
| <b>Liabilities:</b>                     |                            |                  |                        |                  |                   |                  |
| Long-term debt outstanding              | 301,308                    | 306,162          | 1,966                  | 2,157            | 303,274           | 308,319          |
| Other liabilities                       | 18,789                     | 16,903           | 1,892                  | 2,148            | 20,681            | 19,051           |
| <b>Total liabilities</b>                | <b>320,097</b>             | <b>323,065</b>   | <b>3,858</b>           | <b>4,305</b>     | <b>323,955</b>    | <b>327,370</b>   |
| <b>Net assets:</b>                      |                            |                  |                        |                  |                   |                  |
| Invested in capital assets, net of debt | 21,676                     | 16,728           | 35,055                 | 36,472           | 56,731            | 53,200           |
| Restricted                              | 99,518                     | 98,416           | 284                    | 284              | 99,802            | 98,700           |
| Unrestricted-restated                   | (70,862)                   | (78,800)         | 30,113                 | 25,587           | (40,749)          | (53,213)         |
| <b>Total net assets</b>                 | <b>\$ 50,332</b>           | <b>\$ 36,344</b> | <b>\$ 65,452</b>       | <b>\$ 62,343</b> | <b>\$ 115,784</b> | <b>\$ 98,687</b> |

The City's combined net assets for the fiscal year ended June 30, 2007, were \$115,784. The City has chosen to account for its water and sewer operations as enterprise funds, which is shown as Business Activities on Table 1. The City's net assets for governmental activities increased 38% from \$36,344 to \$50,332. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets increased \$5,946 or 3.6% principally due to increased cash and investments.
- Capital assets increased \$51,713 (net of depreciation and disposition) as detailed in Table 4. During fiscal year 2006-07, approximately \$46.6 was added for inclusion of the City's infrastructure, net construction in process decreased by approximately \$4.6 which was related to the completion of the \$4.9 fire-training tower, and the machinery and equipment included increases for two fire-fighting apparatuses and one vector truck for storm drain maintenance.
- Governmental long-term debt decreased \$4,284. The decrease is primarily due to the scheduled principal payments. (See Table 5 for additional detail.)

- Other liabilities increased by a net \$1.7 million. Approximately \$1,000,000 of the increase was due to larger pass through payments in the Redevelopment Agency's debt service fund that were related to its higher tax increment revenue, \$370,000 was related to the current portion of long-term debt being higher, and the remainder of the net increase was primarily due to the timing of payments. There were no unusual items.
- Invested in capital assets net of debt increased \$4.9 primarily related to the addition of infrastructure, net of depreciation.
- Restricted net assets remained relatively unchanged, increasing by \$1,109, or 1.1%.
- 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, increased by \$54,571. This increase was primarily due to the inclusion of infrastructure assets and also from operations.

### **Governmental Activities**

The cost of all Governmental activities this year was \$83,421 as shown on Table 2 and 2.1. Of this cost, \$10,716 was paid for by those who directly benefited from the programs, \$9,043 was subsidized by grants received from other governmental organizations for both capital and operating activities, and \$77,662 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$19,760. Items of significance within Table 2 are:

#### Revenues:

- Charges for services increased by 10.8% due to increases in solid waste fees, telecommunication leases and ambulance fees.
- Grants and contributions decreased but remained stable with a slight (2.6)% decrease.
- The General Revenue category increased 5.5%. This was driven by increases in property taxes, investment earnings, and franchise fees, with the increase being partially reduced by decreased sales taxes. Much of the property tax increases continued to be as a result of development and turnover in the City's business park that falls within the Poway Redevelopment Agency, as well as the turnover of citywide residential properties. Interest earnings increased as a result of both larger balances and higher interest rates. The sales tax decrease was primarily related to the automotive sector.

#### Expenses:

- General Government Expenses decreased \$1,130 or 7.2%. The decrease was the result of less spending on projects for which financial assistance was provided, but that were not capitalized.
- The Public Safety line increased by 4.7%. This was the result of increases for law enforcement services, costs for the City's third fire station that was operational for the full year, and for salaries and benefits as the City approached full firefighter staffing.
- Public Works had a 30.1% decrease in expenses. This decrease was caused because the City's Development Services department was broken out for financial statement purposes as it has been for the City's budget purposes.
- The Development Services activity was broken out for the first time for financial statement purposes. This department includes planning and engineering services and has been broken out by the City for budget purposes for many years. If this activity had been broken out in the prior year, the fiscal year 2006-07 increase would have been 1.4%.
- Community Services decreased 13.1% because of a \$617 net decrease in tax shift and tax increment payments and a decrease of \$1,925 for noncapitalizable projects.

- Interest and fiscal charges increased by 15.9%, primarily related to the inclusion of \$1,839 of expenses related to the partial refunding of the 2000 Tax Allocation Bonds, an increase of \$1,171 for interest on Redevelopment Agency loan repayments as compared to prior year repayments, net of the slightly lower interest expense on the remaining bonds due of the normal pay down of bond principal.

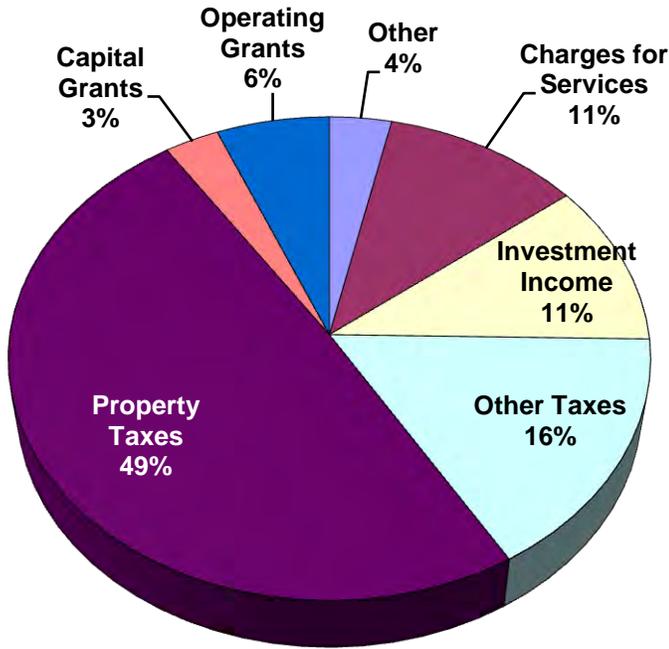
**Table 2**  
**City of Poway Changes in Net Assets**  
*(in Thousands)*

|  | Governmental<br>Activities |                  | Business<br>Activities |                  | Total             |                  |
|--|----------------------------|------------------|------------------------|------------------|-------------------|------------------|
|  | 2007                       | 2006             | 2007                   | 2006             | 2007              | 2006             |
| <b>Revenues:</b>                                 |                            |                  |                        |                  |                   |                  |
| Program revenues:                                |                            |                  |                        |                  |                   |                  |
| Charges for services                             | \$ 10,716                  | \$ 9,699         | \$ 24,582              | 22,661           | \$ 35,298         | \$ 32,360        |
| Operating grants<br>and contributions            | 6,103                      | 6,199            |                        |                  | 6,103             | 6,199            |
| Capital grants<br>and contributions              | 2,940                      | 3,088            | 64                     | 67               | 3,004             | 3,155            |
| General revenues:                                |                            |                  |                        |                  |                   |                  |
| Property taxes                                   | 48,048                     | 45,726           | -                      | 309              | 48,048            | 46,035           |
| Other taxes                                      | 15,695                     | 16,511           | -                      |                  | 15,695            | 16,511           |
| Other  | 13,919                     | 11,391           | 3,793                  | 1,896            | 17,712            | 13,287           |
| <b>Total revenues</b>                            | <b>97,421</b>              | <b>92,614</b>    | <b>28,439</b>          | <b>24,933</b>    | <b>125,860</b>    | <b>117,547</b>   |
| <b>Expenses:</b>                                 |                            |                  |                        |                  |                   |                  |
| General government                               | 14,559                     | 15,689           |                        |                  | 14,559            | 15,689           |
| Public safety                                    | 18,121                     | 17,313           |                        |                  | 18,121            | 17,313           |
| Public works                                     | 9,101                      | 13,024           |                        |                  | 9,101             | 13,024           |
| Development Svcs                                 | 4,978                      |                  |                        |                  | 4,978             | -                |
| Community Svcs                                   | 16,965                     | 19,510           |                        |                  | 16,965            | 19,510           |
| Interest and charges                             | 19,697                     | 16,987           |                        |                  | 19,697            | 16,987           |
| Water  |                            |                  | 17,372                 | 16,009           | 17,372            | 16,009           |
| Sewer  |                            |                  | 7,971                  | 8,730            | 7,971             | 8,730            |
| <b>Total expenses</b>                            | <b>83,421</b>              | <b>82,523</b>    | <b>25,343</b>          | <b>24,739</b>    | <b>108,764</b>    | <b>107,262</b>   |
| <b>Change in net assets<br/>before transfers</b> | <b>14,000</b>              | <b>10,091</b>    | <b>3,096</b>           | <b>194</b>       | <b>17,096</b>     | <b>10,285</b>    |
| <b>Transfers</b>                                 | <b>(13)</b>                | <b>461</b>       | <b>13</b>              | <b>(461)</b>     | <b>-</b>          | <b>-</b>         |
| <b>Change in net assets<br/>after transfers</b>  | <b>13,987</b>              | <b>10,552</b>    | <b>3,109</b>           | <b>(267)</b>     | <b>17,096</b>     | <b>10,285</b>    |
| <b>Net assets-7/1-restated</b>                   | <b>36,344</b>              | <b>25,792</b>    | <b>62,343</b>          | <b>62,610</b>    | <b>98,687</b>     | <b>88,402</b>    |
| <b>Net assets-6/30</b>                           | <b>\$ 50,331</b>           | <b>\$ 36,344</b> | <b>\$ 65,452</b>       | <b>\$ 62,343</b> | <b>\$ 115,783</b> | <b>\$ 98,687</b> |

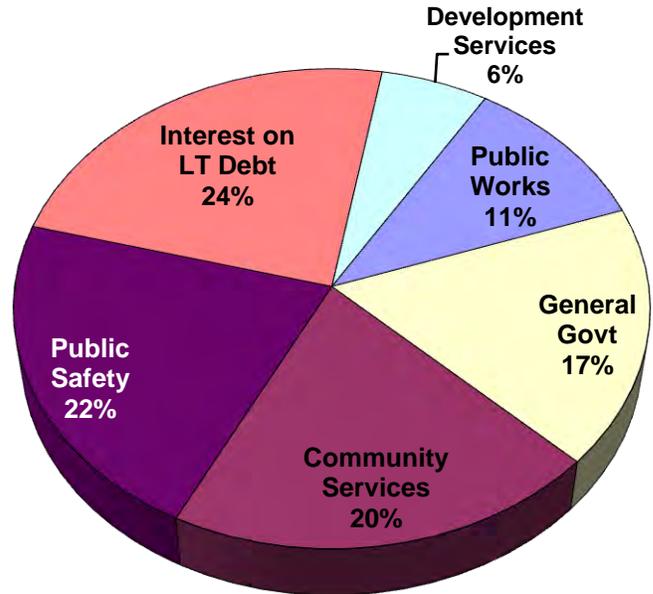
**Fiscal Year 2007  
Governmental Activities**

(Graphic representation of Table 2 in percentages)

**Revenue**



**Program Expenses**



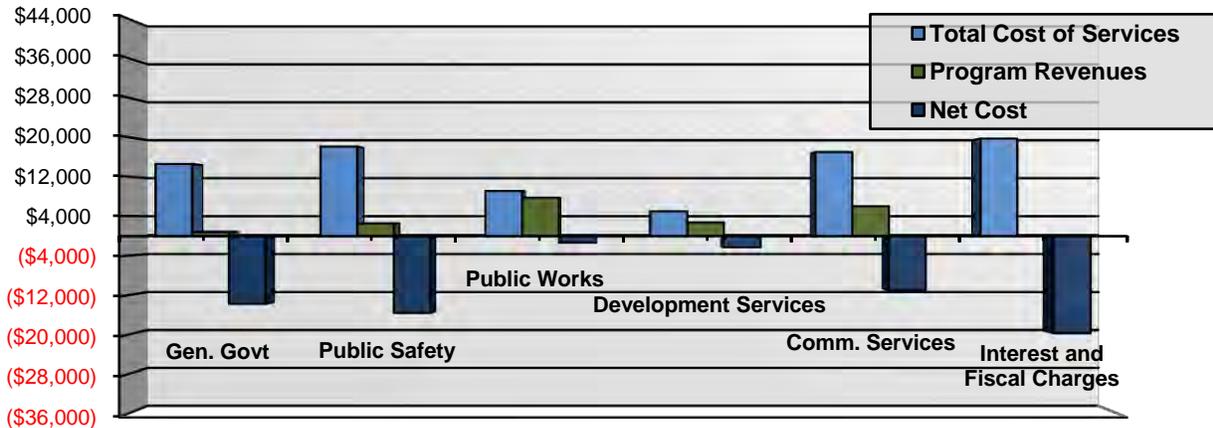
**Net Cost of Governmental Activities**

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 |                    |
|--------------------------|------------------------|------------------|------------------|------------------|----------------------|--------------------|
|                          | 2007                   | 2006             | 2007             | 2006             | 2007                 | 2006               |
| General government       | \$ 14,559              | \$ 15,689        | \$ 783           | \$ 1,487         | \$ (13,776)          | \$ (14,202)        |
| Public safety            | 18,121                 | 17,313           | 2,517            | 2,220            | (15,604)             | (15,093)           |
| Public works             | 9,101                  | 13,024           | 7,754            | 8,322            | (1,347)              | (4,702)            |
| Development services     | 4,978                  |                  | 2,702            |                  | (2,276)              | -                  |
| Community services       | 16,965                 | 19,510           | 6,004            | 6,958            | (10,961)             | (12,552)           |
| Interest and fiscal chgs | 19,697                 | 16,987           | -                | -                | (19,697)             | (16,987)           |
| <b>Totals</b>            | <b>\$ 83,421</b>       | <b>\$ 82,523</b> | <b>\$ 19,760</b> | <b>\$ 18,987</b> | <b>\$ (63,661)</b>   | <b>\$ (63,536)</b> |

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



Total resources available during the year to finance governmental operations were \$133,753 consisting of Net Assets at July 1, 2006, of \$36,344, program revenues of \$19,760, General Revenues of \$77,662, and Transfers of \$(13). Total Governmental Activities during the year were \$83,421; thus Net Assets increased by \$13,987 to \$50,332. 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.

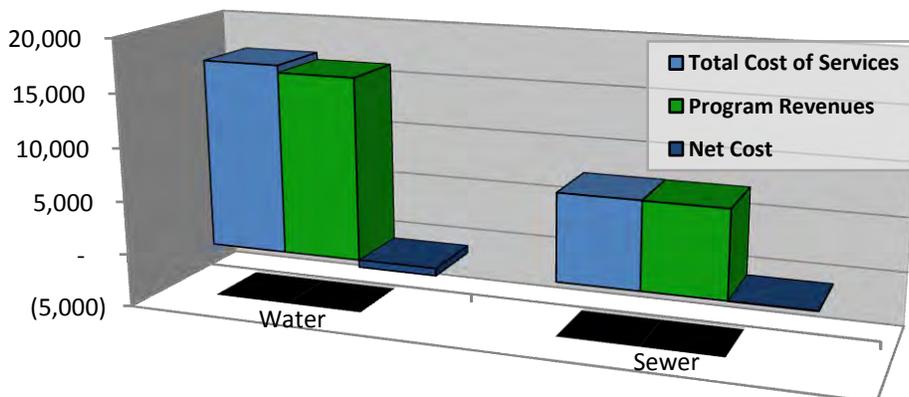
**Business-Type Activities**

Net assets of the Proprietary Funds (Business-Type activities) at June 30, 2007, as reflected in Table 1 were \$65,452. As shown in Table 2, program revenues were \$24,646, while the cost of providing all Proprietary (Business-Type) Activities this year was \$25,343 resulting in a loss of \$697. The additional \$3,806 of general and other revenues resulted in a Net Assets increase of \$3,109 or 5%.

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

|        | Total Cost of Services |           | Program Revenue |           | Net Cost of Services |            |
|--------|------------------------|-----------|-----------------|-----------|----------------------|------------|
|        | 2007                   | 2006      | 2007            | 2006      | 2007                 | 2006       |
| Water  | \$ 17,372              | \$ 16,009 | \$ 16,702       | \$ 15,249 | \$ (670)             | \$ (760)   |
| Sewer  | 7,971                  | 8,730     | 7,944           | 7,479     | (27)                 | (1,251)    |
| Totals | \$ 25,343              | \$ 24,739 | \$ 24,646       | \$ 22,728 | \$ (697)             | \$ (2,011) |

**Fiscal Year 2007  
Total Cost of Services, Program Revenues & Net Cost – Business Activities (in thousands)**



## **General Fund Budgetary Highlights**

The final appropriations for the City's General Fund at year-end were \$8,414 more than actual expenditures prior to other financing uses. The budget to actual variance in appropriations was principally in the Capital Expenditure category where several projects were budgeted but were still in the design phase. Several factors account for the remaining variance, including in the General Government activity the delay in purchasing replacement equipment such as an ambulance and computer equipment as the City was evaluating computer hardware alternatives. In Development services the variance was caused by unfilled positions and the delay in the transportation element study. Community services savings were primarily a combination of needing fewer hourly part-time employees than anticipated as well as gas and electric costs being less than budgeted. Actual revenues compared favorably to the final budget resulting in a \$2,002 excess (excluding other financing sources). The major variances were in Use of money and property and Other revenue. As mentioned before, the Use of money and property category was higher because of a combination of higher than expected investment balances and increasing interest rates. The Other revenue category was again driven by one-time higher than expected revenues such as general liability and worker's compensation refunds, mutual aid reimbursements and state-mandated cost reimbursements. Budget amendments and supplemental appropriations were made during the normal course of business to increase appropriations for unanticipated expenditures after adoption of the original budget. Significant supplemental appropriations were \$1,500 for the equipment replacement, \$200 for the increased amount due under an economic development incentive agreement, and various other increases for contracts and other items. As for revenue adjustments, the budget for taxes was increased by \$400 for the sales taxes and \$180 for increased building inspection revenue.

Other funds with significant changes in fund balance include the Low and Moderate Income Housing fund and the City Debt Service fund. The increase in the Low and Moderate Income Housing fund was primarily related to no major land purchases being made during this fiscal year. The Redevelopment Agency is updating its five-year plan and that will include projects that will utilize the Low and Moderate Income Housing fund's fund balance. The decrease in the City's Debt Service fund was due to an analysis of its balance and the balance necessary for its current outstanding debt. It was determined that some of its existing balance was related to retired debt and that some of the balances could be returned to the original sources for the payment of the retired debt.

## **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 City completed its inventory of infrastructure assets and its streets and highways and storm drain infrastructure networks included in their values for the fiscal year ended June 30, 2007. This accounted for an increase of depreciable assets of \$113,132, with an increase net of depreciation of \$46,639. The Governmental Construction in Progress decreased by \$4.6, primarily because of the completion of the Fire Training Tower. Business Construction in Process included reductions for the completion of the Community Road and Camino de Valle sewer lines, the Skyridge #2 Reservoir improvements and the utility billing system. 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<br>Activities |                   | Business<br>Activities |                  | Total             |                   |
|-----------------------------|----------------------------|-------------------|------------------------|------------------|-------------------|-------------------|
|                             | 2007                       | 2006              | 2007                   | 2006             | 2007              | 2006              |
| Land                        | \$ 71,840                  | \$ 71,610         | \$ 77                  | \$ 77            | \$ 71,917         | \$ 71,687         |
| Buildings                   | 42,790                     | 41,350            | 7,376                  | 7,897            | 50,166            | 49,247            |
| Improvements                | 5,561                      | 14,219            | 28,020                 | 26,071           | 33,581            | 40,290            |
| Infrastructure-not restated | 61,966                     | -                 | -                      | -                | 61,966            | -                 |
| Equip & Vehicles            | 6,391                      | 5,085             | 895                    | 389              | 7,286             | 5,474             |
| Construction in Prog        | 7,698                      | 12,268            | 618                    | 4,133            | 8,316             | 16,401            |
|                             | <u>\$ 196,246</u>          | <u>\$ 144,532</u> | <u>\$ 36,986</u>       | <u>\$ 38,567</u> | <u>\$ 233,232</u> | <u>\$ 183,099</u> |

## Debt

At year-end, the City had \$308,352 in governmental-type debt and \$2,173 in Proprietary debt. During the year there was a partial refunding of the 2000 Tax Allocation Bonds with the 2007 Tax Allocation Bonds in order to take advantage of favorable interest rates. The Loans Payable increased because accrued interest related to the \$1.9 million operating covenant with AZ Poway, LLC (dba Mossy Nissan) was greater than the payment made under the covenant.

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

|                               | Governmental<br>Activities |                   | Business<br>Activities |                 | Total             |                   |
|-------------------------------|----------------------------|-------------------|------------------------|-----------------|-------------------|-------------------|
|                               | 2007                       | 2006              | 2007                   | 2006            | 2007              | 2006              |
| Tax Allocation Bonds          | \$ 251,784                 | \$ 254,812        |                        |                 | \$ 251,784        | \$ 254,812        |
| Certificates of Participation | 53,069                     | 54,475            |                        |                 | 53,069            | 54,475            |
| General Obligation Bonds      |                            |                   |                        |                 | -                 | -                 |
| Revenue Bonds                 |                            |                   | \$ 1,914               | \$ 2,076        | 1,914             | 2,076             |
| Loans Payable                 | 2,165                      | 2,132             | -                      | -               | 2,165             | 2,132             |
| Lease Payable                 | -                          | -                 | -                      | -               | -                 | -                 |
| Contract Payable              | 37                         | 38                |                        |                 | 37                | 38                |
| Comp Absences                 | 1,297                      | 1,179             | 259                    | 243             | 1,556             | 1,422             |
| <b>Total</b>                  | <u>\$ 308,352</u>          | <u>\$ 312,636</u> | <u>\$ 2,173</u>        | <u>\$ 2,319</u> | <u>\$ 310,525</u> | <u>\$ 314,955</u> |

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

In considering the City Budget for fiscal year 2007-2008, the City Council and management continued to be cautious because of a slowing housing market, lower sales tax receipts and a continued concern over the State's long-term budget situation. During fiscal year 2006-2007 the City undertook the development of a new cost allocation plan. As a result of the implementation of this plan for fiscal year 2007-08, total general fund revenues are projected to decrease, while the growth in general fund expenditures will be small. This is primarily the result of administrative charges to the Redevelopment Agency that were previously recorded as revenue in the general fund and will now be charged directly to the Agency. When adjusted for the new method, General Fund revenue growth is estimated at approximately 3.1%. This increase mainly occurred because of increases in franchise fees and interest earnings. Also as adjusted from the new allocation method, General Fund expenditures are budgeted to increase 6.7%. Higher retirement costs contributed to increases in all departments. Additionally, the Public Works budget includes increased funding for street maintenance. The City initially anticipated using approximately \$700,000 from its Reserve for Economic Uncertainty to balance the fiscal year 2007-2008 budget. However, in addition to the cost allocation plan update, a review of City fees was also performed. In December 2007 the City adopted new fee schedules for community services programs, ambulance services, and development fees. It is expected that the net result of these updated fee schedules will be to eliminate the need to draw from the Reserve for Economic Uncertainty in fiscal year 2007-2008, as well as help stabilize the City's financial future over the next several fiscal years.

## **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, 2007**

|   | Primary Government         |                             |                    |
|---|----------------------------|-----------------------------|--------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total              |
| <b>ASSETS</b>                           |                            |                             |                    |
| Current assets:                         |                            |                             |                    |
| Cash and investments                    | \$ 116,794,981             | \$ 12,820,161               | \$ 129,615,142     |
| Cash and investments with fiscal agents | 23,162,604                 | 283,938                     | 23,446,542         |
| Receivables:                            |                            |                             |                    |
| Taxes                                   | 3,008,576                  | 498                         | 3,009,074          |
| Accounts                                | 1,219,049                  | 4,038,389                   | 5,257,438          |
| Interest                                | 1,489,492                  | 1,051                       | 1,490,543          |
| Due from other governments and agencies | 845,166                    | 688,918                     | 1,534,084          |
| Prepaid items                           | 1,356,508                  | -                           | 1,356,508          |
| Inventories                             | 80,609                     | 1,363,088                   | 1,443,697          |
| Total current assets                    | 147,956,985                | 19,196,043                  | 167,153,028        |
| Noncurrent assets:                      |                            |                             |                    |
| Lease receivable                        | 28,930,000                 | -                           | 28,930,000         |
| Notes receivable                        | 6,292,962                  | -                           | 6,292,962          |
| Internal balances                       | (11,968,034)               | 11,968,034                  | -                  |
| Loans to Business Park Fiduciary Fund   | -                          | 1,106,268                   | 1,106,268          |
| Deferred charges, net                   | 618,685                    | 53,638                      | 672,323            |
| Land held for resale                    | 2,352,833                  | -                           | 2,352,833          |
| Capital assets:                         |                            |                             |                    |
| Nondepreciable assets                   | 79,537,730                 | 694,867                     | 80,232,597         |
| Depreciable assets, net                 | 116,707,968                | 36,291,430                  | 152,999,398        |
| Total capital assets                    | 196,245,698                | 36,986,297                  | 233,231,995        |
| Total noncurrent assets                 | 222,472,144                | 50,114,237                  | 272,586,381        |
| <b>Total assets</b>                     | <b>370,429,129</b>         | <b>69,310,280</b>           | <b>439,739,409</b> |

**City of Poway**  
**Statement of Net Assets, Continued**  
**June 30, 2007**

|  | Primary Government         |                             | Total                 |
|--|----------------------------|-----------------------------|-----------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities |                       |
| <b>LIABILITIES</b>                                 |                            |                             |                       |
| Current liabilities:                               |                            |                             |                       |
| Accounts payable                                   | \$ 8,982,565               | \$ 1,625,307                | \$ 10,607,872         |
| Accrued liabilities                                | 1,006,716                  | -                           | 1,006,716             |
| Accrued interest payable                           | 1,755,001                  | 17,330                      | 1,772,331             |
| Deposits   | -                          | 42,372                      | 42,372                |
| Due to other governments and agencies              | 2,231                      | -                           | 2,231                 |
| Compensated absences - due within one year         | 194,515                    | 39,914                      | 234,429               |
| Long-term debt - due within one year               | 6,848,194                  | 167,588                     | 7,015,782             |
| Total current liabilities                          | 18,789,222                 | 1,892,511                   | 20,681,733            |
| Noncurrent liabilities:                            |                            |                             |                       |
| Compensated absences                               | 1,102,252                  | 219,513                     | 1,321,765             |
| Long-term debt - due in more than one year         | 300,206,038                | 1,746,327                   | 301,952,365           |
| Total noncurrent liabilities                       | 301,308,290                | 1,965,840                   | 303,274,130           |
| <b>Total liabilities</b>                           | <b>320,097,512</b>         | <b>3,858,351</b>            | <b>323,955,863</b>    |
| <b>NET ASSETS (DEFICIT)</b>                        |                            |                             |                       |
| Investments in capital assets, net of related debt | 21,675,540                 | 35,055,052                  | 56,730,592            |
| Restricted for:                                    |                            |                             |                       |
| General Fund                                       | 7,538,564                  | -                           | 7,538,564             |
| Affordable housing                                 | 11,377,077                 | -                           | 11,377,077            |
| Debt service                                       | 14,894,846                 | 283,938                     | 15,178,784            |
| Capital improvement projects                       | 45,501,806                 | -                           | 45,501,806            |
| Special revenue funds                              | 19,248,865                 | -                           | 19,248,865            |
| Permanent funds                                    | 957,423                    | -                           | 957,423               |
| Total restricted                                   | 99,518,581                 | 283,938                     | 99,802,519            |
| Unrestricted (deficit)                             | (70,862,504)               | 30,112,939                  | (40,749,565)          |
| <b>Total net assets (deficit)</b>                  | <b>\$ 50,331,617</b>       | <b>\$ 65,451,929</b>        | <b>\$ 115,783,546</b> |

See accompanying Notes to Basic Financial Statements.

**City of Poway**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2007**

| Functions/Programs               | Expenses              | Program Revenues     |                                    |                                  | Total Program Revenues |
|----------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|------------------------|
|                                  |                       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |                        |
| <b>Primary government:</b>       |                       |                      |                                    |                                  |                        |
| <b>Governmental activities:</b>  |                       |                      |                                    |                                  |                        |
| General government               | \$ 14,559,177         | \$ 176,938           | \$ 517,362                         | \$ 88,276                        | \$ 782,576             |
| Public safety                    | 18,121,264            | 2,181,971            | 335,090                            | -                                | 2,517,061              |
| Public works                     | 9,100,534             | 4,011,644            | 3,732,910                          | 9,619                            | 7,754,173              |
| Development services             | 4,978,301             | 1,451,489            | 1,250,684                          | -                                | 2,702,173              |
| Community services               | 16,964,745            | 2,894,396            | 266,999                            | 2,842,378                        | 6,003,773              |
| Interest and fiscal charges      | 19,697,044            | -                    | -                                  | -                                | -                      |
| Total governmental activities    | 83,421,065            | 10,716,438           | 6,103,045                          | 2,940,273                        | 19,759,756             |
| <b>Business-type activities:</b> |                       |                      |                                    |                                  |                        |
| Water                            | 17,371,707            | 16,637,705           | -                                  | 63,604                           | 16,701,309             |
| Sewer                            | 7,970,848             | 7,943,890            | -                                  | -                                | 7,943,890              |
| Total business-type activities   | 25,342,555            | 24,581,595           | -                                  | 63,604                           | 24,645,199             |
| <b>Total primary government</b>  | <b>\$ 108,763,620</b> | <b>\$ 35,298,033</b> | <b>\$ 6,103,045</b>                | <b>\$ 3,003,877</b>              | <b>\$ 44,404,955</b>   |

**City of Poway**  
**Statement of Activities and Changes in Net Assets, Continued**  
**For the year ended June 30, 2007**

| Functions/Programs   | Net (Expense) Revenue and<br>Changes in Net Assets |                             |                       |
|--|--|-----------------------------|-----------------------|
|  | Primary Government                                 |                             |                       |
|  | Governmental<br>Activities                         | Business-type<br>Activities | Total                 |
| <b>Primary government:</b>                                   |  |                             |                       |
| <b>Governmental activities:</b>                              |  |                             |                       |
| General government   | \$ (13,776,601)                                    | \$ -                        | \$ (13,776,601)       |
| Public safety  | (15,604,203)                                       | -                           | (15,604,203)          |
| Public works   | (1,346,361)  | -                           | (1,346,361)           |
| Development services   | (2,276,128)  | -                           | (2,276,128)           |
| Community services   | (10,960,972)                                       | -                           | (10,960,972)          |
| Interest and fiscal charges                                  | (19,697,044)                                       | -                           | (19,697,044)          |
| Total governmental activities                                | (63,661,309)                                       | -                           | (63,661,309)          |
| <b>Business-type activities:</b>                             |  |                             |                       |
| Water  | -  | (670,398)                   | (670,398)             |
| Sewer  | -  | (26,958)                    | (26,958)              |
| Total business-type activities                               | -  | (697,356)                   | (697,356)             |
| <b>Total primary government</b>                              | <b>(63,661,309)</b>                                | <b>(697,356)</b>            | <b>(64,358,665)</b>   |
| <b>General revenues:</b>                                     |  |                             |                       |
| Taxes:   |  |                             |                       |
| Property taxes   | 48,048,249   | -                           | 48,048,249            |
| Sales taxes  | 13,032,518   | -                           | 13,032,518            |
| Motor vehicle license taxes                                  | 273,727  | -                           | 273,727               |
| Transit occupancy taxes                                      | 202,767  | -                           | 202,767               |
| Franchise taxes  | 1,588,677  | -                           | 1,588,677             |
| Other taxes  | 596,868  | -                           | 596,868               |
| Total taxes  | 63,742,806   | -                           | 63,742,806            |
| Investment earnings  | 10,569,205   | 3,038,852                   | 13,608,057            |
| Miscellaneous  | 3,349,606  | 754,566                     | 4,104,172             |
| <b>Transfers</b>   | <b>(12,808)</b>                                    | <b>12,808</b>               | <b>-</b>              |
| <b>Total general revenues and transfers</b>                  | <b>77,648,809</b>                                  | <b>3,806,226</b>            | <b>81,455,035</b>     |
| <b>Change in net assets</b>                                  | <b>13,987,500</b>                                  | <b>3,108,870</b>            | <b>17,096,370</b>     |
| <b>Net assets - beginning of year, as restated (Note 17)</b> | <b>36,344,117</b>                                  | <b>62,343,059</b>           | <b>98,687,176</b>     |
| <b>Net assets - end of year</b>                              | <b>\$ 50,331,617</b>                               | <b>\$ 65,451,929</b>        | <b>\$ 115,783,546</b> |

*This page intentionally left blank.*

---

# FUND FINANCIAL STATEMENTS

---

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

*This page intentionally left blank.*

---

**GOVERNMENTAL FUND  
FINANCIAL STATEMENTS**

---

**City of Poway**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**

|  | Major Funds          |  |  |   |
|--|----------------------|--|--|---|
|  | General              | Low and<br>Moderate<br>Income Housing<br>Special Revenue<br>Fund | City of<br>Poway RDA<br>Debt Service<br>Fund | Redevelopment<br>Area<br>Capital Projects<br>Fund |
| <b>ASSETS</b>                              |                      |  |  |   |
| Cash and investments                       | \$ 28,664,072        | \$ 11,712,712  | \$ 12,214,118                                | \$ 37,938,985                                     |
| Receivables:                               |                      |  |  |   |
| Taxes                                      | 2,292,840            | -  | 695,942                                      | -   |
| Notes                                      | 529,170              | -  | -  | 5,763,792   |
| Accounts                                   | 933,396              | -  | -  | 7,828   |
| Interest                                   | 1,070,766            | -  | 66,093                                       | 346,604   |
| Lease                                      | -                    | -  | 28,930,000                                   | -   |
| Due from other funds                       | 327,309              | -  | -  | -   |
| Due from other governments                 | 354,505              | -  | -  | -   |
| Prepaid items                              | 1,356,508            | -  | -  | -   |
| Inventories, at cost                       | 80,609               | -  | -  | -   |
| Land held for resale                       | -                    | -  | -  | 2,352,833   |
| Advances to other funds                    | 5,599,757            | -  | -  | -   |
| Restricted assets:                         |                      |  |  |   |
| Cash and investments with fiscal agents    | -                    | -  | 21,632,002                                   | -   |
| <b>Total assets</b>                        | <b>\$ 41,208,932</b> | <b>\$ 11,712,712</b>   | <b>\$ 63,538,155</b>                         | <b>\$ 46,410,042</b>                              |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>   |                      |  |  |   |
| <b>Liabilities:</b>                        |                      |  |  |   |
| Accounts payable                           | \$ 2,178,431         | \$ 335,635   | \$ 4,430,549                                 | \$ 1,486,933                                      |
| Accrued liabilities                        | 1,006,716            | -  | -  | -   |
| Due to other funds                         | -                    | -  | -  | -   |
| Deposits                                   | 2,231                | -  | -  | -   |
| Deferred revenue                           | 107,739              | -  | 28,930,000                                   | -   |
| Advances from other funds                  | -                    | -  | 20,275,092                                   | -   |
| <b>Total liabilities</b>                   | <b>3,295,117</b>     | <b>335,635</b>   | <b>53,635,641</b>                            | <b>1,486,933</b>                                  |
| <b>Fund Balances:</b>                      |                      |  |  |   |
| Reserved                                   | 7,538,564            | 11,377,077   | 9,902,514                                    | 10,452,581  |
| Unreserved:                                |                      |  |  |   |
| Designated for:                            |                      |  |  |   |
| General fund                               | 30,375,251           | -  | -  | -   |
| Special revenue funds                      | -                    | -  | -  | -   |
| Capital projects funds                     | -                    | -  | -  | 34,470,528  |
| Undesignated                               |                      |  |  |   |
| Special revenue funds                      | -                    | -  | -  | -   |
| <b>Total fund balances</b>                 | <b>37,913,815</b>    | <b>11,377,077</b>  | <b>9,902,514</b>                             | <b>44,923,109</b>                                 |
| <b>Total liabilities and fund balances</b> | <b>\$ 41,208,932</b> | <b>\$ 11,712,712</b>   | <b>\$ 63,538,155</b>                         | <b>\$ 46,410,042</b>                              |

See accompanying Notes to Basic Financial Statements.

---



---

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$ 21,669,751                  | \$ 112,199,638                 |
| 19,794                         | 3,008,576                      |
| -                              | 6,292,962                      |
| 277,825                        | 1,219,049                      |
| 6,029                          | 1,489,492                      |
| -                              | 28,930,000                     |
| -                              | 327,309                        |
| 490,661                        | 845,166                        |
| -                              | 1,356,508                      |
| -                              | 80,609                         |
| -                              | 2,352,833                      |
| 3,737,676                      | 9,337,433                      |
| <u>1,530,602</u>               | <u>23,162,604</u>              |
| <u>\$ 27,732,338</u>           | <u>\$ 190,602,179</u>          |

|                      |                       |
|----------------------|-----------------------|
| \$ 525,801           | \$ 8,957,349          |
| -                    | 1,006,716             |
| 327,309              | 327,309               |
| -                    | 2,231                 |
| 71,536               | 29,109,275            |
| <u>1,030,375</u>     | <u>21,305,467</u>     |
| <u>1,955,021</u>     | <u>60,708,347</u>     |
| 11,931,567           | 51,202,303            |
| -                    | 30,375,251            |
| -                    | -                     |
| 8,567,130            | 43,037,658            |
| <u>5,278,620</u>     | <u>5,278,620</u>      |
| <u>25,777,317</u>    | <u>129,893,832</u>    |
| <u>\$ 27,732,338</u> | <u>\$ 190,602,179</u> |

*This page intentionally left blank.*

**City of Poway**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**June 30, 2007**

**Total Fund Balances - Total Governmental Funds** \$ 129,893,832

Amounts reported for governmental activities in the Statement of Net Assets are differently because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

|  |                    |
|--|--------------------|
| Nondepreciable                               | 79,537,730         |
| Depreciable, net of accumulated depreciation | <u>116,707,968</u> |
| Total capital assets                         | <u>196,245,698</u> |

Deferred charges, such as issuance costs from issuing debt, were expenditures in the fund financial statements but are deferred and subject to capitalization and amortization on the Government-Wide Statement of Net Assets.

|                                   |                |
|-----------------------------------|----------------|
| Originated during the year        | 627,623        |
| Accumulated amortization of costs | <u>(8,938)</u> |
| Total issuance costs              | <u>618,685</u> |

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

|   |                      |
|---|----------------------|
| Compensated absences (net of \$35,401 reported in Internal Service Funds) | (1,261,366)          |
| Long-term liabilities - due within one year                               | (6,848,194)          |
| Long-term liabilities - due in more than one year                         | <u>(300,206,038)</u> |
| Total long-term liabilities   | <u>(308,315,598)</u> |

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.

(1,755,001)

Deferred revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available are recognized as revenues in the Government-Wide Financial Statements.

29,109,275

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Assets.

4,534,726

**Net Assets of Governmental Activities** \$ 50,331,617

**City of Poway**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2007**

|   | Major Funds       |   |                                      |   |
|---|-------------------|---|--------------------------------------|---|
|   | General           | Low and Moderate Income Housing Special Revenue Funds | City of Poway RDA Debt Service Funds | Redevelopment Area Capital Projects Funds |
| <b>REVENUES:</b>                            |                   |   |                                      |   |
| Taxes                                       | \$ 26,860,347     | \$ -  | \$ 36,011,865                        | \$ -                                      |
| Licenses and permits                        | 330,755           | -   | -                                    | -   |
| Intergovernmental                           | 776,669           | -   | -                                    | -   |
| Charges for services                        | 3,667,970         | -   | -                                    | -   |
| Fines and forfeitures                       | 720,949           | -   | -                                    | -   |
| Use of money and property                   | 2,880,459         | 478,133   | 4,233,548                            | 2,244,376                                 |
| Developer fees                              | 3,338,546         | -   | -                                    | -   |
| Assessment levied                           | -                 | -   | -                                    | -   |
| Other revenues                              | 1,204,803         | 32,076  | -                                    | 21,792                                    |
| <b>Total revenues</b>                       | <b>39,780,498</b> | <b>510,209</b>  | <b>40,245,413</b>                    | <b>2,266,168</b>                          |
| <b>EXPENDITURES:</b>                        |                   |   |                                      |   |
| Current:                                    |                   |   |                                      |   |
| General government                          | 5,616,332         | -   | -                                    | 3,997,777                                 |
| Public safety                               | 17,751,705        | -   | -                                    | -   |
| Public works                                | 3,685,854         | -   | -                                    | -   |
| Development Services                        | 5,028,405         | -   | -                                    | -   |
| Community services                          | 5,443,838         | -   | -                                    | -   |
| Capital outlay                              | 868,710           | 979,189   | -                                    | 9,132,660                                 |
| Debt service:                               |                   |   |                                      |   |
| Principal                                   | -                 | -   | 5,740,000                            | -   |
| Interest and fiscal charges                 | -                 | -   | 16,768,897                           | -   |
| Tax increment reimbursement                 | -                 | -   | 4,889,025                            | -   |
| <b>Total expenditures</b>                   | <b>38,394,844</b> | <b>979,189</b>  | <b>27,397,922</b>                    | <b>13,130,437</b>                         |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>1,385,654</b>  | <b>(468,980)</b>                                      | <b>12,847,491</b>                    | <b>(10,864,269)</b>                       |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                   |   |                                      |   |
| Proceeds from loans                         | -                 | -   | 148,273                              | -   |
| Refunding bonds issued                      | -                 | -   | 26,442,450                           | -   |
| Payments to escrow agent trust              | -                 | -   | (25,999,413)                         | -   |
| Bond issuance costs                         | -                 | -   | (627,623)                            | -   |
| Transfers in                                | 2,383,704         | 7,224,350   | 2,916,729                            | 10,076,519                                |
| Transfers out                               | (784,730)         | (2,148,343)   | (17,211,509)                         | (7,080)                                   |
| <b>Total other financing sources (uses)</b> | <b>1,598,974</b>  | <b>5,076,007</b>                                      | <b>(14,331,093)</b>                  | <b>10,069,439</b>                         |
| <b>NET CHANGE IN FUND BALANCE</b>           | <b>2,984,628</b>  | <b>4,607,027</b>                                      | <b>(1,483,602)</b>                   | <b>(794,830)</b>                          |
| <b>FUND BALANCES:</b>                       |                   |   |                                      |   |
| Beginning of year                           | 34,929,187        | 6,770,050   | 11,386,116                           | 45,717,939                                |
| End of year                                 | \$ 37,913,815     | \$ 11,377,077   | \$ 9,902,514                         | \$ 44,923,109                             |

See accompanying Notes to Basic Financial Statements.

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$ 938,029                     | \$ 63,810,241                  |
| -                              | 330,755                        |
| 3,560,098                      | 4,336,767                      |
| 751,694                        | 4,419,664                      |
| -                              | 720,949                        |
| 6,283,927                      | 16,120,443                     |
| 1,171,195                      | 4,509,741                      |
| 1,868,567                      | 1,868,567                      |
| 131,091                        | 1,389,762                      |
| <u>14,704,601</u>              | <u>97,506,889</u>              |
| -                              | 9,614,109                      |
| 146,106                        | 17,897,811                     |
| 2,870,942                      | 6,556,796                      |
|                                | 5,028,405                      |
| 6,433,587                      | 11,877,425                     |
| 3,225,403                      | 14,205,962                     |
| 730,000                        | 6,470,000                      |
| 1,127,733                      | 17,896,630                     |
| -                              | 4,889,025                      |
| <u>14,533,771</u>              | <u>94,436,163</u>              |
| 170,830                        | 3,070,726                      |
| -                              | 148,273                        |
| -                              | 26,442,450                     |
| -                              | (25,999,413)                   |
| -                              | (627,623)                      |
| 1,167,197                      | 23,768,499                     |
| <u>(2,709,354)</u>             | <u>(22,861,016)</u>            |
| <u>(1,542,157)</u>             | <u>871,170</u>                 |
| (1,371,327)                    | 3,941,896                      |
| 27,148,644                     | 125,951,936                    |
| <u>\$ 25,777,317</u>           | <u>\$ 129,893,832</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, 2007

|  |                      |
|--|----------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>  | <b>\$ 3,941,896</b>  |
| Amounts reported for governmental activities in the Statement of Activities are 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 is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.   | 10,742,823           |
| Depreciation is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in governmental funds.   | (5,668,972)          |
| Long-term compensated absences are 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 are not reported as expenditures in governmental funds. This amount represent the change in compensated absences from prior year. | (114,201)            |
| Issuance costs from issuing debt are expenditures at the fund level but are deferred and subject to capitalization and amortization on the statement of net assets.  |                      |
| Originated during the year   | 627,623              |
| Amortization of bond issuance costs  | (8,938)              |
| 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 is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.    |                      |
| Proceeds from loans  | (148,273)            |
| Refunding bonds issued   | (26,442,450)         |
| Repayment of contract and notes payable  | 116,132              |
| Principal payment  | 6,470,000            |
| Payments to escrow agent   | 25,999,413           |
| Interest and fiscal changes on refunding of TAB  | (1,839,413)          |
| 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  | 206,611              |
| 2007 Tax Allocation Bonds  | 18,695               |
| 2003 Certificates of Participation   | 9,892                |
| 2005 Certificates of Participation   | 11,317               |
| Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. This amount represents the change in accrued interest from prior year.  | 39,000               |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   | (513,883)            |
| Internal service funds are 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 is reported with governmental activities.  | 540,228              |
| <b>Change in Net Assets of Governmental Activities</b>   | <b>\$ 13,987,500</b> |

See accompanying Notes to Basic Financial Statements.

---

# PROPRIETARY FUND FINANCIAL STATEMENTS

---

**City of Poway**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2007**

|   | Major Funds          |                      |                      | Governmental                            |
|---|----------------------|----------------------|----------------------|---|
|   | Water                | Sewer                | Total                | Activities<br>Internal<br>Service Funds |
| <b>ASSETS</b>                                   |                      |                      |                      |   |
| Current assets:                                 |                      |                      |                      |   |
| Cash and investments                            | \$ 6,865,716         | \$ 5,954,445         | \$ 12,820,161        | \$ 4,595,343                            |
| Cash and investments with fiscal agents         | 283,938              | -                    | 283,938              | -                                       |
| Receivables:                                    |                      |                      |                      |   |
| Taxes   | 498                  | -                    | 498                  | -                                       |
| Accounts  | 2,683,549            | 1,354,840            | 4,038,389            | -                                       |
| Interest  | 1,051                | -                    | 1,051                | -                                       |
| Due from other governments                      | 18,847               | 670,071              | 688,918              | -                                       |
| Inventories                                     | 1,359,036            | 4,052                | 1,363,088            | -                                       |
| <b>Total current assets</b>                     | <b>11,212,635</b>    | <b>7,983,408</b>     | <b>19,196,043</b>    | <b>4,595,343</b>                        |
| Noncurrent assets:                              |                      |                      |                      |   |
| Advances to other funds                         | 3,804,911            | 8,163,123            | 11,968,034           | -                                       |
| Advances to Fiduciary Fund - Business Park      | -                    | 1,106,268            | 1,106,268            | -                                       |
| Deferred charges                                | 53,638               | -                    | 53,638               | -                                       |
| Capital assets:                                 |                      |                      |                      |   |
| Nondepreciable                                  | 137,029              | 557,838              | 694,867              | -                                       |
| Depreciable                                     | 47,249,751           | 28,956,030           | 76,205,781           | -                                       |
| Less accumulated depreciation                   | (26,719,145)         | (13,195,206)         | (39,914,351)         | -                                       |
| <b>Total net capital assets</b>                 | <b>20,667,635</b>    | <b>16,318,662</b>    | <b>36,986,297</b>    | <b>-</b>                                |
| <b>Total noncurrent assets</b>                  | <b>24,526,184</b>    | <b>25,588,053</b>    | <b>50,114,237</b>    | <b>-</b>                                |
| <b>Total assets</b>                             | <b>35,738,819</b>    | <b>33,571,461</b>    | <b>69,310,280</b>    | <b>4,595,343</b>                        |
| <b>LIABILITIES</b>                              |                      |                      |                      |   |
| Current liabilities:                            |                      |                      |                      |   |
| Accounts payable                                | 1,131,253            | 494,054              | 1,625,307            | 25,216                                  |
| Deposits  | 42,293               | 79                   | 42,372               | -                                       |
| Accrued interest payable                        | 17,330               | -                    | 17,330               | -                                       |
| Compensated absences due within one year        | 31,210               | 8,704                | 39,914               | -                                       |
| Long-term debt due within one year              | 167,588              | -                    | 167,588              | -                                       |
| <b>Total current liabilities</b>                | <b>1,389,674</b>     | <b>502,837</b>       | <b>1,892,511</b>     | <b>25,216</b>                           |
| Noncurrent liabilities:                         |                      |                      |                      |   |
| Compensated absences                            | 176,857              | 42,656               | 219,513              | 35,401                                  |
| Long-term debt due in more than one year        | 1,746,327            | -                    | 1,746,327            | -                                       |
| <b>Total noncurrent liabilities</b>             | <b>1,923,184</b>     | <b>42,656</b>        | <b>1,965,840</b>     | <b>35,401</b>                           |
| <b>Total liabilities</b>                        | <b>3,312,858</b>     | <b>545,493</b>       | <b>3,858,351</b>     | <b>60,617</b>                           |
| <b>NET ASSETS</b>                               |                      |                      |                      |   |
| Invested in capital assets, net of related debt | 18,736,390           | 16,318,662           | 35,055,052           | -                                       |
| Restricted for debt service                     | 283,938              | -                    | 283,938              | -                                       |
| Unrestricted                                    | 13,405,633           | 16,707,306           | 30,112,939           | 4,534,726                               |
| <b>Total net assets</b>                         | <b>\$ 32,425,961</b> | <b>\$ 33,025,968</b> | <b>\$ 65,451,929</b> | <b>\$ 4,534,726</b>                     |

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, 2007**

|   | Major Funds       |                  |                   | Governmental                            |
|---|-------------------|------------------|-------------------|---|
|   | Water             | Sewer            | Total             | Activities<br>Internal<br>Service Funds |
| <b>OPERATING REVENUES:</b>                              |                   |                  |                   |   |
| Charges for services                                    | \$ 16,476,605     | \$ 7,536,728     | \$ 24,013,333     | \$ 2,193,310                            |
| Connection fees   | 161,100           | 407,162          | 568,262           | -                                       |
| Other   | 79,990            | 674,576          | 754,566           | 4,695                                   |
| <b>Total operating revenues</b>                         | <b>16,717,695</b> | <b>8,618,466</b> | <b>25,336,161</b> | <b>2,198,005</b>                        |
| <b>OPERATING EXPENSES:</b>                              |                   |                  |                   |   |
| Personnel services                                      | 2,919,792         | 692,664          | 3,612,456         | 330,599                                 |
| Maintenance and operations                              | 4,464,783         | 6,534,072        | 10,998,855        | 605,336                                 |
| Cost of purchased water                                 | 8,819,844         | -                | 8,819,844         | -                                       |
| Depreciation  | 1,167,288         | 744,112          | 1,911,400         | -                                       |
| <b>Total operating expenses</b>                         | <b>17,371,707</b> | <b>7,970,848</b> | <b>25,342,555</b> | <b>935,935</b>                          |
| <b>OPERATING INCOME (LOSS)</b>                          | <b>(654,012)</b>  | <b>647,618</b>   | <b>(6,394)</b>    | <b>1,262,070</b>                        |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                |                   |                  |                   |   |
| Taxes   | -                 | -                | -                 | -                                       |
| Intergovernmental                                       | 63,604            | -                | 63,604            | -                                       |
| Interest revenue  | 1,364,884         | 1,793,705        | 3,158,589         | 198,449                                 |
| Interest expense and fiscal charges                     | (119,737)         | -                | (119,737)         | -                                       |
| <b>Total nonoperating revenues (expenses)</b>           | <b>1,308,751</b>  | <b>1,793,705</b> | <b>3,102,456</b>  | <b>198,449</b>                          |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b> | <b>654,739</b>    | <b>2,441,323</b> | <b>3,096,062</b>  | <b>1,460,519</b>                        |
| <b>TRANSFERS:</b>                                       |                   |                  |                   |   |
| Transfers in  | 341,849           | -                | 341,849           | -                                       |
| Transfers out   | (191,275)         | (137,766)        | (329,041)         | (920,291)                               |
| <b>Total transfers</b>                                  | <b>150,574</b>    | <b>(137,766)</b> | <b>12,808</b>     | <b>(920,291)</b>                        |
| <b>Change in net assets</b>                             | <b>805,313</b>    | <b>2,303,557</b> | <b>3,108,870</b>  | <b>540,228</b>                          |
| <b>NET ASSETS:</b>                                      |                   |                  |                   |   |
| Beginning of year                                       | 31,620,648        | 30,722,411       | 62,343,059        | 3,994,498                               |
| End of year   | \$ 32,425,961     | \$ 33,025,968    | \$ 65,451,929     | \$ 4,534,726                            |

See accompanying Notes to Basic Financial Statements.

**City of Poway**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2007**

|   | Major Funds         |                       |                       | Governmental                            |
|---|---------------------|-----------------------|-----------------------|---|
|   | Water               | Sewer                 | Total                 | Activities<br>Internal<br>Service Funds |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                     |                       |                       |   |
| Cash receipts from customers  | \$ 16,279,188       | \$ 7,837,848          | \$ 24,117,036         | \$ 2,198,005                            |
| Cash paid to employees for services   | (2,899,567)         | (696,739)             | (3,596,306)           | (327,334)                               |
| Cash paid to suppliers for goods or services  | (13,907,155)        | (6,242,176)           | (20,149,331)          | (723,089)                               |
| Others  | 61,143              | (3,303,739)           | (3,242,596)           | -                                       |
| <b>Net cash provided (used) by operating activities</b>   | <b>(466,391)</b>    | <b>(2,404,806)</b>    | <b>(2,871,197)</b>    | <b>1,147,582</b>                        |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |                     |                       |                       |   |
| Taxes   | 1,818               | -                     | 1,818                 | -                                       |
| Intergovernmental   | 63,604              | -                     | 63,604                | -                                       |
| Transfers in  | 341,849             | -                     | 341,849               | (920,291)                               |
| Transfers out   | (191,275)           | (137,766)             | (329,041)             | -                                       |
| <b>Net cash provided (used) by noncapital financing activities</b>                                    | <b>215,996</b>      | <b>(137,766)</b>      | <b>78,230</b>         | <b>(920,291)</b>                        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                      |                     |                       |                       |   |
| Net changes in capital assets   | (181,179)           | (149,312)             | (330,491)             | -                                       |
| Principal paid on long-term debt  | (162,400)           | -                     | (162,400)             | -                                       |
| Payment of interest and fees  | (121,085)           | -                     | (121,085)             | 198,449                                 |
| <b>Net cash provided (used) by capital and related financing activities</b>                           | <b>(464,664)</b>    | <b>(149,312)</b>      | <b>(613,976)</b>      | <b>198,449</b>                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                     |                       |                       |   |
| Interest income   | 1,364,852           | 1,793,705             | 3,158,557             | -                                       |
| <b>Net cash provided (used) by investing activities</b>   | <b>1,364,852</b>    | <b>1,793,705</b>      | <b>3,158,557</b>      | <b>-</b>                                |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>649,793</b>      | <b>(898,179)</b>      | <b>(248,386)</b>      | <b>425,740</b>                          |
| <b>CASH AND CASH EQUIVALENTS:</b>   |                     |                       |                       |   |
| Beginning of year   | 6,499,861           | 6,852,624             | 13,352,485            | 4,169,603                               |
| End of year   | \$ 7,149,654        | \$ 5,954,445          | \$ 13,104,099         | \$ 4,595,343                            |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                     |                       |                       |   |
| Operating income (loss)   | \$ (654,012)        | \$ 647,618            | \$ (6,394)            | \$ 1,262,070                            |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                     |                       |                       |   |
| Depreciation  | 1,167,288           | 744,112               | 1,911,400             | -                                       |
| Changes in operating assets and liabilities:  |                     |                       |                       |   |
| Accounts receivable   | (361,060)           | (106,121)             | (467,181)             | -                                       |
| Inventories   | (36,966)            | 1,873                 | (35,093)              | -                                       |
| Deferred charges  | 6,437               | -                     | 6,437                 | -                                       |
| Due from other governments  | (18,847)            | (670,071)             | (688,918)             | -                                       |
| Advances to other funds   | -                   | (3,308,244)           | (3,308,244)           | -                                       |
| Accounts payable  | (591,999)           | 290,023               | (301,976)             | (117,753)                               |
| Deposits  | 2,543               | 79                    | 2,622                 | -                                       |
| Compensated absences  | 20,225              | (4,075)               | 16,150                | 3,265                                   |
| Total adjustments   | 187,621             | (3,052,424)           | (2,864,803)           | (114,488)                               |
| <b>Net cash provided (used) by operating activities</b>   | <b>\$ (466,391)</b> | <b>\$ (2,404,806)</b> | <b>\$ (2,871,197)</b> | <b>\$ 1,147,582</b>                     |

See accompanying Notes to Basic Financial Statements.

---

# FIDUCIARY FUND FINANCIAL STATEMENTS

---

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

**City of Poway**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2007**

---

|  | Agency<br>Funds             |
|--|-----------------------------|
|  | <u>                    </u> |
| <b>ASSETS</b>                          |                             |
| Cash and investments                   | \$ 8,359,177                |
| Receivables:                           |                             |
| Taxes                                  | 23,875                      |
| Advance to City of Poway               | 1,106,268                   |
| Interest                               | 141,662                     |
| Cash and investments with fiscal agent | <u>5,327,843</u>            |
| <b>Total assets</b>                    | <u><u>\$ 14,958,825</u></u> |
| <b>LIABILITIES</b>                     |                             |
| Accounts payable                       | \$ 114,574                  |
| Deposits                               | 3,655,744                   |
| Due to bondholders                     | 10,082,239                  |
| Advances from City of Poway            | <u>1,106,268</u>            |
| <b>Total liabilities</b>               | <u><u>\$ 14,958,825</u></u> |

See accompanying Notes to Basic Financial Statements.

---

# NOTES TO BASIC FINANCIAL STATEMENTS

---

**City of Poway**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2007**

---

**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, 2007**

---

**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, 2007**

---

**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, 2007**

---

**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, 2007**

---

**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 (Amendment of GASB Statement No. 3)*, 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, 2007**

---

**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, 2007**

---

**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, 2007**

---

**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. Recording of Infrastructure Capital Assets acquired prior to FY 2002-2003**

In fiscal year 2007, the City has fully implemented Governmental Accounting Standards Board Statement No. 34 and record infrastructure capital assets acquired prior to 2002-2003. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2006. At July 1, 2006, the total infrastructure capital assets acquired prior to FY 2002-2003 has a historical cost of \$113,132,113 with accumulated depreciation of \$66,492,810. As a result of the inclusion of the infrastructure capital assets, a retroactive adjustment in the amount of \$46,639,303 was made to the beginning net assets of the Governmental activities.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

**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, 2007:

|   | Government-Wide<br>Statement of Net Assets |                      |                            | Total                 |
|---|--|----------------------|----------------------------|-----------------------|
|   | Governmental                               | Business             | Fiduciary Funds            |                       |
|   | Activities                                 | Type<br>Activities   | Statement of<br>Net Assets |                       |
| Cash and investments                    | \$ 116,794,981                             | \$ 12,820,161        | \$ 8,359,177               | \$ 137,974,319        |
| Cash and investments with fiscal agents | 23,162,604                                 | 283,938              | 5,327,843                  | 28,774,385            |
| <b>Total</b>                            | <b>\$ 139,957,585</b>                      | <b>\$ 13,104,099</b> | <b>\$ 13,687,020</b>       | <b>\$ 166,748,704</b> |

Cash, cash equivalents, and investments consisted of the following at June 30, 2007:

|                                   |                       |
|-----------------------------------|-----------------------|
| Cash on hand                      | \$ 8,910              |
| Demand deposits                   | 558,726               |
| Investments                       | 166,181,068           |
| <b>Total cash and investments</b> | <b>\$ 166,748,704</b> |

**A. Cash Deposits**

The carrying amounts of the City's demand deposits were \$558,726 at June 30, 2007. Bank balances at June 30, 2007, were \$1,748,819 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 \$100,000 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, 2007**

**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<br>Investment Type       | Maximum<br>Maturity | Maximum<br>Percentage of<br>Portfolio* | Maximum<br>Investment in<br>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%                                     |
| 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                                   |

\* 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<br>Investment Type       | Maximum<br>Maturity | Maximum<br>Percentage of<br>Portfolio* | Maximum<br>Investment in<br>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, 2007**

**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<br>or Less  | 13 to 24<br>Months   | 25 to 60<br>Months   | More than<br>60 Months |
| U.S. Treasuries                        | \$ 5,376,563          | \$ 2,472,657          | \$ -                 | \$ 2,903,906         | \$ -                   |
| U.S. Agencies                          | 24,076,582            | 21,542,341            | 2,534,241            | -                    | -                      |
| Other Government                       | 22,313,183            | 22,313,183            | -                    | -                    | -                      |
| Asset Backed Securities                | 12,791,295            | 1,958,221             | 6,859,366            | 3,973,708            | -                      |
| Mortgage Backed Securities             | 2,529,060             | -                     | -                    | 2,529,060            | -                      |
| Medium-Term and Corporate Notes        | 18,786,754            | 10,105,750            | 3,037,757            | 5,643,247            | -                      |
| Local Agency Investment Fund (LAIF)    | 51,156,090            | 51,156,090            | -                    | -                    | -                      |
| San Diego County Investment Pool       | 58,117                | 58,117                | -                    | -                    | -                      |
| LOI Bond AD #2001-1                    | 219,039               | 16,814                | 17,781               | 59,716               | 124,728                |
| Certificates of Deposit                | 100,000               | 100,000               | -                    | -                    | -                      |
| Held by bond trustee:                  |                       |                       |                      |                      |                        |
| Money Market Funds                     | 4,941,037             | 4,941,037             | -                    | -                    | -                      |
| Uninvested Cash                        | 29,706                | 29,706                | -                    | -                    | -                      |
| Investment Contracts                   | 21,016,158            | 1,726,022             | -                    | 6,397,726            | 12,892,410             |
| Federal National Mortgage Association  | 1,572,153             | 1,572,153             | -                    | -                    | -                      |
| Federal Home Loan Mortgage Corporation | 1,215,331             | 1,215,331             | -                    | -                    | -                      |
|  | <u>\$ 166,181,068</u> | <u>\$ 119,207,422</u> | <u>\$ 12,449,145</u> | <u>\$ 21,507,363</u> | <u>\$ 13,017,138</u>   |

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

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

**D. Risk Disclosures, Continued**

**Credit Risk**

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

| Investment Type                       | Amounts               | Minimum Rating | Exempt     | AAA/Aaa              | AAA/Aa1              | AA/Aa2              | A+/Aa3              | A+/A1               | A/A1                | A/A2                | AA-/Aa3             | AA/NR               |                      |
|---------------------------------------|-----------------------|----------------|------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| U.S. Treasuries                       | \$ 5,376,563          | Aaa            | \$ -       | \$ 5,376,563         | \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |                      |
| U.S. Agencies                         | 24,076,582            | Aaa            | -          | 24,076,582           | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| Other government                      | 22,313,183            | Aaa            | -          | -                    | -                    | -                   | -                   | -                   | -                   | -                   | -                   | 22,313,183          |                      |
| Asset Backed Securities               | 12,791,295            | Aaa            | -          | 12,791,295           | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| Mortgage Backed Securities            | 2,529,060             | Aaa            | -          | 2,529,060            | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| Medium-Term and Corporate Notes       | 18,786,754            | A1             | -          | 1,043,161            | 2,006,738            | 2,973,873           | 2,651,069           | 4,125,136           | 1,061,635           | 2,947,404           | 1,977,738           | -                   |                      |
| Local Agency Investment Fund (LAIF)   | 51,156,090            | N/A            | 51,156,090 | -                    | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| San Diego County Investment Pool      | 58,117                |                | 58,117     | -                    | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| LOI Bond AD #2001-1                   | 219,039               |                | 219,039    | -                    | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| Certificates of Deposit               | 100,000               |                | -          | 100,000              | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| Held by bond trustee:                 |                       |                |            |                      |                      |                     |                     |                     |                     |                     |                     |                     |                      |
| Money Market Funds                    | 4,941,037             |                | -          | 4,941,037            | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| Uninvested Cash                       | 29,706                |                | 29,706     | -                    | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| Investment Contracts                  | 21,016,158            |                | 21,016,158 | -                    | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| Federal National Mortgage Association | 1,572,153             |                | 1,572,153  | -                    | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| Federal Home Loan Banks               | 1,215,331             |                | 1,215,331  | -                    | -                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
|                                       | <u>\$ 166,181,068</u> |                |            | <u>\$ 75,266,594</u> | <u>\$ 50,857,698</u> | <u>\$ 2,006,738</u> | <u>\$ 2,973,873</u> | <u>\$ 2,651,069</u> | <u>\$ 4,125,136</u> | <u>\$ 1,061,635</u> | <u>\$ 2,947,404</u> | <u>\$ 1,977,738</u> | <u>\$ 22,313,183</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 District 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     | \$ 5,376,563    |
| Union Bank/U.S. Bank   | U.S. Agencies       | 24,076,582      |
| Union Bank/U.S. Bank   | Other government    | 22,313,183      |
| Union Bank             | Corporates          | 18,786,754      |
| State Treasurer Office | LAIF                | 51,156,090      |
| Societe Generale       | Investment Contract | 3,544,500       |
| AMBAC Capital Funding  | Investment Contract | 6,397,726       |
| FSA Capital            | Investment Contract | 11,073,932      |

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

**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, 2007, at fair value. The fair value is calculated by multiplying the account balance with LAIF times a fair value factor of 0.999545022 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, 2007, included a portion of the pooled funds invested in 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, 2007, the City had \$51,156,090 invested in LAIF, which had invested 3.466% of the pooled investment funds in 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, 2007, the City had \$58,117 invested in the San Diego County Investment Pool.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

**3. INTERFUND TRANSACTIONS**

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

As of June 30, 2007, balances were as follows:

|                              | Due from other funds |                   |                   |
|------------------------------|----------------------|-------------------|-------------------|
|                              | Due to other funds   | General Fund      | Total             |
| Governmental Activities:     |                      |                   |                   |
| Non-major Governmental Funds | \$ 327,309           | \$ 327,309        | \$ 327,309        |
| <b>Total</b>                 | <b>\$ 327,309</b>    | <b>\$ 327,309</b> | <b>\$ 327,309</b> |

These balances resulted from loans to cover negative cash balances as of June 30, 2007.

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

|                              | Advance from other funds |                                     |                              |                        |                      |
|------------------------------|--------------------------|-------------------------------------|------------------------------|------------------------|----------------------|
|                              | Advance to other funds   | City of Poway RDA Debt Service Fund | Non-major Governmental Funds | Fiduciary Agency Funds | Total                |
| Governmental Activities:     |                          |                                     |                              |                        |                      |
| General Fund                 | \$ 4,801,458             | \$ 798,299                          | \$ -                         | \$ -                   | \$ 5,599,757         |
| Non-major Governmental Funds | 3,720,100                | 17,576                              | -                            | -                      | 3,737,676            |
| Business-Type Activities:    |                          |                                     |                              |                        |                      |
| Water                        | 3,804,911                | -                                   | -                            | -                      | 3,804,911            |
| Sewer                        | 7,948,623                | 214,500                             | 1,106,268                    | -                      | 9,269,391            |
| <b>Total</b>                 | <b>\$ 20,275,092</b>     | <b>\$ 1,030,375</b>                 | <b>\$ 1,106,268</b>          | <b>\$ -</b>            | <b>\$ 22,411,735</b> |

The advances were primarily used for the following:

The City Council authorized various loans to the Redevelopment Agency totaling \$20,275,092 and to other Non-major Governmental funds totaling \$1,030,375 at various interest rates. The terms of the loans are indefinite. Accrued interest on the loans of \$5,667,524 and \$934,779 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. 881- Bond Deposit Fiduciary Agency Fund \$1,106,268. 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, 2007**

**3. INTERFUND TRANSACTIONS, Continued**

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

Transfers for the year ended June 30, 2007, were as follows:

|   | Transfers Out     |   |  |  |                                    |                             |                             |                              |                      |
|---|-------------------|---|--|--|------------------------------------|-----------------------------|-----------------------------|------------------------------|----------------------|
|   | General           | Low and Moderate<br>Income Housing<br>Special Revenue<br>Fund | City of Poway<br>RDA<br>Debt Service<br>Fund | Redevelopment<br>Area<br>Capital Projects<br>Funds | Non-major<br>Governmental<br>Funds | Water<br>Enterprise<br>Fund | Sewer<br>Enterprise<br>Fund | Internal<br>Service<br>Funds | Total                |
| <b>Transfers In</b>                                     |                   |   |  |  |                                    |                             |                             |                              |                      |
| General Fund  | \$ 271,060        | \$ -  | \$ -   | \$ 7,080   | \$ 1,065,483                       | \$ 86,650                   | \$ 33,140                   | \$ 920,291                   | \$ 2,383,704         |
| Low and Moderate Income Housing<br>Special Revenue Fund | -                 | -   | 7,224,350                                    | -  | -                                  | -                           | -                           | -                            | 7,224,350            |
| City of Poway RDA<br>Debt Service Fund                  | -                 | 1,614,707   | -  | -  | 1,302,022                          | -                           | -                           | -                            | 2,916,729            |
| Redevelopment Area<br>Capital Projects Fund             | -                 | 533,636   | 9,542,883                                    | -  | -                                  | -                           | -                           | -                            | 10,076,519           |
| Non-major Governmental<br>Funds                         | 513,670           | -   | 444,276                                      | -  | -                                  | 104,625                     | 104,626                     | -                            | 1,167,197            |
| Enterprise Fund<br>Water                                | -                 | -   | -  | -  | 341,849                            | -                           | -                           | -                            | 341,849              |
| <b>Total</b>  | <b>\$ 784,730</b> | <b>\$ 2,148,343</b>   | <b>\$ 17,211,509</b>                         | <b>\$ 7,080</b>                                    | <b>\$ 2,709,354</b>                | <b>\$ 191,275</b>           | <b>\$ 137,766</b>           | <b>\$ 920,291</b>            | <b>\$ 24,110,348</b> |

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.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

**4. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

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

|                                       | Balance               |                      |                     |             |                  | Balance               |
|---------------------------------------|-----------------------|----------------------|---------------------|-------------|------------------|-----------------------|
|                                       | July 1, 2006          | Adjustments          | Additions           | Deletions   | Reclassification | June 30, 2007         |
| <b>Non-depreciable Assets:</b>        |                       |                      |                     |             |                  |                       |
| Land                                  | \$ 71,610,337         | \$ -                 | \$ 229,588          | \$ -        | \$ -             | \$ 71,839,925         |
| Construction in progress              | 12,268,405            | -                    | 8,290,288           | -           | (12,860,888)     | 7,697,805             |
| Total non-depreciable assets          | 83,878,742            | -                    | 8,519,876           | -           | (12,860,888)     | 79,537,730            |
| <b>Depreciable Assets:</b>            |                       |                      |                     |             |                  |                       |
| Buildings                             | 57,319,805            | -                    | 117,053             | -           | 5,391,366        | 62,828,224            |
| Improvements other than buildings     | 17,313,316            | -                    | 21,685              | -           | (11,332,372)     | 6,002,629             |
| Infrastructure                        | -                     | 113,132,113          | 746,124             | -           | 17,939,093       | 131,817,330           |
| Machinery and equipment               | 10,591,695            | -                    | 1,338,085           | -           | 862,801          | 12,792,581            |
| Total depreciable assets,<br>at cost  | 85,224,816            | 113,132,113          | 2,222,947           | -           | 12,860,888       | 213,440,764           |
| <b>Less accumulated depreciation:</b> |                       |                      |                     |             |                  |                       |
| Buildings                             | (15,969,590)          | -                    | (1,611,558)         | -           | (2,457,221)      | (20,038,369)          |
| Improvements other than buildings     | (3,094,584)           | -                    | (220,350)           | -           | 2,873,367        | (441,567)             |
| Infrastructure                        | -                     | (66,492,810)         | (2,942,265)         | -           | (416,146)        | (69,851,221)          |
| Machinery and equipment               | (5,506,840)           | -                    | (894,799)           | -           | -                | (6,401,639)           |
| Total accumulated depreciation        | (24,571,014)          | (66,492,810)         | (5,668,972)         | -           | -                | (96,732,796)          |
| Total depreciable assets, net         | 60,653,802            | 46,639,303           | (3,446,025)         | -           | 12,860,888       | 116,707,968           |
| <b>Total governmental activities</b>  | <b>\$ 144,532,544</b> | <b>\$ 46,639,303</b> | <b>\$ 5,073,851</b> | <b>\$ -</b> | <b>\$ -</b>      | <b>\$ 196,245,698</b> |

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2007 are as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| General government                | \$ 1,410,725        |
| Public safety                     | 589,075             |
| Public works                      | 3,314,106           |
| Community services                | 355,066             |
| <b>Total depreciation expense</b> | <b>\$ 5,668,972</b> |

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

**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, 2006         | Additions             | Deletions         | Reclassification | June 30, 2007        |
| <b>Non-depreciable Assets:</b>        |                      |                       |                   |                  |                      |
| Land                                  | \$ 76,797            | \$ -                  | \$ -              | \$ -             | \$ 76,797            |
| Construction in progress              | 4,132,559            | 172,121               | (7,084)           | (3,679,526)      | 618,070              |
| Total non-depreciable assets          | 4,209,356            | 172,121               | (7,084)           | (3,679,526)      | 694,867              |
| <b>Depreciable Assets:</b>            |                      |                       |                   |                  |                      |
| Buildings                             | 21,076,441           | -                     | -                 | -                | 21,076,441           |
| Improvements other than buildings     | 49,413,039           | 35,660                | -                 | 3,207,925        | 52,656,624           |
| Machinery and equipment               | 2,015,122            | 129,794               | (143,801)         | 471,601          | 2,472,716            |
| Total depreciable assets, at cost     | 72,504,602           | 165,454               | (143,801)         | 3,679,526        | 76,205,781           |
| <b>Less accumulated depreciation:</b> |                      |                       |                   |                  |                      |
| Buildings                             | (13,179,262)         | (520,604)             | -                 | -                | (13,699,866)         |
| Improvements other than buildings     | (23,341,534)         | (1,295,156)           | -                 | -                | (24,636,690)         |
| Machinery and equipment               | (1,625,956)          | (95,640)              | 143,801           | -                | (1,577,795)          |
| Total accumulated depreciation        | (38,146,752)         | (1,911,400)           | 143,801           | -                | (39,914,351)         |
| Total depreciable assets, net         | 34,357,850           | (1,745,946)           | -                 | 3,679,526        | 36,291,430           |
| <b>Total business-type activities</b> | <b>\$ 38,567,206</b> | <b>\$ (1,573,825)</b> | <b>\$ (7,084)</b> | <b>\$ -</b>      | <b>\$ 36,986,297</b> |

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2007 are as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| Water                             | \$ 1,167,288        |
| Sewer                             | 744,112             |
| <b>Total depreciation expense</b> | <b>\$ 1,911,400</b> |

**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, 2007**

**5. LONG-TERM DEBT**

The following is a summary of long-term debt for the year ended June 30, 2007:

|                                       | Balance<br>July 1, 2006 | Debt<br>Issued       | Debt<br>Retired        | Balance<br>June 30, 2007 | Classification      |                              |
|---------------------------------------|-------------------------|----------------------|------------------------|--------------------------|---------------------|------------------------------|
|                                       |                         |                      |                        |                          | Due in<br>One Year  | Due in more<br>than One Year |
| <b>Governmental Activities:</b>       |                         |                      |                        |                          |                     |                              |
| Tax Allocation Bonds                  | \$ 254,811,734          | \$ 26,442,450        | \$ (29,470,306)        | \$ 251,783,878           | \$ 5,381,426        | \$ 246,402,452               |
| Certificates of Participation         | 54,474,776              | -                    | (1,406,209)            | 53,068,567               | 1,465,583           | 51,602,984                   |
| Contract payable                      | 37,665                  | -                    | (1,108)                | 36,557                   | 1,185               | 35,372                       |
| Notes payable                         | 2,131,982               | 148,273              | (115,024)              | 2,165,230                | -                   | 2,165,230                    |
| Compensated absences                  | 1,179,301               | 270,136              | (152,670)              | 1,296,767                | 194,515             | 1,102,252                    |
| <b>Total governmental activities</b>  | <b>\$ 312,635,458</b>   | <b>\$ 26,860,859</b> | <b>\$ (31,145,317)</b> | <b>\$ 308,350,999</b>    | <b>\$ 7,042,709</b> | <b>\$ 301,308,290</b>        |
| <b>Business-Type Activities:</b>      |                         |                      |                        |                          |                     |                              |
| Revenue Bonds                         | \$ 2,076,315            | \$ -                 | \$ (162,400)           | \$ 1,913,915             | \$ 167,588          | \$ 1,746,327                 |
| Compensated absences                  | 243,277                 | 50,324               | (34,174)               | 259,427                  | 39,914              | 219,513                      |
| <b>Total business-type activities</b> | <b>\$ 2,319,592</b>     | <b>\$ -</b>          | <b>\$ (196,574)</b>    | <b>\$ 2,173,342</b>      | <b>\$ 207,502</b>   | <b>\$ 1,965,840</b>          |

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

**Tax Allocation Bonds**

Tax Allocation Bonds at June 30, 2007, consisted of the following:

|                                   | Balance<br>July 1, 2006 | Additions            | Deletions              | Balance<br>June 30, 2007 | Amount Due          | Amount Due            |
|-----------------------------------|-------------------------|----------------------|------------------------|--------------------------|---------------------|-----------------------|
|                                   |                         |                      |                        |                          | Within<br>One Year  | More Than<br>One Year |
| 2000 Tax allocation bonds         | \$ 37,190,000           | \$ -                 | \$ (25,335,000)        | \$ 11,855,000            | \$ 1,230,000        | \$ 10,625,000         |
| 2001 Tax allocation bonds         | 74,450,000              | -                    | (455,000)              | 73,995,000               | 470,000             | 73,525,000            |
| 2003 Tax allocation bonds         | 140,035,000             | -                    | (3,230,000)            | 136,805,000              | 3,385,000           | 133,420,000           |
| Bond premium                      | 3,136,734               | -                    | (206,611)              | 2,930,123                | 202,746             | 2,727,377             |
| 2007 Tax allocation bonds         | -                       | 24,965,000           | (225,000)              | 24,740,000               | 30,000              | 24,710,000            |
| Bond premium                      | -                       | 1,477,450            | (18,695)               | 1,458,755                | 63,680              | 1,395,075             |
| <b>Total Tax Allocation Bonds</b> | <b>\$ 254,811,734</b>   | <b>\$ 26,442,450</b> | <b>\$ (29,470,306)</b> | <b>\$ 251,783,878</b>    | <b>\$ 5,381,426</b> | <b>\$ 246,402,452</b> |

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

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

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

**Tax Allocation Bonds, Continued**

2000 Tax Allocation Bonds

In March 2000, the Agency issued the 2000 Tax Allocation Refunding Bonds in the amount of \$39,915,000. The bonds were issued on a subordinate basis to the portion of the Agency's previously issued \$21,595,000 Paguay Redevelopment Project, Tax Allocation Refunding Bonds, Series 1990A, of which \$5,855,000 were not refunded and \$0 is currently outstanding. 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, 2007 was \$11,855,000.

The annual requirements to amortize the bonds outstanding at June 30, 2007, are as follows:

| Year Ending<br>June 30, | Principal            | Interest            | Total                |
|-------------------------|----------------------|---------------------|----------------------|
| 2008                    | \$ 1,230,000         | \$ 613,868          | \$ 1,843,868         |
| 2009                    | 1,290,000            | 554,881             | 1,844,881            |
| 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            |
| 2013-2017               | -                    | 1,671,810           | 1,671,810            |
| 2018-2022               | -                    | 1,671,810           | 1,671,810            |
| 2023-2027               | 375,000              | 1,671,810           | 2,046,810            |
| 2028-2032               | 4,405,000            | 1,023,788           | 5,428,788            |
| 2033                    | 1,035,000            | 44,850              | 1,079,850            |
| <b>Total</b>            | <b>\$ 11,855,000</b> | <b>\$ 8,523,441</b> | <b>\$ 20,378,441</b> |

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

**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, 2007 was \$73,995,000.

The annual requirements to amortize the bonds outstanding at June 30, 2007, are as follows:

| Year Ending<br>June 30, | Principal            | Interest             | Total                 |
|-------------------------|----------------------|----------------------|-----------------------|
| 2008                    | \$ 470,000           | \$ 3,780,346         | \$ 4,250,346          |
| 2009                    | 500,000              | 3,759,352            | 4,259,352             |
| 2010                    | 550,000              | 3,736,790            | 4,286,790             |
| 2011                    | 580,000              | 3,712,424            | 4,292,424             |
| 2012                    | 1,360,000            | 3,712,424            | 5,072,424             |
| 2013-2017               | 11,475,000           | 17,459,346           | 28,934,346            |
| 2018-2022               | 12,235,000           | 14,484,572           | 26,719,572            |
| 2023-2027               | 20,330,000           | 11,117,070           | 31,447,070            |
| 2028-2032               | 22,405,000           | 5,485,092            | 27,890,092            |
| 2033                    | 4,090,000            | 523,466              | 4,613,466             |
| <b>Total</b>            | <b>\$ 73,995,000</b> | <b>\$ 67,770,882</b> | <b>\$ 141,765,882</b> |

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, 2007 was \$136,805,000.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

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

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

**Tax Allocation Bonds, Continued**

2003 Tax Allocation Bonds, Continued

The annual requirements to amortize the bonds outstanding at June 30, 2007, are as follows:

| Year Ending<br>June 30, | Principal             | Interest              | Total                 | Amortization of<br>Bond Premium |
|-------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|
| 2008                    | \$ 3,385,000          | \$ 6,803,626          | \$ 10,188,626         | \$ 202,746                      |
| 2009                    | 3,520,000             | 6,676,362             | 10,196,362            | 198,189                         |
| 2010                    | 3,620,000             | 6,526,288             | 10,146,288            | 194,994                         |
| 2011                    | 3,740,000             | 6,421,100             | 10,161,100            | 191,162                         |
| 2012                    | 4,050,000             | 6,294,900             | 10,344,900            | 186,915                         |
| 2013-2017               | 24,885,000            | 28,950,076            | 53,835,076            | 846,481                         |
| 2018-2022               | 32,110,000            | 22,367,466            | 54,477,466            | 630,761                         |
| 2023-2027               | 35,940,000            | 13,295,956            | 49,235,956            | 340,252                         |
| 2028-2032               | 19,850,000            | 5,262,878             | 25,112,878            | 132,128                         |
| 2033                    | 5,705,000             | 693,002               | 6,398,002             | 6,495                           |
| <b>Total</b>            | <b>\$ 136,805,000</b> | <b>\$ 103,291,654</b> | <b>\$ 240,096,654</b> | <b>\$ 2,930,123</b>             |

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, 2007 was \$24,740,000.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

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

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

**Tax Allocation Bonds, Continued**

2007 Tax Allocation Bonds, Continued

The annual requirements to amortize the bonds outstanding at June 30, 2007, are as follows:

| Year Ending<br>June 30, | Principal            | Interest             | Total                | Amortization of<br>Bond Premium |
|-------------------------|----------------------|----------------------|----------------------|---------------------------------|
| 2008                    | \$ 30,000            | \$ 1,228,980         | \$ 1,258,980         | \$ 63,680                       |
| 2009                    | 30,000               | 1,227,930            | 1,257,930            | 63,626                          |
| 2010                    | 30,000               | 1,226,880            | 1,256,880            | 63,571                          |
| 2011                    | 30,000               | 1,225,830            | 1,255,830            | 63,517                          |
| 2012                    | 30,000               | 1,224,780            | 1,254,780            | 63,462                          |
| 2013-2017               | 160,000              | 6,107,464            | 6,267,464            | 348,015                         |
| 2018-2022               | 200,000              | 6,072,569            | 6,272,569            | 283,095                         |
| 2023-2027               | 1,805,000            | 6,027,145            | 7,832,145            | 312,299                         |
| 2028-2032               | 18,200,000           | 3,652,125            | 21,852,125           | 189,236                         |
| 2033                    | 4,225,000            | 159,125              | 4,384,125            | 8,254                           |
| <b>Total</b>            | <b>\$ 24,740,000</b> | <b>\$ 28,152,828</b> | <b>\$ 52,892,828</b> | <b>\$ 1,458,755</b>             |

**Certificates of Participation**

Certificates of Participation at June 30, 2007, consisted of the following:

|  | Balance<br>July 1, 2006 | Additions   | Deletions             | Balance<br>June 30, 2007 | Amount Due<br>Within<br>One Year | Amount Due<br>More Than<br>One Year |
|--|-------------------------|-------------|-----------------------|--------------------------|----------------------------------|-------------------------------------|
| 1995 Certificates of Participation         | \$ 29,585,000           | \$ -        | \$ (655,000)          | \$ 28,930,000            | \$ 695,000                       | \$ 28,235,000                       |
| 2003 Certificates of Participation         | 16,670,000              | -           | (330,000)             | 16,340,000               | 340,000                          | 16,000,000                          |
| Bond premium                               | 171,446                 | -           | (9,892)               | 161,554                  | 9,770                            | 151,784                             |
| 2005 Certificates of Participation         | 7,940,000               | -           | (400,000)             | 7,540,000                | 410,000                          | 7,130,000                           |
| Bond premium                               | 108,330                 | -           | (11,317)              | 97,013                   | 10,813                           | 86,200                              |
| <b>Total certificates of participation</b> | <b>\$ 54,474,776</b>    | <b>\$ -</b> | <b>\$ (1,406,209)</b> | <b>\$ 53,068,567</b>     | <b>\$ 1,465,583</b>              | <b>\$ 51,602,984</b>                |

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

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

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

**Certificates of Participation, Continued**

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, 2007, the outstanding balance of the 1995 Refunding Certificates of Participation was \$28,930,000.

The annual debt service requirements for the 1995 Refunding Certificates of Participation outstanding at June 30, 2007, are as follows:

| Year Ending<br>June 30, | Principal            | Interest             | Total                |
|-------------------------|----------------------|----------------------|----------------------|
| 2008                    | \$ 695,000           | \$ 1,713,444         | \$ 2,408,444         |
| 2009                    | 735,000              | 1,674,572            | 2,409,572            |
| 2010                    | 780,000              | 1,631,388            | 2,411,388            |
| 2011                    | 825,000              | 1,584,976            | 2,409,976            |
| 2012                    | 870,000              | 1,584,976            | 2,454,976            |
| 2012-2016               | 5,225,000            | 7,126,610            | 12,351,610           |
| 2017-2021               | 6,995,000            | 5,450,250            | 12,445,250           |
| 2022-2026               | 9,415,000            | 3,181,650            | 12,596,650           |
| 2027-2029               | 3,390,000            | 505,050              | 3,895,050            |
| <b>Total</b>            | <b>\$ 28,930,000</b> | <b>\$ 24,452,916</b> | <b>\$ 53,382,916</b> |

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

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

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

**Certificates 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, 2007, the outstanding balance of the 2003 Certificates of Participation was \$16,340,000.

| Year Ending<br>June 30, | Principal            | Interest             | Total                | Amortization of<br>Bond Premium |
|-------------------------|----------------------|----------------------|----------------------|---------------------------------|
| 2008                    | \$ 340,000           | \$ 787,616           | \$ 1,127,616         | \$ 9,770                        |
| 2009                    | 355,000              | 774,016              | 1,129,016            | 9,601                           |
| 2010                    | 370,000              | 759,816              | 1,129,816            | 9,425                           |
| 2011                    | 385,000              | 745,016              | 1,130,016            | 9,241                           |
| 2012                    | 400,000              | 3,492,768            | 3,892,768            | 9,074                           |
| 2013-2017               | 2,250,000            | 3,492,768            | 5,742,768            | 42,133                          |
| 2018-2022               | 2,860,000            | 2,923,262            | 5,783,262            | 34,586                          |
| 2023-2027               | 3,650,000            | 2,171,500            | 5,821,500            | 24,776                          |
| 2028-2032               | 4,655,000            | 1,211,500            | 5,866,500            | 12,281                          |
| 2033                    | 1,075,000            | 158,750              | 1,233,750            | 667                             |
| <b>Total</b>            | <u>\$ 16,340,000</u> | <u>\$ 16,517,012</u> | <u>\$ 32,857,012</u> | <u>\$ 161,554</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 redemption in part of August 1 of each year beginning August 1, 2021. At June 30, 2007, the outstanding balance of the 2005 Certificates of Participation was \$7,540,000.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

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

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

**Certificates of Participation, Continued**

2005 Certificates of Participation, Continued

| Year Ending<br>June 30, | Principal           | Interest            | Total                | Amortization of<br>Bond Premium |
|-------------------------|---------------------|---------------------|----------------------|---------------------------------|
| 2008                    | \$ 410,000          | \$ 304,662          | \$ 714,662           | \$ 10,813                       |
| 2009                    | 425,000             | 287,962             | 712,962              | 10,220                          |
| 2010                    | 445,000             | 271,675             | 716,675              | 9,642                           |
| 2011                    | 460,000             | 254,113             | 714,113              | 9,019                           |
| 2012                    | 480,000             |                     | 480,000              | 8,289                           |
| 2013-2017               | 2,710,000           | 962,606             | 3,672,606            | 30,317                          |
| 2018-2022               | 1,405,000           | 452,848             | 1,857,848            | 13,724                          |
| 2023-2027               | 1,205,000           | 193,505             | 1,398,505            | 4,989                           |
| <b>Total</b>            | <u>\$ 7,540,000</u> | <u>\$ 2,727,371</u> | <u>\$ 10,267,371</u> | <u>\$ 97,013</u>                |

**Contract Payable**

Contract payable at June 30, 2007, consisted of the following:

|                               | Balance          |             |                   | Amount Due               |                    |                                     |
|-------------------------------|------------------|-------------|-------------------|--------------------------|--------------------|-------------------------------------|
|                               | July 1, 2006     | Additions   | Deletions         | Balance<br>June 30, 2007 | Within<br>One Year | Amount Due<br>More Than<br>One Year |
| Pomerado Cemetery District    | \$ 37,665        | \$ -        | \$ (1,108)        | \$ 36,557                | \$ 1,185           | \$ 35,372                           |
| <b>Total contract payable</b> | <u>\$ 37,665</u> | <u>\$ -</u> | <u>\$ (1,108)</u> | <u>\$ 36,557</u>         | <u>\$ 1,185</u>    | <u>\$ 35,372</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, 2007**

**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 annual requirements to amortize the bonds outstanding at June 30, 2007 are as follows:

| Year Ending<br>June 30, | Principal        | Total            |
|-------------------------|------------------|------------------|
| 2008                    | \$ 1,185         | \$ 1,185         |
| 2009                    | 1,268            | 1,268            |
| 2010                    | 1,357            | 1,357            |
| 2011                    | 1,452            | 1,452            |
| 2012                    | 1,553            | 1,553            |
| 2013-2017               | 9,559            | 9,559            |
| 2018-2022               | 13,406           | 13,406           |
| 2023-2024               | 6,777            | 6,777            |
| <b>Total</b>            | <b>\$ 36,557</b> | <b>\$ 36,557</b> |

**Notes Payable**

Notes payable at June 30, 2007, consisted of the following:

|                               | Balance             |                   |                     | Amount Due               |                    |                                     |
|-------------------------------|---------------------|-------------------|---------------------|--------------------------|--------------------|-------------------------------------|
|                               | July 1, 2006        | Additions         | Deletions           | Balance<br>June 30, 2007 | Within<br>One Year | Amount Due<br>More Than<br>One Year |
| Mossy Nissan                  | \$ 2,131,982        | \$ 148,273        | \$ (115,024)        | \$ 2,165,230             | \$ -               | \$ 2,165,230                        |
| <b>Total contract payable</b> | <b>\$ 2,131,982</b> | <b>\$ 148,273</b> | <b>\$ (115,024)</b> | <b>\$ 2,165,230</b>      | <b>\$ -</b>        | <b>\$ 2,165,230</b>                 |

Mossy Nissan Notes Payable

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, 2007 was \$2,165,230.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

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

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

**Revenue Bonds**

Revenue Bonds at June 30, 2007, consisted of the following:

|                               | Balance             |             |                     | Amount Due               |                    |                       |
|-------------------------------|---------------------|-------------|---------------------|--------------------------|--------------------|-----------------------|
|                               | July 1, 2006        | Additions   | Deletions           | Balance<br>June 30, 2007 | Within<br>One Year | More Than<br>One Year |
| 1995 Revenue Bonds            | \$ 2,095,000        | \$ -        | \$ (165,000)        | \$ 1,930,000             | \$ 170,000         | \$ 1,760,000          |
| Bond discounts                | (18,685)            | -           | 2,600               | (16,085)                 | (2,412)            | (13,673)              |
| <b>Total contract payable</b> | <b>\$ 2,076,315</b> | <b>\$ -</b> | <b>\$ (162,400)</b> | <b>\$ 1,913,915</b>      | <b>\$ 167,588</b>  | <b>\$ 1,746,327</b>   |

1995 Revenue Bonds

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

Interest is payable semi-annually on May 1 and November 1 with rates ranging from 3.70% to 5.75%. Bonds maturing on or after November 1, 2006 are subject to optional redemption prior to maturity, in whole or in part, on any date on or after November 1, 2005. The term bonds are subject to mandatory redemption in part on November 1, 2011 to 2015 in the amounts ranging from \$215,000 to \$265,000. At June 30, 2007, the outstanding balance of the 1995 Revenue Bonds was \$1,930,000.

The annual requirements to amortize the bonds outstanding at June 30, 2007 are as follows:

| Year Ending<br>June 30, | Principal           | Interest          | Total               | Amortization of<br>Bond Discount |
|-------------------------|---------------------|-------------------|---------------------|----------------------------------|
| 2008                    | \$ 170,000          | \$ 99,688         | \$ 269,688          | \$ (2,412)                       |
| 2009                    | 180,000             | 90,760            | 270,760             | (2,220)                          |
| 2010                    | 190,000             | 81,137            | 271,137             | (2,024)                          |
| 2011                    | 200,000             | 70,800            | 270,800             | (1,823)                          |
| 2012                    | 215,000             | 65,450            | 280,450             | (1,755)                          |
| 2013-2016               | 975,000             | 137,775           | 1,112,775           | (5,851)                          |
| <b>Total</b>            | <b>\$ 1,930,000</b> | <b>\$ 545,610</b> | <b>\$ 2,475,610</b> | <b>\$ (16,085)</b>               |

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

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

*C. Defeasance of Long-Term Debt*

In April 2005, the City refunded the 1995 Certificates of Participation in the amount of \$9,315,000 and the 1996 Certificates of Participation in the amount of \$4,375,000 with the \$8,245,000 2005 Refunding Certificates of Participation. The net proceeds of \$8,102,243 plus amounts relating to the prior obligations of \$1,198,878 were used to purchase direct obligations of the United States of America or certain other 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, these bonds were considered defeased and removed from the City's long-term debt. At June 30, 2006, the outstanding balance of the 1995 Certificates of Participation and 1996 Certificates of Participation were \$0 and \$0, respectively.

These bonds were refunded to reduce total debt service by \$1,161,350 over the next 21 years and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$243,111.

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, 2007, the outstanding balance of the non-defeased portion 2000 Tax Allocation Refunding Bonds was \$11,855,000, 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, 2007, the outstanding balances of the November 1998, April 2004 and May 1998 issuances were \$6,730,000, \$2,200,000, and \$24,070,000, respectively.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

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

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, 2007, the outstanding balance of the bonds was \$380,000.

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, 2007, the outstanding balance of the bonds was \$219,039.

**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 \$1,277,296 for the year ended June 30, 2007. The City's employer required contribution rate was 23.044% for Safety employees and 10.969% for Miscellaneous employees for the fiscal year.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

**7. RETIREMENT BENEFITS, Continued**

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

Annual Pension Cost

For 2006-2007, the City's annual pension cost of \$2,376,855 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004, 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, 2004, was 20 years for miscellaneous employees and 10 years for safety employees for prior and current service unfunded liability.

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

| Fiscal Year | Annual<br>Pension Cost<br>(APC) | Percentage of<br>APC<br>Contributed | Net Pension<br>Obligation |
|-------------|---------------------------------|-------------------------------------|---------------------------|
| 6/30/2005   | \$ 1,683                        | 100%                                | \$ -                      |
| 6/30/2006   | 2,204                           | 100%                                | -                         |
| 6/30/2007   | 2,377                           | 100%                                | -                         |

**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:

| Age | Net<br>Factor | Age | Net<br>Factor | Age | Net<br>Factor |
|-----|---------------|-----|---------------|-----|---------------|
| 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%        |

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

**7. RETIREMENT BENEFITS, Continued**

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

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 ending June 30, 2007, the City's annual required contribution is \$805,498. 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 33.5%. The unfunded actuarial accrued liability is being fresh started and amortization payments are increasing by 3.25% per year over 20 years, with 17 remaining at June 30, 2007.

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

| Fiscal Year | Annual<br>Pension Cost<br>(APC) | Percentage of<br>APC<br>Contributed | Net Pension<br>Obligation |
|-------------|---------------------------------|-------------------------------------|---------------------------|
| 6/30/2006   | \$ 774                          | 100%                                | \$ -                      |
| 6/30/2007   | 805                             | 100%                                | -                         |

**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, 2007, the City's payroll covered by the plan was \$716,514. The City made employer contributions of \$771 (0.1076% of current covered payroll), and employees contributed \$52,968 (7.3925% of current covered payroll).

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

**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, 2007 was \$34,632.

**9. OTHER REQUIRED DISCLOSURES**

**Government-Wide Financial Statements**

The unrestricted net assets had a deficit balance of \$(70,862,504) for governmental activities at June 30, 2007 because long-term debt is in excess of assets owned by the City. The deficit is caused by such things as pass through payments and other non-capitalizable expenditures from bond proceeds.

**10. RISK MANAGEMENT**

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 114 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. Claims are pooled separately between policed and non-police. Costs are spread to member as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated losses up to \$750,000 are pooled based on a member's share of losses under \$30,000. Losses from \$750,000 to \$10,000,000, \$18,000,000 to \$23,000,000, and \$45,000,000 to \$50,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$10,000,000 to \$18,000,000 and \$23,000,000 to \$45,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

**10. RISK MANAGEMENT, Continued**

***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. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties - Excess Insurance Authority members. Costs from \$2,000,000 to \$200,000,000 are transferred to reinsurance carriers. Costs in excess of \$200,000,000 are pooled among Members based on payroll. Protection is provided per statutory liability under California Worker's Compensation law. Administrative expenses are paid from the Authority's investment earnings.

***C. 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 accordingly to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$137,984,962. There is a \$5,000 per loss deductible. Premium for the coverage are paid annually and are not subject to retroactive adjustments.

***D. 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, 2007, no liability was recorded in the accompanying financial statements.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

**11. 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, Lemon Grove, 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. Since June 30, 2003, the City of Lemon Grove is no longer a member. Summarized audited information of the JPA for the fiscal year ended June 30, 2007 is as follows:

|                             |             |
|-----------------------------|-------------|
| Total assets                | \$ 325,376  |
| Total liabilities           | \$ 17,181   |
| Fund equity                 | \$ 308,195  |
| Total revenues              | \$ 267,859  |
| Total expenses              | \$ 292,414  |
| Net decrease in fund equity | \$ (24,555) |

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.

**12. 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 District 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 District 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 District and, therefore, are not recorded as revenue until collected.

No allowance for doubtful accounts was considered necessary.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

**13. 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.

**14. 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.

**15. 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, 2007, the outstanding balance of the loan was \$497,978.

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

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

|                                       | Major Funds          |                      |                       |                            |                      | Total                 |
|---------------------------------------|----------------------|----------------------|-----------------------|----------------------------|----------------------|-----------------------|
|                                       | Low and Moderate     |                      |                       |                            |                      |                       |
|                                       | General              | Income Housing       | City of Poway         | Redevelopment              | Other                |                       |
|                                       | Fund                 | Special Revenue Fund | RDA Debt Service Fund | Area Capital Projects Fund | Governmental Fund    |                       |
| Reserved for:                         |                      |                      |                       |                            |                      |                       |
| Encumbrances                          | \$ 501,690           | \$ 2,000             | \$ -                  | \$ 2,335,956               | \$ 699,750           | \$ 3,539,396          |
| Prepaid items                         | 1,356,508            | -                    | -                     | -                          | -                    | 1,356,508             |
| Inventories                           | 80,609               | -                    | -                     | -                          | -                    | 80,609                |
| Land held for resale                  | -                    | -                    | -                     | 2,352,833                  | -                    | 2,352,833             |
| Notes receivable                      | -                    | -                    | -                     | 5,763,792                  | -                    | 5,763,792             |
| Advances to other funds               | 5,599,757            | -                    | -                     | -                          | 3,737,676            | 9,337,433             |
| Debt service                          | -                    | -                    | 9,902,514             | -                          | 4,992,332            | 14,894,846            |
| Low and moderate income housing       | -                    | 11,375,077           | -                     | -                          | -                    | 11,375,077            |
| Capital projects                      | -                    | -                    | -                     | -                          | 2,501,809            | 2,501,809             |
| <b>Total reserved</b>                 | <b>7,538,564</b>     | <b>11,377,077</b>    | <b>9,902,514</b>      | <b>10,452,581</b>          | <b>11,931,567</b>    | <b>51,202,303</b>     |
| Unreserved:                           |                      |                      |                       |                            |                      |                       |
| Designated for:                       |                      |                      |                       |                            |                      |                       |
| City facilities                       | 3,664,273            | -                    | -                     | -                          | -                    | 3,664,273             |
| State of California Economic downturn | 3,099,013            | -                    | -                     | -                          | -                    | 3,099,013             |
| Special projects                      | 768,455              | -                    | -                     | -                          | -                    | 768,455               |
| Capital projects                      | -                    | -                    | -                     | 34,470,528                 | 8,567,130            | 43,037,658            |
| Miscellaneous                         | 22,843,510           | -                    | -                     | -                          | -                    | 22,843,510            |
| <b>Total unreserved, designated</b>   | <b>30,375,251</b>    | <b>-</b>             | <b>-</b>              | <b>34,470,528</b>          | <b>8,567,130</b>     | <b>73,412,909</b>     |
| Undesignated for:                     |                      |                      |                       |                            |                      |                       |
| Special revenue funds                 | -                    | -                    | -                     | -                          | 5,278,620            | 5,278,620             |
| <b>Total unreserved, undesignated</b> | <b>-</b>             | <b>-</b>             | <b>-</b>              | <b>-</b>                   | <b>5,278,620</b>     | <b>5,278,620</b>      |
| <b>Total fund balances</b>            | <b>\$ 37,913,815</b> | <b>\$ 11,377,077</b> | <b>\$ 9,902,514</b>   | <b>\$ 44,923,109</b>       | <b>\$ 25,777,317</b> | <b>\$ 129,893,832</b> |

**City of Poway**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2007**

---

**17. PRIOR PERIOD ADJUSTMENTS**

The City recorded the following prior period adjustments to record infrastructure assets acquired prior to FY 2002-2003 in accordance with GASB Statement No. 34. Accordingly, net assets as of July 1, 2006, have been restated as follow:

**Government-Wide Financial Statements**

|                          | Net Assets<br>as Previously<br>Reported | GASB 34<br>Adjustment | Net Assets<br>as Restated |
|--------------------------|---|-----------------------|---------------------------|
|                          |   | Capital<br>Assets     |                           |
| Governmental Activities: |   |                       |                           |
| Net assets               | \$ (10,295,186)                         | \$ 46,639,303         | \$ 36,344,117             |

**18. SUBSEQUENT EVENTS**

**A. Sales of Land Held for Resale**

On September 25, 2007, the City sold 70.64% of the Land Held for Resale for \$1,585,000 for a hotel facility. The City retained 29.36% of the land to be developed into a restaurant.

**B. San Diego Wild Fire**

In October 2007, San Diego has experienced a series of wildfires that destroyed more than 300,000 acres in the Eastern and Northern portions of the County. Some buildings, equipments, and infrastructures owned by the City were damaged. Management is current in the process of determining the total estimated costs to repair the damaged properties. Though not determined at this time, the costs of repairs may be recoverable from Federal or State programs.

---

# REQUIRED SUPPLEMENTARY INFORMATION

---

**City of Poway**  
**Required Supplementary Information**  
**For the year ended June 30, 2007**

---

**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, 2007**

**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<br>Positive<br>(Negative) |
|---|-------------------|-----------------------|----------------------|------------------------------------|
|   | Original          | Final                 |                      |                                    |
| <b>REVENUES:</b>                              |                   |                       |                      |                                    |
| Taxes   | \$ 26,302,430     | \$ 26,702,430         | \$ 26,860,347        | \$ 157,917                         |
| Licenses and permits                          | 297,350           | 297,350               | 330,755              | 33,405                             |
| Intergovernmental                             | 826,620           | 826,620               | 776,669              | (49,951)                           |
| Charges for services                          | 3,754,110         | 3,714,160             | 3,667,970            | (46,190)                           |
| Fines and forfeitures                         | 582,200           | 582,200               | 720,949              | 138,749                            |
| Use of money and property                     | 2,085,060         | 2,085,060             | 2,880,459            | 795,399                            |
| Developer fees                                | 2,704,370         | 3,244,160             | 3,338,546            | 94,386                             |
| Other revenue                                 | 326,230           | 326,230               | 1,204,803            | 878,573                            |
| <b>Total revenues</b>                         | <b>36,878,370</b> | <b>37,778,210</b>     | <b>39,780,498</b>    | <b>2,002,288</b>                   |
| <b>EXPENDITURES:</b>                          |                   |                       |                      |                                    |
| Current:                                      |                   |                       |                      |                                    |
| General government                            | 3,736,597         | 6,627,149             | 5,616,332            | 1,010,817                          |
| Public safety                                 | 17,587,700        | 18,058,675            | 17,751,705           | 306,970                            |
| Public works                                  | 3,984,831         | 4,031,363             | 3,685,854            | 345,509                            |
| Development services                          | 5,468,676         | 5,729,186             | 5,028,405            | 700,781                            |
| Community services                            | 5,872,810         | 6,010,650             | 5,443,838            | 566,812                            |
| Capital outlay                                | -                 | 4,349,851             | 868,710              | 3,481,141                          |
| <b>Total expenditures</b>                     | <b>36,650,614</b> | <b>44,806,874</b>     | <b>38,394,844</b>    | <b>6,412,030</b>                   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>227,756</b>    | <b>(7,028,664)</b>    | <b>1,385,654</b>     | <b>8,414,318</b>                   |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                   |                       |                      |                                    |
| Transfers in                                  | 1,328,880         | 2,590,981             | 2,383,704            | (207,277)                          |
| Transfers out                                 | (991,350)         | (1,001,785)           | (784,730)            | 217,055                            |
| <b>Total other financing sources (uses)</b>   | <b>337,530</b>    | <b>1,589,196</b>      | <b>1,598,974</b>     | <b>9,778</b>                       |
| <b>Net change in fund balance</b>             | <b>\$ 565,286</b> | <b>\$ (5,439,468)</b> | <b>2,984,628</b>     | <b>\$ 8,424,096</b>                |
| <b>FUND BALANCES:</b>                         |                   |                       |                      |                                    |
| Beginning of year                             |                   |                       | 34,929,187           |                                    |
| End of year                                   |                   |                       | <u>\$ 37,913,815</u> |                                    |

**City of Poway**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2007**

**1. BUDGETARY INFORMATION, Continued**

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

|   | Budgeted Amount     |                     | Actual               | Variance<br>Positive<br>(Negative) |
|---|---------------------|---------------------|----------------------|------------------------------------|
|   | Original            | Final               |                      |                                    |
| <b>REVENUES:</b>                              |                     |                     |                      |                                    |
| Interest and rental                           | 236,610             | 236,610             | 478,133              | 241,523                            |
| Other revenue                                 | -                   | -                   | 32,076               | 32,076                             |
| <b>Total revenues</b>                         | <b>236,610</b>      | <b>236,610</b>      | <b>510,209</b>       | <b>273,599</b>                     |
| <b>EXPENDITURES:</b>                          |                     |                     |                      |                                    |
| Capital outlay                                | -                   | 2,814,500           | 979,189              | 1,835,311                          |
| <b>Total expenditures</b>                     | <b>-</b>            | <b>2,814,500</b>    | <b>979,189</b>       | <b>1,835,311</b>                   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>236,610</b>      | <b>(2,577,890)</b>  | <b>(468,980)</b>     | <b>2,108,910</b>                   |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                     |                     |                      |                                    |
| Transfers in                                  | 7,115,690           | 7,115,690           | 7,224,350            | 108,660                            |
| Transfers out                                 | (2,478,520)         | (2,478,520)         | (2,148,343)          | 330,177                            |
| <b>Total other financing sources (uses)</b>   | <b>4,637,170</b>    | <b>4,637,170</b>    | <b>5,076,007</b>     | <b>438,837</b>                     |
| <b>Net change in fund balance</b>             | <b>\$ 4,873,780</b> | <b>\$ 2,059,280</b> | <b>4,607,027</b>     | <b>\$ 2,547,747</b>                |
| <b>FUND BALANCES:</b>                         |                     |                     |                      |                                    |
| Beginning of year                             |                     |                     | 6,770,050            |                                    |
| End of year                                   |                     |                     | <b>\$ 11,377,077</b> |                                    |

**City of Poway**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2007**

**2. DEFINED BENEFIT PENSION PLANS**

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

A schedule of funding progress for the year ended June 30, 2007 including the past three actuarial valuations is presented below.

(\$ Amounts in Thousands)

|                 | Actuarial<br>Valuation<br>Date | Actual<br>Asset<br>Value | Entry Age<br>Actuarial<br>Accrued<br>Liability | Overfunded<br>(Unfunded)<br>Actuarial<br>Accrued<br>Liability | Funded<br>Ratio | Covered<br>Payroll | Overfunded<br>(Unfunded)<br>Actuarial<br>Liability as<br>Percentage of<br>Covered<br>Payroll |
|-----------------|--------------------------------|--------------------------|--|---|-----------------|--------------------|--|
| Miscellaneous   | 6/30/2004                      | 39,609                   | 44,484   | (4,875)   | 89.0%           | 11,333             | (43.02)%   |
| Employees Group | 6/30/2005                      | 43,359                   | 49,222   | (5,863)   | 88.1%           | 12,266             | (47.80)%   |
|                 | 6/30/2006                      | 47,546                   | 54,224   | (6,678)   | 87.7%           | 12,128             | (55.06)%   |

**Public Safety**  
**Employees Group** As of the actuarial valuation date of June 30, 2003, 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 benefit plan, disclosure 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, 2007 including the past two actuarial valuation is presented below.

(\$ Amounts in Thousands)

|                 | Actuarial<br>Valuation<br>Date | Actual<br>Asset<br>Value | Entry Age<br>Actuarial<br>Accrued<br>Liability | Overfunded<br>(Unfunded)<br>Actuarial<br>Accrued<br>Liability | Funded<br>Ratio | Covered<br>Payroll | Overfunded<br>(Unfunded)<br>Actuarial<br>Liability as<br>Percentage of<br>Covered<br>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)%   |

*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 Bendixon 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.

## DEBT SERVICE FUNDS:

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

---

# NON-MAJOR GOVERNMENTAL FUNDS

---

## 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, 2007**

|  | Special Revenue |                         |                   |                     |                     |
|--|-----------------|-------------------------|-------------------|---------------------|---------------------|
|  | Fire            | 800 MHz                 | Gas               | Street              | Drainage            |
|  | Protection      | Communication<br>System | Tax               | Improvement         |                     |
| <b>ASSETS</b>                              |                 |                         |                   |                     |                     |
| Cash and investments                       | \$ 3,229        | \$ 58,117               | 488,730           | \$ 734,263          | \$ 1,407,156        |
| Cash and investments with fiscal agents    | -               | -                       | -                 | -                   | -                   |
| Receivables                                |                 |                         |                   |                     |                     |
| Taxes                                      | 2,964           | 74                      | -                 | -                   | 4,746               |
| Accounts                                   | -               | -                       | -                 | -                   | -                   |
| Interest                                   | -               | 683                     | -                 | -                   | -                   |
| Deposits                                   | -               | -                       | -                 | -                   | -                   |
| Due from other governments and agencies    | -               | -                       | 89,022            | -                   | -                   |
| Advances to other funds                    | -               | -                       | -                 | 1,642,944           | 2,094,732           |
| <b>Total assets</b>                        | <b>\$ 6,193</b> | <b>\$ 58,874</b>        | <b>\$ 577,752</b> | <b>\$ 2,377,207</b> | <b>\$ 3,506,634</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                 |                         |                   |                     |                     |
| <b>Liabilities:</b>                        |                 |                         |                   |                     |                     |
| Accounts payable                           | -               | 4,744                   | \$ 45,167         | -                   | \$ 9,667            |
| Due to other funds                         | -               | -                       | -                 | -                   | -                   |
| Advances from other funds                  | -               | -                       | -                 | 723,147             | -                   |
| Deferred revenue                           | -               | -                       | -                 | -                   | -                   |
| <b>Total liabilities</b>                   | <b>-</b>        | <b>4,744</b>            | <b>45,167</b>     | <b>723,147</b>      | <b>9,667</b>        |
| <b>Fund Balances:</b>                      |                 |                         |                   |                     |                     |
| Reserved for:                              |                 |                         |                   |                     |                     |
| Encumbrances                               | -               | -                       | 251,585           | -                   | 82,308              |
| Deposits                                   | -               | -                       | -                 | -                   | -                   |
| Advances to other funds                    | -               | -                       | -                 | 1,642,944           | 2,094,732           |
| Debt service                               | -               | -                       | -                 | -                   | -                   |
| Capital projects                           | -               | -                       | -                 | -                   | -                   |
| Total reserved                             | -               | -                       | 251,585           | 1,642,944           | 2,177,040           |
| Unreserved:                                |                 |                         |                   |                     |                     |
| Designated:                                |                 |                         |                   |                     |                     |
| Capital projects                           | -               | -                       | -                 | 11,116              | 567,943             |
| Total unreserved, designated               | -               | -                       | -                 | 11,116              | 567,943             |
| Undesignated                               | 6,193           | 54,130                  | 281,000           | -                   | 751,984             |
| <b>Total fund balances</b>                 | <b>6,193</b>    | <b>54,130</b>           | <b>532,585</b>    | <b>1,654,060</b>    | <b>3,496,967</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 6,193</b> | <b>\$ 58,874</b>        | <b>\$ 577,752</b> | <b>\$ 2,377,207</b> | <b>\$ 3,506,634</b> |

Special Revenue

| Maintenance Districts | Miscellaneous Grants | Community Development Block Grant | Transportation Development Act | Proposition A       | Royal Mobilehome Park Administration | Traffic Congestion AB 2928 | Bette Bendixon   | Poway Road Beautification |
|-----------------------|----------------------|-----------------------------------|--------------------------------|---------------------|--------------------------------------|----------------------------|------------------|---------------------------|
| \$ 5,697,639          | \$ 1,422,747         | \$ 25,484                         | \$ 795,038                     | \$ 1,066,150        | \$ 3,542,345                         | \$ 533,061                 | \$ 19,004        | \$ 9,348                  |
| -                     | -                    | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| 12,010                | -                    | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| -                     | 277,825              | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| -                     | -                    | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| -                     | -                    | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| -                     | 331,732              | 69,907                            | -                              | -                   | -                                    | -                          | -                | -                         |
| -                     | -                    | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| <u>\$ 5,709,649</u>   | <u>\$ 2,032,304</u>  | <u>\$ 95,391</u>                  | <u>\$ 795,038</u>              | <u>\$ 1,066,150</u> | <u>\$ 3,542,345</u>                  | <u>\$ 533,061</u>          | <u>\$ 19,004</u> | <u>\$ 9,348</u>           |
| <br>                  |                      |                                   |                                |                     |                                      |                            |                  |                           |
| \$ 168,062            | \$ 62,093            | \$ 27,883                         | \$ 4,847                       | \$ -                | \$ 60,185                            | \$ 142,153                 | \$ -             | \$ -                      |
| -                     | 259,801              | 67,508                            | -                              | -                   | -                                    | -                          | -                | -                         |
| -                     | -                    | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| -                     | 71,536               | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| <u>168,062</u>        | <u>393,430</u>       | <u>95,391</u>                     | <u>4,847</u>                   | <u>-</u>            | <u>60,185</u>                        | <u>142,153</u>             | <u>-</u>         | <u>-</u>                  |
| <br>                  |                      |                                   |                                |                     |                                      |                            |                  |                           |
| 18,813                | 239,727              | -                                 | 62,333                         | -                   | 24,705                               | -                          | -                | -                         |
| -                     | -                    | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| -                     | -                    | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| -                     | -                    | -                                 | -                              | -                   | -                                    | -                          | -                | -                         |
| -                     | -                    | -                                 | -                              | -                   | -                                    | 390,908                    | 19,004           | 9,348                     |
| <u>18,813</u>         | <u>239,727</u>       | <u>-</u>                          | <u>62,333</u>                  | <u>-</u>            | <u>24,705</u>                        | <u>390,908</u>             | <u>19,004</u>    | <u>9,348</u>              |
| <br>                  |                      |                                   |                                |                     |                                      |                            |                  |                           |
| 5,522,774             | 1,399,147            | -                                 | -                              | 1,066,150           | -                                    | -                          | -                | -                         |
| <u>5,522,774</u>      | <u>1,399,147</u>     | <u>-</u>                          | <u>-</u>                       | <u>1,066,150</u>    | <u>-</u>                             | <u>-</u>                   | <u>-</u>         | <u>-</u>                  |
| -                     | -                    | -                                 | 727,858                        | -                   | 3,457,455                            | -                          | -                | -                         |
| <u>5,541,587</u>      | <u>1,638,874</u>     | <u>-</u>                          | <u>790,191</u>                 | <u>1,066,150</u>    | <u>3,482,160</u>                     | <u>390,908</u>             | <u>19,004</u>    | <u>9,348</u>              |
| <u>\$ 5,709,649</u>   | <u>\$ 2,032,304</u>  | <u>\$ 95,391</u>                  | <u>\$ 795,038</u>              | <u>\$ 1,066,150</u> | <u>\$ 3,542,345</u>                  | <u>\$ 533,061</u>          | <u>\$ 19,004</u> | <u>\$ 9,348</u>           |

(Continued)

**City of Poway**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2007**

|  | Special Revenue                            |                        |                                |                       |                               |
|--|--|------------------------|--------------------------------|-----------------------|-------------------------------|
|  | Poway Valley<br>Senior Center<br>Endowment | Old Poway<br>Park Tree | Poway<br>Public Arts<br>Center | Kumeyaay<br>Endowment | Poway<br>Fine Arts<br>Centers |
| <b>ASSETS</b>                              |  |                        |                                |                       |                               |
| Cash and investments                       | \$ 418,700                                 | \$ 5,405               | \$ 86,718                      | \$ 45,497             | \$ 2,824                      |
| Cash and investments with fiscal agents    | -  | -                      | -                              | -                     | -                             |
| Receivables                                |  |                        |                                |                       |                               |
| Accounts                                   | -  | -                      | -                              | -                     | -                             |
| Loans                                      | -  | -                      | -                              | -                     | -                             |
| Notes                                      | -  | -                      | -                              | -                     | -                             |
| Deposits                                   | -  | -                      | -                              | -                     | -                             |
| Due from other governments and agencies    | -  | -                      | -                              | -                     | -                             |
| Inventories                                | -  | -                      | -                              | -                     | -                             |
| <b>Total assets</b>                        | <b>\$ 418,700</b>                          | <b>\$ 5,405</b>        | <b>\$ 86,718</b>               | <b>\$ 45,497</b>      | <b>\$ 2,824</b>               |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>   |  |                        |                                |                       |                               |
| <b>Liabilities:</b>                        |  |                        |                                |                       |                               |
| Accounts payable                           | \$ -                                       | \$ -                   | \$ -                           | \$ -                  | \$ -                          |
| Due to other funds                         | -  | -                      | -                              | -                     | -                             |
| Advances from other funds                  | -  | -                      | -                              | -                     | -                             |
| Deferred revenue                           | -  | -                      | -                              | -                     | -                             |
| <b>Total liabilities</b>                   | <b>-</b>                                   | <b>-</b>               | <b>-</b>                       | <b>-</b>              | <b>-</b>                      |
| <b>Fund Balances:</b>                      |  |                        |                                |                       |                               |
| Reserved for:                              |  |                        |                                |                       |                               |
| Encumbrances                               | -  | -                      | -                              | 14,979                | -                             |
| Deposits                                   | -  | -                      | -                              | -                     | -                             |
| Advances to other funds                    | -  | -                      | -                              | -                     | -                             |
| Debt service                               | -  | -                      | -                              | -                     | -                             |
| Capital projects                           | 418,700                                    | 5,405                  | 86,718                         | 30,518                | 2,824                         |
| Total reserved                             | 418,700                                    | 5,405                  | 86,718                         | 45,497                | 2,824                         |
| Unreserved:                                |  |                        |                                |                       |                               |
| Designated:                                |  |                        |                                |                       |                               |
| Capital projects                           | -  | -                      | -                              | -                     | -                             |
| Total unreserved, designated               | -  | -                      | -                              | -                     | -                             |
| Undesignated                               | -  | -                      | -                              | -                     | -                             |
| <b>Total fund balances</b>                 | <b>418,700</b>                             | <b>5,405</b>           | <b>86,718</b>                  | <b>45,497</b>         | <b>2,824</b>                  |
| <b>Total liabilities and fund balances</b> | <b>\$ 418,700</b>                          | <b>\$ 5,405</b>        | <b>\$ 86,718</b>               | <b>\$ 45,497</b>      | <b>\$ 2,824</b>               |

| Special Revenue         | Permanent Funds          |                   | Debt Service Fund   | Capital Projects Funds |                       | Total Other Governmental Funds |
|-------------------------|--------------------------|-------------------|---------------------|------------------------|-----------------------|--------------------------------|
| Senior Volunteer Patrol | Mary Patricia Ross Trust | Library           | Debt Service Fund   | Park Improvement       | Municipal Improvement |                                |
| \$ 7,564                | \$ 79,661                | \$ 877,762        | 3,456,384           | \$ 883,563             | \$ 3,362              | \$ 21,669,751                  |
| -                       | -                        | -                 | 1,530,602           | -                      | -                     | 1,530,602                      |
| -                       | -                        | -                 | -                   | -                      | -                     | 19,794                         |
| -                       | -                        | -                 | -                   | -                      | -                     | 277,825                        |
| -                       | -                        | -                 | 5,346               | -                      | -                     | 6,029                          |
| -                       | -                        | -                 | -                   | -                      | -                     | -                              |
| -                       | -                        | -                 | -                   | -                      | -                     | 490,661                        |
| -                       | -                        | -                 | -                   | -                      | -                     | 3,737,676                      |
| <u>\$ 7,564</u>         | <u>\$ 79,661</u>         | <u>\$ 877,762</u> | <u>\$ 4,992,332</u> | <u>\$ 883,563</u>      | <u>\$ 3,362</u>       | <u>\$ 27,732,338</u>           |
| \$ -                    | \$ -                     | \$ -              | \$ -                | \$ 1,000               | \$ -                  | \$ 525,801                     |
| -                       | -                        | -                 | -                   | -                      | -                     | 327,309                        |
| -                       | -                        | -                 | -                   | 307,228                | -                     | 1,030,375                      |
| -                       | -                        | -                 | -                   | -                      | -                     | 71,536                         |
| -                       | -                        | -                 | -                   | 308,228                | -                     | 1,955,021                      |
| -                       | -                        | -                 | -                   | 5,300                  | -                     | 699,750                        |
| -                       | -                        | -                 | -                   | -                      | -                     | -                              |
| -                       | -                        | -                 | -                   | -                      | -                     | 3,737,676                      |
| -                       | -                        | -                 | 4,992,332           | -                      | -                     | 4,992,332                      |
| 7,564                   | 79,661                   | 877,762           | -                   | 570,035                | 3,362                 | 2,501,809                      |
| <u>7,564</u>            | <u>79,661</u>            | <u>877,762</u>    | <u>4,992,332</u>    | <u>575,335</u>         | <u>3,362</u>          | <u>11,931,567</u>              |
| -                       | -                        | -                 | -                   | -                      | -                     | 8,567,130                      |
| -                       | -                        | -                 | -                   | -                      | -                     | 8,567,130                      |
| -                       | -                        | -                 | -                   | -                      | -                     | 5,278,620                      |
| 7,564                   | 79,661                   | 877,762           | 4,992,332           | 575,335                | 3,362                 | 25,777,317                     |
| <u>\$ 7,564</u>         | <u>\$ 79,661</u>         | <u>\$ 877,762</u> | <u>\$ 4,992,332</u> | <u>\$ 883,563</u>      | <u>\$ 3,362</u>       | <u>\$ 27,732,338</u>           |

(Concluded)

# City of Poway

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

### Non-Major Governmental Funds

For the year ended June 30, 2007

|  | Special Revenue    |                                    |                |                |                       |                  |
|--|--------------------|------------------------------------|----------------|----------------|-----------------------|------------------|
|  | Fire<br>Protection | 800 MHz<br>Communication<br>System |                | Gas<br>Tax     | Street<br>Improvement | Drainage         |
|  |                    |                                    |                |                |                       |                  |
| <b>REVENUES:</b>   |                    |                                    |                |                |                       |                  |
| Taxes  | \$ -               | \$ -                               | \$ -           | \$ -           | \$ -                  | \$ 640,040       |
| Intergovernmental  | -                  | -                                  | 931,995        | -              | -                     | -                |
| Charges for services   | 596,868            | 135,524                            | -              | -              | -                     | 19,302           |
| Development fees   | -                  | -                                  | -              | 750,551        | -                     | 28,238           |
| Assessments levied   | -                  | -                                  | -              | -              | -                     | -                |
| Use of money and property  | -                  | 2,738                              | 34,288         | 33,962         | -                     | 86,552           |
| Other revenues   | -                  | -                                  | 21,350         | -              | -                     | 3,385            |
| <b>Total revenues</b>  | <b>596,868</b>     | <b>138,262</b>                     | <b>987,633</b> | <b>784,513</b> | <b>-</b>              | <b>777,517</b>   |
| <b>EXPENDITURES:</b>   |                    |                                    |                |                |                       |                  |
| Current:   |                    |                                    |                |                |                       |                  |
| Public safety  | -                  | 146,106                            | -              | -              | -                     | -                |
| Public works   | -                  | -                                  | 913,339        | 4,969          | -                     | 470,463          |
| Community services   | -                  | -                                  | -              | -              | -                     | -                |
| Capital outlay   | -                  | -                                  | -              | 663,712        | -                     | 455,202          |
| Debt service:  |                    |                                    |                |                |                       |                  |
| Principal  | -                  | -                                  | -              | -              | -                     | -                |
| Interest and fiscal charges  | -                  | -                                  | -              | -              | -                     | -                |
| <b>Total expenditures</b>  | <b>-</b>           | <b>146,106</b>                     | <b>913,339</b> | <b>668,681</b> | <b>-</b>              | <b>925,665</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b>  | <b>596,868</b>     | <b>(7,844)</b>                     | <b>74,294</b>  | <b>115,832</b> | <b>-</b>              | <b>(148,148)</b> |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                    |                                    |                |                |                       |                  |
| Transfers in   | -                  | -                                  | 5,435          | -              | -                     | -                |
| Transfers out  | (593,525)          | -                                  | -              | -              | -                     | -                |
| <b>Total other financing sources (uses)</b>  | <b>(593,525)</b>   | <b>-</b>                           | <b>5,435</b>   | <b>-</b>       | <b>-</b>              | <b>-</b>         |
| <b>REVENUES AND OTHER<br/>FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> | <b>3,343</b>       | <b>(7,844)</b>                     | <b>79,729</b>  | <b>115,832</b> | <b>-</b>              | <b>(148,148)</b> |
| <b>FUND BALANCES:</b>  |                    |                                    |                |                |                       |                  |
| Beginning of year  | 2,850              | 61,974                             | 452,856        | 1,538,228      | -                     | 3,645,115        |
| End of year  | \$ 6,193           | \$ 54,130                          | \$ 532,585     | \$ 1,654,060   | -                     | \$ 3,496,967     |

Special Revenue

| Maintenance<br>Districts | Miscellaneous<br>Grants | Community<br>Development<br>Block Grant | Transportation<br>Development<br>Act | Proposition A       | Royal<br>Mobilehome<br>Park<br>Administration | Traffic<br>Congestion<br>AB 2928 | Bette<br>Bendixon | Poway<br>Road<br>Beautification |
|--------------------------|-------------------------|---|--------------------------------------|---------------------|---|----------------------------------|-------------------|---------------------------------|
| \$ 297,989               | \$ -                    | \$ -                                    | \$ -                                 | \$ -                | \$ -  | \$ -                             | \$ -              | \$ -                            |
| -                        | 725,854                 | 212,205                                 | 5,000                                | 1,313,000           | -   | 372,044                          | -                 | -                               |
| -                        | -                       | -                                       | -                                    | -                   | -   | -                                | -                 | -                               |
| -                        | 334,986                 | -                                       | -                                    | -                   | -   | -                                | -                 | -                               |
| 1,868,567                | -                       | -                                       | -                                    | -                   | -   | -                                | -                 | -                               |
| 284,354                  | 70,016                  | -                                       | 33,136                               | 45,592              | 4,524,639                                     | 24,435                           | 955               | 470                             |
| 24,889                   | 46,608                  | -                                       | -                                    | 2,284               | 180   | -                                | -                 | -                               |
| <u>2,475,799</u>         | <u>1,177,464</u>        | <u>212,205</u>                          | <u>38,136</u>                        | <u>1,360,876</u>    | <u>4,524,819</u>                              | <u>396,479</u>                   | <u>955</u>        | <u>470</u>                      |
| -                        | -                       | -                                       | -                                    | -                   | -   | -                                | -                 | -                               |
| -                        | -                       | -                                       | -                                    | 1,340,018           | -   | 142,153                          | -                 | -                               |
| 2,214,914                | -                       | -                                       | -                                    | -                   | 4,218,673                                     | -                                | -                 | -                               |
| 356,681                  | 761,166                 | 214,107                                 | 169,555                              | -                   | 269,749                                       | 233,898                          | -                 | -                               |
| -                        | -                       | -                                       | -                                    | -                   | -   | -                                | -                 | -                               |
| -                        | -                       | -                                       | -                                    | -                   | -   | -                                | -                 | -                               |
| <u>2,571,595</u>         | <u>761,166</u>          | <u>214,107</u>                          | <u>169,555</u>                       | <u>1,340,018</u>    | <u>4,488,422</u>                              | <u>376,051</u>                   | <u>-</u>          | <u>-</u>                        |
| (95,796)                 | 416,298                 | (1,902)                                 | (131,419)                            | 20,858              | 36,397  | 20,428                           | 955               | 470                             |
| 102,000                  | -                       | -                                       | -                                    | -                   | -   | -                                | -                 | -                               |
| -                        | (100,000)               | -                                       | -                                    | -                   | -   | -                                | -                 | -                               |
| <u>102,000</u>           | <u>(100,000)</u>        | <u>-</u>                                | <u>-</u>                             | <u>-</u>            | <u>-</u>                                      | <u>-</u>                         | <u>-</u>          | <u>-</u>                        |
| 6,204                    | 316,298                 | (1,902)                                 | (131,419)                            | 20,858              | 36,397  | 20,428                           | 955               | 470                             |
| 5,535,383                | 1,322,576               | 1,902                                   | 921,610                              | 1,045,292           | 3,445,763                                     | 370,480                          | 18,049            | 8,878                           |
| <u>\$ 5,541,587</u>      | <u>\$ 1,638,874</u>     | <u>\$ -</u>                             | <u>\$ 790,191</u>                    | <u>\$ 1,066,150</u> | <u>\$ 3,482,160</u>                           | <u>\$ 390,908</u>                | <u>\$ 19,004</u>  | <u>\$ 9,348</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, 2007

|  | Special Revenue                            |                        |                                |                       |                               |
|--|--|------------------------|--------------------------------|-----------------------|-------------------------------|
|  | Poway Valley<br>Senior Center<br>Endowment | Old Poway<br>Park Tree | Poway<br>Public Arts<br>Center | Kumeyaay<br>Endowment | Poway<br>Fine Arts<br>Centers |
|  | <b>REVENUES:</b>                           |                        |                                |                       |                               |
| Taxes  | \$ -                                       | \$ -                   | \$ -                           | \$ -                  | \$ -                          |
| Intergovernmental  | -  | -                      | -                              | -                     | -                             |
| Charges for services   | -  | -                      | -                              | -                     | -                             |
| Developer fees   | -  | -                      | -                              | -                     | -                             |
| Assessments levied   | -  | -                      | -                              | -                     | -                             |
| Use of money and property  | 21,055                                     | 75                     | 5,337                          | 1,800                 | 143                           |
| Other  | -  | -                      | -                              | 22,197                | -                             |
| <b>Total revenues</b>  | <b>21,055</b>                              | <b>75</b>              | <b>5,337</b>                   | <b>23,997</b>         | <b>143</b>                    |
| <b>EXPENDITURES:</b>   |  |                        |                                |                       |                               |
| Current:   |  |                        |                                |                       |                               |
| Public safety  | -  | -                      | -                              | -                     | -                             |
| Public works   | -  | -                      | -                              | -                     | -                             |
| Community services   | -  | -                      | -                              | -                     | -                             |
| Capital outlay   | -  | -                      | 35,748                         | 21,783                | -                             |
| Debt service:  |  |                        |                                |                       |                               |
| Principal  | -  | -                      | -                              | -                     | -                             |
| Interest and fiscal charges  | -  | -                      | -                              | -                     | -                             |
| <b>Total expenditures</b>  | <b>-</b>                                   | <b>-</b>               | <b>35,748</b>                  | <b>21,783</b>         | <b>-</b>                      |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b>  | <b>21,055</b>                              | <b>75</b>              | <b>(30,411)</b>                | <b>2,214</b>          | <b>143</b>                    |
| <b>OTHER FINANCING SOURCES (USES):</b>   |  |                        |                                |                       |                               |
| Transfers in   | -  | -                      | -                              | 12,625                | -                             |
| Transfers out  | -  | -                      | -                              | -                     | -                             |
| <b>Total other financing sources (uses)</b>  | <b>-</b>                                   | <b>-</b>               | <b>-</b>                       | <b>12,625</b>         | <b>-</b>                      |
| <b>REVENUES AND OTHER<br/>FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> | <b>21,055</b>                              | <b>75</b>              | <b>(30,411)</b>                | <b>14,839</b>         | <b>143</b>                    |
| <b>FUND BALANCES:</b>  |  |                        |                                |                       |                               |
| Beginning of year  | 397,645                                    | 5,330                  | 117,129                        | 30,658                | 2,681                         |
| End of year  | \$ 418,700                                 | \$ 5,405               | \$ 86,718                      | \$ 45,497             | \$ 2,824                      |

| Special Revenue         | Permanent Funds          |            | Debt Service Fund | Capital Projects Funds |                       | Total Other Governmental Funds |
|-------------------------|--------------------------|------------|-------------------|------------------------|-----------------------|--------------------------------|
| Senior Volunteer Patrol | Mary Patricia Ross Trust | Library    | Debt Service Fund | Park Improvement       | Municipal Improvement |                                |
| \$ -                    | \$ -                     | \$ -       | \$ -              | \$ -                   | \$ -                  | \$ 938,029                     |
| -                       | -                        | -          | -                 | -                      | -                     | 3,560,098                      |
| -                       | -                        | -          | -                 | -                      | -                     | 751,694                        |
| -                       | -                        | -          | -                 | 57,420                 | -                     | 1,171,195                      |
| -                       | -                        | -          | -                 | -                      | -                     | 1,868,567                      |
| -                       | 4,006                    | 45,667     | 1,052,553         | 11,985                 | 169                   | 6,283,927                      |
| 10,198                  | -                        | -          | -                 | -                      | -                     | 131,091                        |
| 10,198                  | 4,006                    | 45,667     | 1,052,553         | 69,405                 | 169                   | 14,704,601                     |
| -                       | -                        | -          | -                 | -                      | -                     | 146,106                        |
| -                       | -                        | -          | -                 | -                      | -                     | 2,870,942                      |
| -                       | -                        | -          | -                 | -                      | -                     | 6,433,587                      |
| 7,634                   | -                        | -          | -                 | 36,168                 | -                     | 3,225,403                      |
| -                       | -                        | -          | 730,000           | -                      | -                     | 730,000                        |
| -                       | -                        | -          | 1,127,733         | -                      | -                     | 1,127,733                      |
| 7,634                   | -                        | -          | 1,857,733         | 36,168                 | -                     | 14,533,771                     |
| 2,564                   | 4,006                    | 45,667     | (805,180)         | 33,237                 | 169                   | 170,830                        |
| 5,000                   | -                        | -          | 1,042,137         | -                      | -                     | 1,167,197                      |
| -                       | -                        | (30,151)   | (1,985,678)       | -                      | -                     | (2,709,354)                    |
| 5,000                   | -                        | (30,151)   | (943,541)         | -                      | -                     | (1,542,157)                    |
| 7,564                   | 4,006                    | 15,516     | (1,748,721)       | 33,237                 | 169                   | (1,371,327)                    |
| -                       | 75,655                   | 862,246    | 6,741,053         | 542,098                | 3,193                 | 27,148,644                     |
| \$ 7,564                | \$ 79,661                | \$ 877,762 | \$ 4,992,332      | \$ 575,335             | \$ 3,362              | \$ 25,777,317                  |

(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, 2007

|   | Budgeted Amount |               | Actual        | Variance               |
|---|-----------------|---------------|---------------|------------------------|
|   | Original        | Final         |               | Positive<br>(Negative) |
| <b>Fund balance, July 1, 2006</b>                             | \$ 11,386,116   | \$ 11,386,116 | \$ 11,386,116 | \$ -                   |
| Resources (inflows):  |                 |               |               |                        |
| Tax increment   | 35,578,450      | 35,578,450    | 36,011,865    | 433,415                |
| Use of money and property                                     | 3,677,550       | 3,677,550     | 4,233,548     | 555,998                |
| Proceeds from bonds and loans                                 | 148,830         | 148,830       | -             | 26,441,893             |
| Bond proceeds   | -               | 26,442,450    | 26,590,723    | (23,525,721)           |
| Transfers in  | 1,663,730       | 2,965,750     | 2,916,729     | (49,021)               |
| Amount available for appropriation                            | 41,068,560      | 68,813,030    | 69,752,865    | 3,856,564              |
| Charges to appropriation (outflows):                          |                 |               |               |                        |
| Debt service:   |                 |               |               |                        |
| Principal   | 5,515,000       | 5,740,000     | 5,740,000     | -                      |
| Interest and fiscal charges                                   | 17,503,490      | 17,176,590    | 16,768,897    | 407,693                |
| Tax increment reimbursement                                   | 5,133,360       | 4,989,080     | -             | 4,989,080              |
| Bond refunding  | -               | 26,642,450    | 26,627,036    | 15,414                 |
| Tax shift   | -               | -             | 4,889,025     | (4,889,025)            |
| Transfers out   | 11,937,920      | 17,799,970    | 17,211,509    | (588,461)              |
| Total charges to appropriations                               | 40,089,770      | 72,348,090    | 71,236,467    | (65,299)               |
| Excess of resources over (under)<br>charges to appropriations | 978,790         | (3,535,060)   | (1,483,602)   | 3,791,265              |
| <b>Fund balance, June 30, 2007</b>                            | \$ 12,364,906   | \$ 7,851,056  | \$ 9,902,514  | \$ 3,791,265           |

# 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, 2007

|   | Budgeted Amounts |          | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|----------|-------------------|--|
|   | Original         | Final    |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 2,850         | \$ 2,850 | \$ 2,850          | \$ -   |
| Resources (inflows):  |                  |          |                   |  |
| Charges for services  | 600,000          | 600,000  | 596,868           | (3,132)  |
| Amount available for appropriation                            | 600,000          | 600,000  | 596,868           | (3,132)  |
| Charges to appropriations (outflows):                         |                  |          |                   |  |
| Transfers out   | 600,000          | 600,000  | 593,525           | 6,475  |
| Total charges to appropriations                               | 600,000          | 600,000  | 593,525           | 6,475  |
| Excess of resources over (under)<br>charges to appropriations | -                | -        | 3,343             | 3,343  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 2,850         | \$ 2,850 | \$ 6,193          | \$ 3,343   |

# 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, 2007

|   | Budgeted Amounts |           | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|-----------|-------------------|--|
|   | Original         | Final     |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 61,974        | \$ 61,974 | \$ 61,974         | \$ -   |
| Resources (inflows):  |                  |           |                   |  |
| Charges for services  | 130,000          | 130,000   | 135,524           | 5,524  |
| Use of money and property                                     | -                | -         | 2,738             | 2,738  |
| Other   | -                | -         | -                 | -  |
| Amount available for appropriation                            | 130,000          | 130,000   | 138,262           | 8,262  |
| Charges to appropriations (outflows):                         |                  |           |                   |  |
| General government  | 57,120           | 57,120    | 146,106           | (88,986)   |
| Capital outlay  | -                | -         | -                 | -  |
| Debt service:   |                  |           |                   |  |
| Principal   | 21,080           | 21,080    | -                 | 21,080   |
| Interest and fiscal charges                                   | 66,630           | 66,630    | -                 | 66,630   |
| Total charges to appropriations                               | 144,830          | 144,830   | 146,106           | (1,276)  |
| Excess of resources over (under)<br>charges to appropriations | (14,830)         | (14,830)  | (7,844)           | 6,986  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 47,144        | \$ 47,144 | \$ 54,130         | \$ 6,986   |

# 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, 2007

|   | Budgeted Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|------------|-------------------|--|
|   | Original         | Final      |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 452,856       | \$ 452,856 | \$ 452,856        | \$ -   |
| Resources (inflows):  |                  |            |                   |  |
| Intergovernmental   | 973,810          | 973,810    | 931,995           | (41,815)   |
| Use of money and property                                     | 19,720           | 19,720     | 34,288            | 14,568   |
| Other revenue   | -                | -          | 21,350            | 21,350   |
| Transfers in  | -                | 5,435      | 5,435             | -  |
| Amount available for appropriation                            | 993,530          | 998,965    | 993,068           | (5,897)  |
| Charges to appropriations (outflows):                         |                  |            |                   |  |
| Public works  | 924,368          | 1,113,060  | 913,339           | 199,721  |
| Total charges to appropriations                               | 924,368          | 1,113,060  | 913,339           | 199,721  |
| Excess of resources over (under)<br>charges to appropriations | 69,162           | (114,095)  | 79,729            | 193,824  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 522,018       | \$ 338,761 | \$ 532,585        | \$ 193,824   |

# 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, 2007

|   | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|--------------|-------------------|--|
|   | Original         | Final        |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 1,538,228     | \$ 1,538,228 | \$ 1,538,228      | \$ -   |
| Resources (inflows):  |                  |              |                   |  |
| Developers fee  | 34,650           | 34,650       | 750,551           | 715,901  |
| Use of money and property                                     | 118,310          | 118,310      | 33,962            | (84,348)   |
| Other revenue   | -                | -            | -                 | -  |
| Amount available for appropriation                            | 152,960          | 152,960      | 784,513           | 631,553  |
| Charges to appropriations (outflows):                         |                  |              |                   |  |
| Public works  | -                | -            | 4,969             | (4,969)  |
| Capital outlay  | -                | 1,188,936    | 663,712           | 525,224  |
| Transfers out   | -                | -            | -                 | -  |
| Total charges to appropriations                               | -                | 1,188,936    | 668,681           | 520,255  |
| Excess of resources over (under)<br>charges to appropriations | 152,960          | (1,035,976)  | 115,832           | 1,151,808  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 1,691,188     | \$ 502,252   | \$ 1,654,060      | \$ 1,151,808   |

# 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, 2007

|   | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|--------------|-------------------|--|
|   | Original         | Final        |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 3,645,115     | \$ 3,645,115 | \$ 3,645,115      | \$ -   |
| Resources (inflows):  |                  |              |                   |  |
| Taxes   | 658,220          | 658,220      | 640,040           | (18,180)   |
| Charges for services  | 14,010           | 14,010       | 19,302            | 5,292  |
| Developer fees  | 42,000           | 42,000       | 28,238            | (13,762)   |
| Use of money and property                                     | 90,560           | 90,560       | 86,552            | (4,008)  |
| Other revenue   | -                | -            | 3,385             | 3,385  |
| Amount available for appropriation                            | 804,790          | 804,790      | 777,517           | (27,273)   |
| Charges to appropriations (outflows):                         |                  |              |                   |  |
| Public works  | 775,971          | 799,921      | 470,463           | 329,458  |
| Capital outlay  | -                | 1,672,733    | 455,202           | 1,217,531  |
| Transfers out   | -                | -            | -                 | -  |
| Total charges to appropriations                               | 775,971          | 2,472,653    | 925,665           | 1,546,988  |
| Excess of resources over (under)<br>charges to appropriations | 28,819           | (1,667,863)  | (148,148)         | 1,519,715  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 3,673,934     | \$ 1,977,252 | \$ 3,496,967      | \$ 1,519,715   |

# 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, 2007

|   | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|--------------|-------------------|--|
|   | Original         | Final        |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 5,535,383     | \$ 5,535,383 | \$ 5,535,383      | \$ -   |
| Resources (inflows):  |                  |              |                   |  |
| Taxes   | 277,330          | 277,330      | 297,989           | 20,659   |
| Assessment levied   | 1,855,950        | 1,855,950    | 1,868,567         | 12,617   |
| Use of money and property                                     | 207,840          | 207,840      | 284,354           | 76,514   |
| Other revenue   | -                | -            | 24,889            | 24,889   |
| Transfers in  | 110,000          | 110,000      | 102,000           | (8,000)  |
| Amount available for appropriation                            | 2,451,120        | 2,451,120    | 2,577,799         | 126,679  |
| Charges to appropriations (outflows):                         |                  |              |                   |  |
| Community services  | 3,201,186        | 3,212,335    | 2,214,914         | 997,421  |
| Capital outlay  | -                | 385,554      | 356,681           | 28,873   |
| Total charges to appropriations                               | 3,201,186        | 3,597,889    | 2,571,595         | 1,026,294  |
| Excess of resources over (under)<br>charges to appropriations | (750,066)        | (1,146,769)  | 6,204             | 1,152,973  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 4,785,317     | \$ 4,388,614 | \$ 5,541,587      | \$ 1,152,973   |

# 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, 2007

|   | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|--------------|-------------------|--|
|   | Original         | Final        |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 1,322,576     | \$ 1,322,576 | \$ 1,322,576      | \$ -   |
| Resources (inflows):  |                  |              |                   |  |
| Intergovernmental   | 395,950          | 781,261      | 725,854           | (55,407)   |
| Developer fees  | 125,000          | 125,000      | 334,986           | 209,986  |
| Use of money and property                                     | 8,210            | 8,210        | 70,016            | 61,806   |
| Other revenue   | -                | -            | 46,608            | 46,608   |
| Amount available for appropriation                            | 529,160          | 914,471      | 1,177,464         | 262,993  |
| Charges to appropriations (outflows):                         |                  |              |                   |  |
| Capital outlay  | -                | 2,234,925    | 761,166           | 1,473,759  |
| Transfers out   | 100,000          | 100,000      | 100,000           | -  |
| Total charges to appropriations                               | 100,000          | 2,334,925    | 861,166           | 1,473,759  |
| Excess of resources over (under)<br>charges to appropriations | 429,160          | (1,420,454)  | 316,298           | 1,736,752  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 1,751,736     | \$ (97,878)  | \$ 1,638,874      | \$ 1,736,752   |

# 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, 2007

|   | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|--------------|-------------------|--|
|   | Original         | Final        |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 1,902         | \$ 1,902     | \$ 1,902          | \$ -   |
| Resources (inflows):  |                  |              |                   |  |
| Intergovernmental   | -                | -            | 212,205           | 212,205  |
| Amount available for appropriation                            | -                | -            | 212,205           | 212,205  |
| Charges to appropriations (outflows):                         |                  |              |                   |  |
| Capital outlay  | -                | 330,125      | 214,107           | 116,018  |
| Total charges to appropriations                               | -                | 330,125      | 214,107           | 116,018  |
| Excess of resources over (under)<br>charges to appropriations | -                | (330,125)    | (1,902)           | 328,223  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 1,902         | \$ (328,223) | \$ -              | \$ 328,223   |

# 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, 2007

|   | Budgeted Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|------------|-------------------|--|
|   | Original         | Final      |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 921,610       | \$ 921,610 | \$ 921,610        | \$ -   |
| Resources (inflows):  |                  |            |                   |  |
| Intergovernmental   | 5,000            | 5,000      | 5,000             | -  |
| Use of money and property                                     | 5,920            | 5,920      | 33,136            | 27,216   |
| Amount available for appropriation                            | 10,920           | 10,920     | 38,136            | 27,216   |
| Charges to appropriations (outflows):                         |                  |            |                   |  |
| Development services  | -                | 95,000     | -                 | 95,000   |
| Capital outlay  | -                | 758,651    | 169,555           | 589,096  |
| Total charges to appropriations                               | -                | 853,651    | 169,555           | 684,096  |
| Excess of resources over (under)<br>charges to appropriations | 10,920           | (842,731)  | (131,419)         | 711,312  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 932,530       | \$ 78,879  | \$ 790,191        | \$ 711,312   |

# 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, 2007

|   | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|--------------|-------------------|--|
|   | Original         | Final        |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 1,045,292     | \$ 1,045,292 | \$ 1,045,292      | \$ -   |
| Resources (inflows):  |                  |              |                   |  |
| Intergovernmental   | 1,313,000        | 1,313,000    | 1,313,000         | -  |
| Use of money and property                                     | 19,720           | 19,720       | 45,592            | 25,872   |
| Other revenue   | -                | -            | 2,284             | 2,284  |
| Amount available for appropriation                            | 1,332,720        | 1,332,720    | 1,360,876         | 28,156   |
| Charges to appropriations (outflows):                         |                  |              |                   |  |
| Public works  | 1,822,276        | 1,610,912    | 1,340,018         | 270,894  |
| Total charges to appropriations                               | 1,822,276        | 1,610,912    | 1,340,018         | 270,894  |
| Excess of resources over (under)<br>charges to appropriations | (489,556)        | (278,192)    | 20,858            | 299,050  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 555,736       | \$ 767,100   | \$ 1,066,150      | \$ 299,050   |

# 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, 2007

|   | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|--------------|-------------------|--|
|   | Original         | Final        |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 3,445,763     | \$ 3,445,763 | \$ 3,445,763      | \$ -   |
| Resources (inflows):  |                  |              |                   |  |
| Use of money and property                                     | 4,179,450        | 4,305,340    | 4,524,639         | 219,299  |
| Other revenue   | -                | -            | 180               | 180  |
| Amount available for appropriation                            | 4,179,450        | 4,305,340    | 4,524,819         | 219,479  |
| Charges to appropriations (outflows):                         |                  |              |                   |  |
| Community services  | 4,198,020        | 4,234,740    | 4,218,673         | 16,067   |
| Capital outlay  | -                | 575,000      | 269,749           | 305,251  |
| Total charges to appropriations                               | 4,198,020        | 4,809,740    | 4,488,422         | 321,318  |
| Excess of resources over (under)<br>charges to appropriations | (18,570)         | (504,400)    | 36,397            | 540,797  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 3,427,193     | \$ 2,941,363 | \$ 3,482,160      | \$ 540,797   |

# 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, 2007

|   | Budgeted Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|------------|-------------------|--|
|   | Original         | Final      |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 370,480       | \$ 370,480 | \$ 370,480        | \$ -   |
| Resources (inflows):  |                  |            |                   |  |
| Assessments levied  | -                | 210,760    | 372,044           | 161,284  |
| Use of money and property                                     | -                | -          | 24,435            | 24,435   |
| Amount available for appropriation                            | -                | 210,760    | 396,479           | 185,719  |
| Charges to appropriations (outflows):                         |                  |            |                   |  |
| Public works  | -                | 135,850    | 142,153           | (6,303)  |
| Capital outlay  | -                | 233,898    | 233,898           | -  |
| Total charges to appropriations                               | -                | 369,748    | 376,051           | (6,303)  |
| Excess of resources over (under)<br>charges to appropriations | -                | (158,988)  | 20,428            | 179,416  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 370,480       | \$ 211,492 | \$ 390,908        | \$ 179,416   |

# 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, 2007

|   | Budgeted Amounts |           | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|-----------|-------------------|--|
|   | Original         | Final     |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 18,049        | \$ 18,049 | \$ 18,049         | \$ -   |
| Resources (inflows):  |                  |           |                   |  |
| Use of money and property                                     | 690              | 690       | 955               | 265  |
| Amount available for appropriation                            | 690              | 690       | 955               | 265  |
| Excess of resources over (under)<br>charges to appropriations | 690              | 690       | 955               | 265  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 18,739        | \$ 18,739 | \$ 19,004         | \$ 265   |

# 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, 2007

|   | Budgeted Amounts |          | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|----------|-------------------|--|
|   | Original         | Final    |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 8,878         | \$ 8,878 | \$ 8,878          | \$ -   |
| Resources (inflows):  |                  |          |                   |  |
| Use of money and property                                     | 340              | 340      | 470               | 130  |
| Amount available for appropriation                            | 340              | 340      | 470               | 130  |
| Excess of resources over (under)<br>charges to appropriations | 340              | 340      | 470               | 130  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 9,218         | \$ 9,218 | \$ 9,348          | \$ 130   |

# 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, 2007

|   | Budgeted Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|------------|-------------------|--|
|   | Original         | Final      |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 397,645       | \$ 397,645 | \$ 397,645        | \$ -   |
| Resources (inflows):  |                  |            |                   |  |
| Use of money and property                                     | 15,770           | 15,770     | 21,055            | 5,285  |
| Amount available for appropriation                            | 15,770           | 15,770     | 21,055            | 5,285  |
| Charges to appropriations (outflows):                         |                  |            |                   |  |
| Capital outlay  | -                | -          | -                 | -  |
| Total charges to appropriations                               | -                | -          | -                 | -  |
| Excess of resources over (under)<br>charges to appropriations | 15,770           | 15,770     | 21,055            | 5,285  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 413,415       | \$ 413,415 | \$ 418,700        | \$ 5,285   |

**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, 2007**

|   | Budgeted Amounts |          | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|----------|-------------------|--|
|   | Original         | Final    |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 5,330         | \$ 5,330 | \$ 5,330          | \$ -   |
| Resources (inflows):  |                  |          |                   |  |
| Use of money and property                                     | -                | -        | 75                | 75   |
| Amount available for appropriation                            | -                | -        | 75                | 75   |
| Excess of resources over (under)<br>charges to appropriations | -                | -        | 75                | 75   |
| <b>Fund balance, June 30, 2007</b>                            | \$ 5,330         | \$ 5,330 | \$ 5,405          | \$ 75  |

# 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, 2007

|   | Budgeted Amounts |             | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|-------------|-------------------|--|
|   | Original         | Final       |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 117,129       | \$ -        | \$ 117,129        | \$ (117,129)   |
| Resources (inflows):  |                  |             |                   |  |
| Use of money and property                                     | 6,910            | 6,910       | 5,337             | (1,573)  |
| Amount available for appropriation                            | 6,910            | 6,910       | 5,337             | (1,573)  |
| Charges to appropriations (outflows):                         |                  |             |                   |  |
| Capital outlay  | -                | 95,167      | 35,748            | 59,419   |
| Total charges to appropriations                               | -                | 95,167      | 35,748            | 59,419   |
| Excess of resources over (under)<br>charges to appropriations | 6,910            | (88,257)    | (30,411)          | 57,846   |
| <b>Fund balance, June 30, 2007</b>                            | \$ 124,039       | \$ (88,257) | \$ 86,718         | \$ (59,283)  |

# 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, 2007

|   | Budgeted Amounts |             | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|-------------|-------------------|--|
|   | Original         | Final       |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 30,658        | \$ 30,658   | \$ 30,658         | \$ -   |
| Resources (inflows):  |                  |             |                   |  |
| Use of money and property                                     | 860              | 860         | 1,800             | 940  |
| Other   | -                | -           | 22,197            | 22,197   |
| Transfers in  | -                | -           | 12,625            | 12,625   |
| Amount available for appropriation                            | 860              | 860         | 36,622            | 35,762   |
| Charges to appropriations (outflows):                         |                  |             |                   |  |
| Capital outlay  | -                | 46,624      | 21,783            | 24,841   |
| Total charges to appropriations                               | -                | 46,624      | 21,783            | 24,841   |
| Excess of resources over (under)<br>charges to appropriations | 860              | (45,764)    | 14,839            | 60,603   |
| <b>Fund balance, June 30, 2007</b>                            | \$ 31,518        | \$ (15,106) | \$ 45,497         | \$ 60,603  |

# 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, 2007

|   | Budgeted Amounts |          | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|----------|-------------------|--|
|   | Original         | Final    |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 2,681         | \$ 2,681 | \$ 2,681          | \$ -   |
| Resources (inflows):  |                  |          |                   |  |
| Use of money and property                                     | -                | -        | 143               | 143  |
| Amount available for appropriation                            | -                | -        | 143               | 143  |
| Excess of resources over (under)<br>charges to appropriations | -                | -        | 143               | 143  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 2,681         | \$ 2,681 | \$ 2,824          | \$ 143   |

# 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, 2007

|   | Budgeted Amounts |       | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|-------|-------------------|--|
|   | Original         | Final |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ -             | \$ -  | \$ -              | \$ -   |
| Resources (inflows):  |                  |       |                   |  |
| Other revenue   | -                | -     | 10,198            | 10,198   |
| Transfers in  | -                | -     | 5,000             | 5,000  |
| Amount available for appropriation                            | -                | -     | 15,198            | 15,198   |
| Charges to appropriations (outflows):                         |                  |       |                   |  |
| Capital outlay  | -                | -     | 7,634             | (7,634)  |
| Total charges to appropriations                               | -                | -     | 7,634             | (7,634)  |
| Excess of resources over (under)<br>charges to appropriations | -                | -     | 7,564             | 22,832   |
| <b>Fund balance, June 30, 2007</b>                            | \$ -             | \$ -  | \$ 7,564          | \$ 22,832  |

**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, 2007**

|   | Budgeted Amounts |           | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|-----------|-------------------|--|
|   | Original         | Final     |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 75,655        | \$ 75,655 | \$ 75,655         | \$ -   |
| Resources (inflows):  |                  |           |                   |  |
| Use of money and property                                     | 2,900            | 2,900     | 4,006             | 1,106  |
| Amount available for appropriation                            | 2,900            | 2,900     | 4,006             | 1,106  |
| Excess of resources over (under)<br>charges to appropriations | 2,900            | 2,900     | 4,006             | 1,106  |
| <b>Fund balance, June 30, 2007</b>                            | \$ 78,555        | \$ 78,555 | \$ 79,661         | \$ 1,106   |

# City of Poway

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

### Library Permanent Fund

For the year ended June 30, 2007

|   | Budgeted Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|------------|-------------------|--|
|   | Original         | Final      |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 862,246       | \$ 862,246 | \$ 862,246        | \$ -   |
| Resources (inflows):  |                  |            |                   |  |
| Use of money and property                                     | 34,380           | 34,380     | 45,667            | 11,287   |
| Amount available for appropriation                            | 34,380           | 34,380     | 45,667            | 11,287   |
| Charges to appropriations (outflows):                         |                  |            |                   |  |
| Transfers out   | 30,950           | 30,950     | 30,151            | 799  |
| Total charges to appropriations                               | 30,950           | 30,950     | 30,151            | 799  |
| Excess of resources over (under)<br>charges to appropriations | 3,430            | 3,430      | 15,516            | 12,086   |
| <b>Fund balance, June 30, 2007</b>                            | \$ 865,676       | \$ 865,676 | \$ 877,762        | \$ 12,086  |

# 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, 2007

|   | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|--------------|-------------------|--|
|   | Original         | Final        |                   |  |
| <b>Fund balance, July 1, 2006</b>                             | \$ 6,741,053     | \$ 6,741,053 | \$ 6,741,053      | \$ -   |
| Resources (inflows):  |                  |              |                   |  |
| Use of money and property                                     | 983,760          | 983,760      | 1,052,553         | 68,793   |
| Transfers in  | 1,079,200        | 1,079,200    | 1,042,137         | (37,063)   |
| Amount available for appropriation                            | 2,062,960        | 2,062,960    | 2,094,690         | 31,730   |
| Charges to appropriations (outflows):                         |                  |              |                   |  |
| Debt service:   |                  |              |                   |  |
| Principal   | 730,000          | 730,000      | 730,000           | -  |
| Interest and fiscal charges                                   | 1,131,680        | 1,131,680    | 1,127,733         | 3,947  |
| Transfers out   | -                | 1,985,680    | 1,985,678         | 2  |
| Total charges to appropriations                               | 1,861,680        | 3,847,360    | 3,843,411         | 3,949  |
| Excess of resources over (under)<br>charges to appropriations | 201,280          | (1,784,400)  | (1,748,721)       | 35,679   |
| <b>Fund balance, June 30, 2007</b>                            | \$ 6,942,333     | \$ 4,956,653 | \$ 4,992,332      | \$ 35,679  |

*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, 2007**

---

---

**ASSETS**

Current assets:

|                      |                  |
|----------------------|------------------|
| Cash and investments | \$ 4,595,343     |
| Total current assets | <u>4,595,343</u> |
| <b>Total assets</b>  | <u>4,595,343</u> |

**LIABILITIES**

Current liabilities:

|                           |               |
|---------------------------|---------------|
| Accounts payable          | 25,216        |
| Compensated absences      | <u>35,401</u> |
| Total current liabilities | <u>60,617</u> |
| <b>Total liabilities</b>  | <u>60,617</u> |

**NET ASSETS**

|                         |                     |
|-------------------------|---------------------|
| Unrestricted            | <u>4,534,726</u>    |
| <b>Total net assets</b> | <u>\$ 4,534,726</u> |

**City of Poway**  
**Statement of Activities and Changes in Net Assets**  
**Internal Service Fund - Vehicle Maintenance Fund**  
**For the year ended June 30, 2007**

---



---

**OPERATING REVENUES:**

|                                 |                  |
|---------------------------------|------------------|
| Charges for services            | \$ 2,193,310     |
| Other                           | <u>4,695</u>     |
| <b>Total operating revenues</b> | <u>2,198,005</u> |

**OPERATING EXPENSES:**

|                                 |                |
|---------------------------------|----------------|
| Personnel services              | 330,599        |
| Maintenance and operations      | <u>605,336</u> |
| <b>Total operating expenses</b> | <u>935,935</u> |

|                                |                  |
|--------------------------------|------------------|
| <b>OPERATING INCOME (LOSS)</b> | <u>1,262,070</u> |
|--------------------------------|------------------|

**NONOPERATING REVENUES:**

|                                    |                |
|------------------------------------|----------------|
| Interest revenue                   | <u>198,449</u> |
| <b>Total nonoperating revenues</b> | <u>198,449</u> |

|                                       |                  |
|---------------------------------------|------------------|
| <b>INCOME (LOSS) BEFORE TRANSFERS</b> | <u>1,460,519</u> |
|---------------------------------------|------------------|

**TRANSFERS:**

|                        |                  |
|------------------------|------------------|
| Transfers in           | -                |
| Transfers out          | <u>(920,291)</u> |
| <b>Total transfers</b> | <u>(920,291)</u> |

|                              |         |
|------------------------------|---------|
| <b>Changes in net assets</b> | 540,228 |
|------------------------------|---------|

**NET ASSETS:**

|  |                     |
|--|---------------------|
| Beginning of year, as restated (Note 16) | <u>3,994,498</u>    |
| End of year                              | <u>\$ 4,534,726</u> |

**City of Poway**  
**Statement of Cash Flows**  
**Internal Service Fund - Vehicle Maintenance Fund**  
**For the year ended June 30, 2007**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|   |                  |
|---|------------------|
| Cash receipts from users                                | \$ 2,198,005     |
| Cash payments to employees for services                 | (327,334)        |
| Cash payments to suppliers of goods or services         | (723,089)        |
|   | <hr/>            |
| <b>Net cash provided (used) by operating activities</b> | <b>1,147,582</b> |
|   | <hr/>            |

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

|  |                  |
|--|------------------|
| Transfers out  | (920,291)        |
|  | <hr/>            |
| <b>Net cash provided (used) by noncapital financing activities</b> | <b>(920,291)</b> |
|  | <hr/>            |

**CASH FLOWS FROM INVESTING ACTIVITIES:**

|   |                |
|---|----------------|
| Interest received   | 198,449        |
|   | <hr/>          |
| <b>Net cash provided (used) by capital and related financing activities</b> | <b>198,449</b> |
|   | <hr/>          |
| <b>Net increase in cash and cash equivalents</b>                            | <b>425,740</b> |

**CASH AND CASH EQUIVALENTS:**

|                   |              |
|-------------------|--------------|
| Beginning of year | 4,169,603    |
|                   | <hr/>        |
| End of year       | \$ 4,595,343 |
|                   | <hr/> <hr/>  |

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

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

|   |                     |
|---|---------------------|
| Operating income  | \$ 1,262,070        |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                     |
| Changes in operating assets and liabilities:  |                     |
| Accounts payable  | (117,753)           |
| Compensated absences  | 3,265               |
|   | <hr/>               |
| Total adjustments   | (114,488)           |
|   | <hr/>               |
| <b>Net cash provided (used) by operating activities</b>   | <b>\$ 1,147,582</b> |
|   | <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, 2007**

|   | Developer<br>Deposits<br>Fund | South<br>Poway<br>CFD No. 1<br>Bond<br>Deposits<br>Fund | Parkway<br>Business<br>Center<br>CFD No. 88-1<br>Bond Deposits<br>Fund | High<br>Valley<br>Road<br>AD No. 96-1<br>Bond Deposits<br>Fund | Old Coach<br>Water<br>Line<br>AD No. 01-1<br>Bond Deposits<br>Fund | Total<br>Agency<br>Funds |
|---|-------------------------------|---|--|--|--|--------------------------|
| <b>ASSETS</b>                           |                               |   |  |  |  |                          |
| Cash and investments                    | \$ 3,734,151                  | \$ 1,377,530  | \$ 3,138,496   | \$ 53,409  | \$ 55,591  | \$ 8,359,177             |
| Receivables:                            |                               |   |  |  |  |                          |
| Taxes                                   | -                             | 21,757  | 970  | 1,140  | 8  | 23,875                   |
| Accounts                                | -                             | -   | 1,106,268  | -  | -  | 1,106,268                |
| Interest                                | -                             | 57,296  | 84,163   | 203  | -  | 141,662                  |
| Cash and investments with fiscal agents | -                             | 1,594,772   | 3,678,244  | 54,827   | -  | 5,327,843                |
| <b>Total assets</b>                     | <b>\$ 3,734,151</b>           | <b>\$ 3,051,355</b>                                     | <b>\$ 8,008,141</b>  | <b>\$ 109,579</b>  | <b>\$ 55,599</b>   | <b>\$ 14,958,825</b>     |
| <b>LIABILITIES</b>                      |                               |   |  |  |  |                          |
| Accounts payable                        | \$ 78,407                     | \$ -  | \$ 31,932  | \$ 4,235   | \$ -   | \$ 114,574               |
| Deposits                                | 3,655,744                     | -   | -  | -  | -  | 3,655,744                |
| Due to bondholders                      | -                             | 3,051,355   | 6,869,941  | 105,344  | 55,599   | 10,082,239               |
| Advances from City of Poway             | -                             | -   | 1,106,268  | -  | -  | 1,106,268                |
| <b>Total liabilities</b>                | <b>\$ 3,734,151</b>           | <b>\$ 3,051,355</b>                                     | <b>\$ 8,008,141</b>  | <b>\$ 109,579</b>  | <b>\$ 55,599</b>   | <b>\$ 14,958,825</b>     |

**City of Poway**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the year ended June 30, 2007**

|   | Balance<br>July 1, 2006 | Net Changes in<br>Assets and<br>Liabilities | Balance<br>June 30, 2007 |
|---|-------------------------|---|--------------------------|
| <b><u>Developer Deposits Fund</u></b>         |                         |   |                          |
| <b>Assets:</b>                                |                         |   |                          |
| Cash and investments                          | \$ 3,562,156            | \$ 171,995                                  | \$ 3,734,151             |
| <b>Total assets</b>                           | <b>\$ 3,562,156</b>     | <b>\$ 171,995</b>                           | <b>\$ 3,734,151</b>      |
| <b>Liabilities:</b>                           |                         |   |                          |
| Accounts payable                              | \$ 3,753                | \$ 74,654                                   | \$ 78,407                |
| Deposits                                      | 3,558,403               | 97,341                                      | 3,655,744                |
| <b>Total liabilities</b>                      | <b>\$ 3,562,156</b>     | <b>\$ 171,995</b>                           | <b>\$ 3,734,151</b>      |
| <b><u>South Poway CFD No. 1</u></b>           |                         |   |                          |
| <b><u>Bond Deposits Fund</u></b>              |                         |   |                          |
| <b>Assets:</b>                                |                         |   |                          |
| Cash and investments                          | \$ 1,396,958            | \$ (19,428)                                 | \$ 1,377,530             |
| Taxes receivable                              | 5,989                   | 15,768                                      | 21,757                   |
| Interest receivable                           | 5,231                   | 52,065                                      | 57,296                   |
| Cash and investments with fiscal agent        | 1,543,521               | 51,251                                      | 1,594,772                |
| <b>Total assets</b>                           | <b>\$ 2,951,699</b>     | <b>\$ 99,656</b>                            | <b>\$ 3,051,355</b>      |
| <b>Liabilities:</b>                           |                         |   |                          |
| Accounts payable                              | \$ -                    | \$ -  | \$ -                     |
| Due to bondholders                            | 2,951,699               | 99,656                                      | 3,051,355                |
| <b>Total liabilities</b>                      | <b>\$ 2,951,699</b>     | <b>\$ 99,656</b>                            | <b>\$ 3,051,355</b>      |
| <b><u>Parkway Business Center</u></b>         |                         |   |                          |
| <b><u>CFD No. 88-1 Bond Deposits Fund</u></b> |                         |   |                          |
| <b>Assets:</b>                                |                         |   |                          |
| Cash and investments                          | \$ 2,985,269            | \$ 153,227                                  | \$ 3,138,496             |
| Taxes receivable                              | -                       | 970   | 970                      |
| Accounts receivable                           | 1,106,268               | -   | 1,106,268                |
| Interest receivable                           | 84,137                  | 26  | 84,163                   |
| Cash and investments with fiscal agent        | 3,676,441               | 1,803                                       | 3,678,244                |
| <b>Total assets</b>                           | <b>\$ 7,852,115</b>     | <b>\$ 156,026</b>                           | <b>\$ 8,008,141</b>      |
| <b>Liabilities:</b>                           |                         |   |                          |
| Accounts payable                              | \$ 12,706               | \$ 19,226                                   | \$ 31,932                |
| Due to bondholders                            | 6,733,141               | 136,800                                     | 6,869,941                |
| Advances from City of Poway                   | 1,106,268               | -   | 1,106,268                |
| <b>Total liabilities</b>                      | <b>\$ 7,852,115</b>     | <b>\$ 156,026</b>                           | <b>\$ 8,008,141</b>      |

(Continued)

**City of Poway**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds, Continued**  
**For the year ended June 30, 2007**

|  | Balance<br>July 1, 2006 | Net Changes in<br>Assets and<br>Liabilities | Balance<br>June 30, 2007 |
|--|-------------------------|---|--------------------------|
| <b><u>High Valley Roads</u></b>                |                         |   |                          |
| <b><u>AD No. 96-1 Bond Deposits Fund</u></b>   |                         |   |                          |
| <b>Assets:</b>                                 |                         |   |                          |
| Cash and investments                           | \$ 47,064               | \$ 6,345                                    | \$ 53,409                |
| Taxes receivable                               | 527                     | 613   | 1,140                    |
| Interest receivable                            | 196                     | 7   | 203                      |
| Cash and investments with fiscal agents        | 54,660                  | 167   | 54,827                   |
| <b>Total assets</b>                            | <b>\$ 102,447</b>       | <b>\$ 7,132</b>                             | <b>\$ 109,579</b>        |
| <b>Liabilities:</b>                            |                         |   |                          |
| Accounts payable                               | \$ 4,235                | \$ -  | \$ 4,235                 |
| Due to bondholders                             | 98,212                  | 7,132                                       | 105,344                  |
| <b>Total liabilities</b>                       | <b>\$ 102,447</b>       | <b>\$ 7,132</b>                             | <b>\$ 109,579</b>        |
| <b><u>Old Coach Waterline</u></b>              |                         |   |                          |
| <b><u>AD No. 2001-1 Bond Deposits Fund</u></b> |                         |   |                          |
| <b>Assets:</b>                                 |                         |   |                          |
| Cash and investments                           | \$ 55,480               | \$ 111                                      | \$ 55,591                |
| Taxes receivable                               | -                       | 8   | 8                        |
| <b>Total assets</b>                            | <b>\$ 55,480</b>        | <b>\$ 119</b>                               | <b>\$ 55,599</b>         |
| <b>Liabilities:</b>                            |                         |   |                          |
| Due to bondholders                             | \$ 55,480               | \$ 119                                      | \$ 55,599                |
| <b>Total liabilities</b>                       | <b>\$ 55,480</b>        | <b>\$ 119</b>                               | <b>\$ 55,599</b>         |
| <b><u>All Agency Funds</u></b>                 |                         |   |                          |
| <b>Assets:</b>                                 |                         |   |                          |
| Cash and investments                           | \$ 8,046,927            | \$ 312,250                                  | \$ 8,359,177             |
| Taxes receivable                               | 6,516                   | 17,359                                      | 23,875                   |
| Accounts receivable                            | 1,106,268               | -   | 1,106,268                |
| Interest receivable                            | 89,564                  | 52,098                                      | 141,662                  |
| Cash and investments with fiscal agents        | 5,274,622               | 53,221                                      | 5,327,843                |
| <b>Total assets</b>                            | <b>\$ 14,523,897</b>    | <b>\$ 434,928</b>                           | <b>\$ 14,958,825</b>     |
| <b>Liabilities:</b>                            |                         |   |                          |
| Accounts payable                               | \$ 20,694               | \$ 93,880                                   | \$ 114,574               |
| Deposits                                       | 3,558,403               | 97,341                                      | 3,655,744                |
| Due to bondholders                             | 9,838,532               | 243,707                                     | 10,082,239               |
| Advances from City of Poway                    | 1,106,268               | -   | 1,106,268                |
| <b>Total liabilities</b>                       | <b>\$ 14,523,897</b>    | <b>\$ 434,928</b>                           | <b>\$ 14,958,825</b>     |

(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 Year**  
*(accrual basis of accounting)*

|   | <u>Year Ended June 30,</u><br><u>2007</u> | <u>Year Ended June 30,</u><br><u>2006</u> |
|---|---|---|
| Governmental activities                         |   |   |
| Invested in capital assets, net of related debt | \$ 21,675,540                             | \$ 16,728,005                             |
| Restricted                                      | 99,518,581                                | 98,416,094                                |
| Unrestricted - as restated                      | <u>(70,862,504)</u>                       | <u>(78,799,982)</u>                       |
| Total governmental activities net assets        | <u>50,331,617</u>                         | <u>36,344,117</u>                         |
| Business-type activities                        |   |   |
| Invested in capital assets, net of related debt | 35,055,052                                | 36,472,213                                |
| Restricted                                      | 283,938                                   | 283,534                                   |
| Unrestricted                                    | <u>30,112,939</u>                         | <u>25,587,312</u>                         |
| Total business-type activities net assets       | <u>65,451,929</u>                         | <u>62,343,059</u>                         |
| Primary government                              |   |   |
| Invested in capital assets, net of related debt | 56,730,592                                | 53,200,218                                |
| Restricted                                      | 99,802,519                                | 98,699,628                                |
| Unrestricted                                    | <u>(40,749,565)</u>                       | <u>(53,212,670)</u>                       |
| Total primary government net assets             | <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 will implement 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 Year**  
*(accrual basis of accounting)*

|                                      | Year Ended June 30,<br><u>2007</u> | Year Ended June 30,<br><u>2006</u> |
|--------------------------------------|------------------------------------|------------------------------------|
| <b>Functional expenses:</b>          |                                    |                                    |
| General Government                   | \$ 14,559,177                      | \$ 15,689,334                      |
| Public Safety                        | 18,121,264                         | 17,313,198                         |
| Public Works                         | 9,100,534                          | 13,023,698                         |
| Development Services                 | 4,978,301                          |                                    |
| Community Services                   | 16,964,745                         | 19,510,067                         |
| Interest and fiscal charges          | 19,697,044                         | 16,986,839                         |
| Total functional expenses            | <u>83,421,065</u>                  | <u>82,523,136</u>                  |
| <b>Program revenues:</b>             |                                    |                                    |
| Charges for services:                |                                    |                                    |
| General Government                   | 176,938                            | 173,484                            |
| Public Safety                        | 2,181,971                          | 2,104,975                          |
| Public Works                         | 4,011,644                          | 3,512,623                          |
| Development Services                 | 1,451,489                          |                                    |
| Community Services                   | 2,894,396                          | 3,908,179                          |
| Interest and fiscal charges          | -                                  | -                                  |
| Operating grants and contributions   | 6,103,045                          | 6,198,885                          |
| Capital grants and contributions     | 2,940,273                          | 3,088,436                          |
| Total program revenues               | <u>19,759,756</u>                  | <u>18,986,582</u>                  |
| Total governmental activities        | <u>(63,661,309)</u>                | <u>(63,536,554)</u>                |
| <b>General revenues:</b>             |                                    |                                    |
| Taxes:                               |                                    |                                    |
| Property taxes                       | 48,048,249                         | 45,725,853                         |
| Sales taxes                          | 13,032,518                         | 13,918,879                         |
| Motor vehicle license tax            | 273,727                            | 392,240                            |
| Transient occupancy tax              | 202,767                            | 190,097                            |
| Franchise taxes                      | 1,588,677                          | 1,399,524                          |
| Other Taxes                          | 596,868                            | 609,982                            |
| Total taxes                          | <u>63,742,806</u>                  | <u>62,236,575</u>                  |
| Investment earnings                  | 10,569,205                         | 8,508,647                          |
| Miscellaneous                        | 3,349,606                          | 2,894,418                          |
| Sale of capital assets               | -                                  | (11,262)                           |
| <b>Transfers</b>                     | <u>(12,808)</u>                    | <u>460,810</u>                     |
| Total general revenues and transfers | <u>77,648,809</u>                  | <u>74,089,188</u>                  |
| <b>Change in Net Assets</b>          | <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 will implement 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 Year**  
*(accrual basis of accounting)*

|                                      | Year Ended June 30,<br><u>2007</u> | Year Ended June 30,<br><u>2006</u> |
|--------------------------------------|------------------------------------|------------------------------------|
| <b>Functional expenses:</b>          |                                    |                                    |
| Water                                | \$ 17,371,707                      | \$ 16,009,205                      |
| Sewer                                | 7,970,848                          | 8,730,098                          |
| Total functional expenses            | <u>25,342,555</u>                  | <u>24,739,303</u>                  |
| <b>Program revenues:</b>             |                                    |                                    |
| Charges for services:                |                                    |                                    |
| Water                                | 16,637,705                         | 15,181,771                         |
| Sewer                                | 7,943,890                          | 7,479,071                          |
| Capital grants and contributions     | 63,604                             | 66,840                             |
| Total program revenues               | <u>24,645,199</u>                  | <u>22,727,682</u>                  |
| Total business-type activities       | <u>(697,356)</u>                   | <u>(2,011,621)</u>                 |
| <b>General revenues:</b>             |                                    |                                    |
| Property taxes                       | -                                  | 309,296                            |
| Investment earnings                  | 3,038,852                          | 1,157,563                          |
| Miscellaneous                        | 754,566                            | 738,337                            |
| Sale of capital assets               | -                                  | -                                  |
| <b>Transfers</b>                     | 12,808                             | (460,810)                          |
| Total general revenues and transfers | <u>3,806,226</u>                   | <u>1,744,386</u>                   |
| <b>Change in Net Assets</b>          | <u>\$ 3,108,870</u>                | <u>\$ (267,235)</u>                |

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

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

|                                    | June 30,                     |                              |                           |                           |                           |
|------------------------------------|------------------------------|------------------------------|---------------------------|---------------------------|---------------------------|
|                                    | <u>2007</u>                  | <u>2006</u>                  | <u>2005</u>               | <u>2004</u>               | <u>2003</u>               |
| General Fund                       |                              |                              |                           |                           |                           |
| Reserved                           | \$ 7,538,564                 | \$ 7,389,245                 | 7,885,013                 | 7,581,391                 | 6,907,055                 |
| Unreserved:                        |                              |                              |                           |                           |                           |
| Designated                         | 30,375,251                   | 27,539,942                   | 25,115,075                | 21,827,076                | 12,325,729                |
| Undesignated                       | -                            | -                            | -                         | -                         | 8,556,645                 |
| Total General Fund                 | <u>\$ 37,913,815</u>         | <u>\$ 34,929,187</u>         | <u>33,000,088</u>         | <u>29,408,467</u>         | <u>27,789,429</u>         |
| All Other Governmental Funds       |                              |                              |                           |                           |                           |
| Reserved                           | \$ 43,663,739                | \$ 39,477,985                | 35,478,892                | 44,761,898                | 51,282,639                |
| Unreserved:                        |                              |                              |                           |                           |                           |
| Designated:                        |                              |                              |                           |                           |                           |
| Special revenue funds              | -                            | 7,760,635                    | 8,816,961                 | 8,175,996                 | 8,613,436                 |
| Debt service funds                 | -                            | -                            | -                         | -                         | -                         |
| Capital projects funds             | -                            | -                            | -                         | -                         | -                         |
| Undesignated:                      |                              |                              |                           |                           |                           |
| Special revenue funds              | 43,037,658                   | 6,014,938                    | 7,795,241                 | 7,804,756                 | 6,898,403                 |
| Debt service funds                 | -                            | -                            | -                         | -                         | -                         |
| Capital projects funds             | 5,278,620                    | 37,769,191                   | 42,511,597                | 55,342,242                | 44,896,736                |
| Total all Other Governmental Funds | <u>\$ 91,980,017</u>         | <u>\$ 91,022,749</u>         | <u>94,602,691</u>         | <u>116,084,892</u>        | <u>111,691,214</u>        |
| Total Fund Balance                 | <u><u>\$ 129,893,832</u></u> | <u><u>\$ 125,951,936</u></u> | <u><u>127,602,779</u></u> | <u><u>145,493,359</u></u> | <u><u>139,480,643</u></u> |

---



---

| June 30,    |             |             |             |             |
|-------------|-------------|-------------|-------------|-------------|
| <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> |
| 16,683,177  | 17,681,990  | 16,968,010  | 17,772,142  | 17,676,885  |
| 21,258,117  | 20,173,503  | 16,633,194  | 11,888,788  | 10,082,843  |
| -           | -           | -           | -           | -           |
| 37,941,294  | 37,855,493  | 33,601,204  | 29,660,930  | 27,759,728  |
| 49,060,668  | 38,197,024  | 43,568,860  | 35,436,059  | 26,793,170  |
| 8,133,105   | 7,370,213   | 6,093,702   | 6,922,837   | 7,281,067   |
| -           | -           | -           | -           | 12,638      |
| -           | -           | 198         | 301         | 30,866      |
| 5,207,265   | 4,571,924   | 4,735,846   | 3,496,380   | 3,332,972   |
| -           | -           | -           | -           | -           |
| 60,711,652  | 13,366,748  | 14,054,971  | 11,325,831  | 9,953,945   |
| 123,112,690 | 63,505,909  | 68,453,577  | 57,181,408  | 47,404,658  |
| 161,053,984 | 101,361,402 | 102,054,781 | 86,842,338  | 75,164,386  |

---



---

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

|   | <u>2007</u>         | <u>2006</u>           | <u>2005</u>            | <u>2004</u>         |
|---|---------------------|-----------------------|------------------------|---------------------|
| <b>Revenues</b>   |                     |                       |                        |                     |
| Taxes   | \$ 63,810,241       | \$ 62,042,614         | \$ 55,406,112          | \$ 47,368,683       |
| Licenses and permits                                    | 330,755             | 296,935               | 288,716                | 296,984             |
| Intergovernmental                                       | 4,336,767           | 5,796,558             | 4,637,517              | 5,445,572           |
| Charges for services                                    | 4,419,664           | 7,557,159             | 7,607,467              | 7,449,929           |
| Fines and forfeitures                                   | 720,949             | 732,633               | 273,322                | 251,834             |
| Use of money and property                               | 16,120,443          | 13,459,180            | 13,535,451             | 8,152,189           |
| Developer Fees  | 4,509,741           | 489,210               | 536,404                | 1,243,389           |
| Assessment levied                                       | 1,868,567           | 1,845,859             | 1,835,519              | 1,816,524           |
| Other revenues  | 1,389,762           | 1,157,139             | 2,525,614              | 1,473,492           |
| Total revenues  | <u>97,506,889</u>   | <u>93,377,287</u>     | <u>86,646,122</u>      | <u>73,498,596</u>   |
| <b>Expenditures</b>                                     |                     |                       |                        |                     |
| Current:  |                     |                       |                        |                     |
| General government                                      | 9,614,109           | 9,552,247             | 11,114,009             | 10,668,972          |
| Public safety   | 17,897,811          | 16,563,059            | 17,304,746             | 15,588,991          |
| Public works  | 6,556,796           | 11,338,373            | 4,865,184              | 3,966,484           |
| Development services                                    | 5,028,405           |                       |                        |                     |
| Community services                                      | 11,877,425          | 11,884,718            | 10,671,636             | 7,569,324           |
| Capital outlay  | 14,205,962          | 18,802,010            | 31,981,651             | 31,743,517          |
| Debt service:   |                     |                       |                        |                     |
| Principal   | 6,470,000           | 5,875,000             | 6,706,720              | 7,875,000           |
| Interest and fiscal charges                             | 17,896,630          | 17,101,983            | 16,482,351             | 15,477,533          |
| Debt Issuance Costs                                     | -                   | -                     | 255,302                | 2,765,590           |
| Tax shift   | 4,889,025           | 3,831,350             | 2,549,564              | 1,357,911           |
| Tax increment reimbursements                            | -                   | 1,674,851             | 2,380,488              | 29,865,057          |
| Total expenditures                                      | <u>94,436,163</u>   | <u>96,623,591</u>     | <u>104,311,651</u>     | <u>126,878,379</u>  |
| Excess of revenues over (under) expenditures            | <u>3,070,726</u>    | <u>(3,246,304)</u>    | <u>(17,665,529)</u>    | <u>(53,379,783)</u> |
| <b>Other Financing Sources (Uses)</b>                   |                     |                       |                        |                     |
| Proceeds from issuance of debt                          | 148,273             | 149,563               | 8,499,883              | 156,029,702         |
| Refunding bond activity -net                            | (184,586)           | -                     | (9,301,120)            | (99,094,350)        |
| Proceeds from sale of capital assets                    | -                   | -                     | 232,168                | 1,110,603           |
| Transfers in (out) net                                  | 907,483             | 1,445,898             | 506,234                | 1,346,544           |
| Total other financing sources                           | <u>871,170</u>      | <u>1,595,461</u>      | <u>(62,835)</u>        | <u>59,392,499</u>   |
| Net change in fund balance                              | <u>\$ 3,941,896</u> | <u>\$ (1,650,843)</u> | <u>\$ (17,728,364)</u> | <u>\$ 6,012,716</u> |
| Debt service as a percentage of noncapital expenditures | 30.4%               | 29.5%                 | 32.1%                  | 24.5%               |

**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>2003</u>        | <u>2002</u>          | <u>2001</u>         | <u>2000</u>          | <u>1999</u>          | <u>1998</u>           |
| \$                  | 43,439,827         | \$ 39,575,352        | \$ 35,840,942       | \$ 31,118,687        | \$ 26,047,002        | \$ 23,021,049         |
|                     | 295,471            | 305,685              | 309,652             | 306,688              | 262,482              | 257,818               |
|                     | 8,313,394          | 6,183,143            | 6,026,700           | 5,139,707            | 4,678,887            | 8,837,630             |
|                     | 8,452,248          | 8,192,172            | 7,851,665           | 7,854,457            | 8,635,292            | 8,970,489             |
|                     | 176,291            | 202,598              | 239,369             | 253,586              | 210,762              | 86,273                |
|                     | 11,924,593         | 12,584,448           | 10,735,796          | 8,372,411            | 7,738,120            | 8,233,422             |
|                     | 1,208,015          | 591,230              | 855,799             | 2,589,766            | 2,152,267            | 1,703,672             |
|                     | 1,825,528          | 1,754,096            | 1,750,613           | 1,597,188            | 1,572,354            | 1,614,228             |
|                     | 2,007,778          | 3,000,545            | 957,898             | 1,724,643            | 967,149              | 457,972               |
|                     | <u>77,643,145</u>  | <u>72,389,269</u>    | <u>64,568,434</u>   | <u>58,957,133</u>    | <u>52,264,315</u>    | <u>53,182,553</u>     |
|                     | 10,178,866         | 8,918,157            | 8,407,234           | 7,486,657            | 7,704,342            | 7,758,604             |
|                     | 13,866,595         | 12,905,831           | 11,324,004          | 10,900,368           | 9,958,312            | 9,333,832             |
|                     | 4,246,773          | 3,817,814            | 3,702,963           | 3,552,863            | 3,343,102            | 6,035,135             |
|                     | 7,373,691          | 6,579,853            | 6,666,018           | 5,805,605            | 5,266,558            | 4,921,563             |
|                     | <u>32,096,700</u>  | <u>22,972,729</u>    | <u>17,733,164</u>   | <u>9,524,359</u>     | <u>8,213,245</u>     | <u>20,385,782</u>     |
|                     | 14,192,769         | 9,288,293            | 6,821,853           | 22,714,960           | 6,072,045            | 6,384,949             |
|                     | 18,455,993         | 15,095,386           | 11,805,570          | 12,174,817           | 13,082,746           | 13,135,890            |
|                     | -                  | 1,708,370            | 7,790               | 1,119,531            | 185,166              | 22,413                |
|                     | 780,349            | -                    | -                   | -                    | -                    | -                     |
|                     | 5,678,795          | 4,928,042            | 6,176,365           | 5,495,266            | 234,601              | 76,118                |
|                     | <u>106,870,531</u> | <u>86,214,475</u>    | <u>72,644,961</u>   | <u>78,774,426</u>    | <u>54,060,117</u>    | <u>68,054,286</u>     |
|                     | (29,227,386)       | (13,825,206)         | (8,076,527)         | (19,817,293)         | (1,795,802)          | (14,871,733)          |
|                     | 17,856,218         | 80,781,467           | 5,975,575           | 43,763,276           | 12,441,792           | 5,865,531             |
|                     | -                  | (8,005,801)          | -                   | (9,681,371)          | -                    | -                     |
|                     | 14,600,000         | -                    | -                   | -                    | -                    | -                     |
|                     | 658,650            | 640,108              | 1,388,450           | 963,286              | 431,005              | 794,906               |
|                     | <u>33,114,868</u>  | <u>73,415,774</u>    | <u>7,364,025</u>    | <u>35,045,191</u>    | <u>12,872,797</u>    | <u>6,660,437</u>      |
| \$                  | <u>3,887,482</u>   | \$ <u>59,590,568</u> | \$ <u>(712,502)</u> | \$ <u>15,227,898</u> | \$ <u>11,076,995</u> | \$ <u>(8,211,296)</u> |
|                     | 43.7%              | 38.6%                | 33.9%               | 50.4%                | 41.8%                | 41.0%                 |

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

| Fiscal Year<br>Ended<br>June 30, | Assessed Value   |                  |                      |               |                  | Net Taxable<br>Value |
|----------------------------------|------------------|------------------|----------------------|---------------|------------------|----------------------|
|                                  | Land             | Improvements     | Personal<br>Property | Total         | Exemptions       |                      |
| 1998                             | \$ 1,276,839,000 | \$ 1,920,555,000 | \$ 57,450,000        | 3,254,844,000 | \$ (113,173,000) | \$ 3,141,671,000     |
| 1999                             | 1,369,297,157    | 2,065,957,264    | 90,395,009           | 3,525,649,430 | (124,791,527)    | 3,400,857,903        |
| 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        |

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

Source: San Diego County Assessors Office

---

---

| <b>Change<br/>From<br/>Prior Year</b> | <b>Estimated<br/>Tax<br/>Revenues</b> | <b>Total<br/>Direct<br/>Tax Rate</b> |
|---------------------------------------|---------------------------------------|--------------------------------------|
| 1.23%                                 | 4,244,223                             | 0.211%                               |
| 8.25%                                 | 4,477,690                             | 0.211%                               |
| 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%                               |

**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 |                            |
| 1998                       | 0.211%           | 0.389%                        | 0.167%           | 0.118%                                | 0.067%                             | 0.047%    | 1.000%                     |
| 1999                       | 0.211%           | 0.389%                        | 0.167%           | 0.118%                                | 0.067%                             | 0.047%    | 1.000%                     |
| 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%                     |

| 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 |
| 1998                       | 1.000%                     | 0.021%                                     | 0.000%                        | 0.012%    | 1.033%                  |
| 1999                       | 1.000%                     | 0.018%                                     | 0.000%                        | 0.010%    | 1.028%                  |
| 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%                  |

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**

|  | 2007                  |      |  | 1998                  |      |  |
|--|-----------------------|------|--|-----------------------|------|--|
|  | 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                          |
| Slough Poway                           | \$62,504,760          | 1    | 0.85%                                  | \$ -                  | -    | -                                      |
| Toppan Optical Products                | 56,801,563            | 2    | 0.78%                                  | -                     | -    | -                                      |
| Sysco Food Services                    | 38,685,167            | 3    | 0.53%                                  | -                     | -    | -                                      |
| Prudential Insurance Co.               | 38,172,453            | 4    | 0.52%                                  | -                     | -    | -                                      |
| Costco Wholesale Corporation           | 32,584,784            | 5    | 0.45%                                  | -                     | -    | -                                      |
| Government Employees Insurance Company | 28,975,361            | 6    | 0.40%                                  | -                     | -    | -                                      |
| Resmed Corporation                     | 28,106,978            | 7    | 0.38%                                  | -                     | -    | -                                      |
| PCF Funding Inc                        | 24,268,914            | 8    | 0.33%                                  | -                     | -    | -                                      |
| Poway City SLCP                        | 24,117,840            | 9    | 0.33%                                  | -                     | -    | -                                      |
| Cohu Inc.                              | 23,848,395            | 10   | 0.33%                                  | -                     | -    | -                                      |
| Burnham Pacific Properties Inc.        | -                     | -    | -                                      | 23,370,000            | 1    | 0.74%                                  |
| Twin Peaks Real Estate Corp            | -                     | -    | -                                      | 21,404,396            | 2    | 0.67%                                  |
| JMP Advisors Inc.                      | -                     | -    | -                                      | 15,694,725            | 3    | 0.49%                                  |
| Braemar Properties LP                  | -                     | -    | -                                      | 12,995,000            | 4    | 0.41%                                  |
| Stoneridge Country Club Corp.          | -                     | -    | -                                      | 11,428,979            | 5    | 0.36%                                  |
| Becroft, Joseph N. & Lois M.           | -                     | -    | -                                      | 11,050,000            | 6    | 0.35%                                  |
| Gateway Medical Building-JV            | -                     | -    | -                                      | 10,550,000            | 7    | 0.33%                                  |
| Shea Homes Ltd Partnership             | -                     | -    | -                                      | 9,354,040             | 8    | 0.29%                                  |
| Retail Trust III                       | -                     | -    | -                                      | 8,334,708             | 9    | 0.26%                                  |
| Tech Business Center LLC               | -                     | -    | -                                      | 7,696,604             | 10   | 0.24%                                  |
|  | <u>\$ 358,066,215</u> |      | <u>4.89%</u>                           | <u>\$ 131,878,452</u> |      | <u>4.15%</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<br>Ended<br>June 30, | Assessed Value |                |                      |                  |                 |                  | Base Year<br>Values |
|----------------------------------|----------------|----------------|----------------------|------------------|-----------------|------------------|---------------------|
|                                  | Land           | Improvmnts     | Personal<br>Property | Total            | Exemptions      |                  |                     |
| 1998                             | \$ 521,664,129 | \$ 777,784,811 | \$ 51,304,337        | \$ 1,350,753,277 | \$ (15,059,225) | \$ (203,238,909) |                     |
| 1999                             | 554,270,977    | 874,560,286    | 70,429,252           | 1,499,260,515    | (14,903,002)    | (203,238,909)    |                     |
| 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)    |                     |

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

---



---

| <u>Net Taxable<br/>Value</u> | <u>Change<br/>From<br/>Prior Year</u> | <u>Estimated<br/>Tax<br/>Revenues</u> | <u>Total<br/>Direct<br/>Tax Rate</u> |
|------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| 1,132,455,143                | 3.39%                                 | \$ 11,934,964                         | 1.054%                               |
| 1,281,118,604                | 13.13%                                | 13,227,036                            | 1.032%                               |
| 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%                               |

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

| Fiscal Year<br>Ended<br>June 30, | Within The Year of Levy        |                                 |                                 | Collections<br>From Prior<br>Years'<br>Levies | Total<br>Collections |
|----------------------------------|--------------------------------|---------------------------------|---------------------------------|---|----------------------|
|                                  | Current<br>Secured<br>Tax Levy | Current<br>Secured<br>Collected | Percent<br>of Levy<br>Collected |   |                      |
| 1998                             | \$ 11,696,173                  | \$ 11,718,834                   | 100.19%                         | \$ 446,551                                    | \$ 12,165,385        |
| 1999                             | 13,159,421                     | 13,011,923                      | 98.88%                          | 336,587                                       | 13,348,510           |
| 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           |

Source: San Diego County Assessors Office

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

| Fiscal Year<br>Ended<br>June 30, | Within The Year of Levy        |                                 |                                 | Collections<br>From Prior<br>Years'<br>Levies | Total<br>Collections |
|----------------------------------|--------------------------------|---------------------------------|---------------------------------|---|----------------------|
|                                  | Current<br>Secured<br>Tax Levy | Current<br>Secured<br>Collected | Percent<br>of Levy<br>Collected |   |                      |
| 1998                             | \$ 13,052,091                  | \$ 12,874,241                   | 98.64%                          | \$ 225,298                                    | \$ 13,099,539        |
| 1999                             | 13,302,138                     | 13,088,362                      | 98.39%                          | 261,592                                       | 13,349,954           |
| 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           |

Source: San Diego County Assessors Office

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

| Fiscal Year<br>Ended<br>June 30, | Governmental Activities    |                                     |                   |                 |                       |
|----------------------------------|----------------------------|-------------------------------------|-------------------|-----------------|-----------------------|
|                                  | Tax<br>Allocation<br>Bonds | Certificates<br>of<br>Participation | Capital<br>Leases | Loan<br>Payable | General<br>Obligation |
| 1998                             | \$ 115,685,000             | \$ 55,810,000                       | \$ 368,813        | \$ 44,279       | \$ 3,595,000          |
| 1999                             | 113,670,000                | 55,000,000                          | 330,213           | 43,634          | 3,210,000             |
| 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       | -                     |

**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 |                          |                               |            |
| \$ 3,165,000             | \$ 154,190     | \$ 5,407         | \$ 178,827,689           | 13.33%                        | \$ 3,797   |
| 3,050,000                | 138,052        | 5,407            | 175,447,306              | 12.02%                        | 3,634      |
| 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      |

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

---



---

| Fiscal Year<br>Ended<br>June 30, | Outstanding General<br>Bonded Debt |             | Percent of<br>Assessed<br>Value (a) | Per<br>Capita |
|----------------------------------|------------------------------------|-------------|-------------------------------------|---------------|
|                                  | Tax<br>Allocation<br>Bonds         |             |                                     |               |
| 1998                             | \$                                 | 115,685,000 | 3.55%                               | \$ 2,456      |
| 1999                             |                                    | 113,670,000 | 3.22%                               | 2,355         |
| 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         |

**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, 2007**

|                                      |                         |
|--------------------------------------|-------------------------|
| 2006-07 Assessed Valuation:          | \$ 7,548,930,184        |
| Redevelopment Incremental Valuation: | 3,513,510,155           |
| Adjusted Assessed valuation:         | <u>\$ 4,035,420,029</u> |

|  | Debt<br>Outstanding     | %              | Estimated Share<br>of Overlapping<br>Debt |
|--|-------------------------|----------------|---|
|  |                         | Applicable (a) |   |
| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>                          |                         |                |   |
| Metropolitan Water District  | \$ 359,115,000          | 0.246%         | \$ 883,423                                |
| Poway Unified School District Facilities Improvement Dist No. 2002-1 | 178,680,766             | 27.089%        | 48,402,833                                |
| Palomar Community College District                                   | 160,000,000             | 5.529%         | 8,846,400                                 |
| Escondido Union High School District                                 | 37,242,978              | 0.101%         | 37,615                                    |
| San Pasqual Union High School District                               | 1,221,351               | 2.598%         | 31,731                                    |
| Palomar Pomerado Hospital District                                   | 73,815,000              | 8.373%         | 6,180,530                                 |
| City of Poway Community Facilities District No. 88-1                 | 24,070,000              | 100.000%       | 24,070,000                                |
| Poway Unified School District Community Improvement Dist No. 1       | 62,240,835              | 0.010%         | 6,224                                     |
| City of Poway 1915 Act Bonds   | 599,039                 | 100.000%       | 599,039                                   |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT                            | <u>\$ 896,984,969</u>   |                | <u>\$ 89,057,795</u>                      |
| <u>OVERLAPPING GENERAL FUND DEBT:</u>                                |                         |                |   |
| San Diego County General Fund Obligations                            | \$ 351,215,000          | 1.277%         | \$ 4,485,016                              |
| San Diego County Pension Obligations                                 | 1,343,747,916           | 1.277%         | 17,159,661                                |
| San Diego County Superintendent of Schools General Fund Obligations  | 18,042,500              | 1.277%         | 230,403                                   |
| Palomar Community College District Certificates of Participation     | 8,065,000               | 5.529%         | 445,914                                   |
| Poway Unified School District Certificates of Participation          | 19,300,000              | 15.948%        | 3,077,964                                 |
| City of Poway Certificates of Participation                          | 52,810,000              | 100.000%       | 52,810,000                                |
| TOTAL OVERLAPPING GENERAL FUND DEBT                                  | <u>\$ 1,793,180,416</u> |                | <u>\$ 78,208,958</u>                      |
| TOTAL OVERLAPPING DEBT   | <u>\$ 2,690,165,385</u> |                | <u>\$ 167,266,753 (b)</u>                 |

Ratio to 2006-07 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.18%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$52,810,000) 1.31%

Combined Total Debt 4.14%

**Notes:**

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

(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      |                  |                  |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | 2007             | 2006             | 2005             | 2004             |
| Assessed valuation                  | \$ 4,035,420,029 | \$ 3,683,578,609 | \$ 3,341,441,046 | \$ 3,106,118,400 |
| Conversion percentage               | 25%              | 25%              | 25%              | 25%              |
| Adjusted assessed valuation         | 1,008,855,007    | 920,894,652      | 835,360,262      | 776,529,600      |
| Debt limit percentage               | 15%              | 15%              | 15%              | 15%              |
| Debt limit                          | 151,328,251      | 138,134,198      | 125,304,039      | 116,479,440      |
| Total net debt applicable to limit: |                  |                  |                  |                  |
| General obligation bonds            | -                | -                | 243,728          | 491,401          |
| Legal debt margin                   | 0.00%            | 0.00%            | 0.19%            | 0.42%            |

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

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

**Source:**

City of Poway Finance Department  
San Diego County Assessors Office

**FISCAL YEAR**

| <b>2003</b>      | <b>2002</b>      | <b>2001</b>      | <b>2000</b>      | <b>1999</b>      | <b>1998</b>      |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 2,894,214,986 | \$ 2,734,305,211 | \$ 2,514,417,338 | \$ 2,360,664,203 | \$ 2,173,069,644 | \$ 2,091,002,906 |
| 25%              | 25%              | 25%              | 25%              | 25%              | 25%              |
| 723,553,747      | 683,576,303      | 628,604,335      | 590,166,051      | 543,267,411      | 522,750,727      |
| 15%              | 15%              | 15%              | 15%              | 15%              | 15%              |
| 108,533,062      | 102,536,445      | 94,290,650       | 88,524,908       | 81,490,112       | 78,412,609       |
| 466,036          | 790,018          | 1,095,502        | 1,426,255        | 1,788,223        | 2,162,035        |
| 0.43%            | 0.77%            | 1.16%            | 1.61%            | 2.19%            | 2.76%            |

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

| Fiscal Year<br>Ended<br>June 30, | Tax Allocation Bonds |              |              |              |       | Coverage |
|----------------------------------|----------------------|--------------|--------------|--------------|-------|----------|
|                                  | Tax<br>Increment     | Debt Service |              |              | Total |          |
|                                  |                      | Principal    | Interest     |              |       |          |
| 1998                             | \$ 12,379,735        | \$ 1,210,000 | \$ 6,720,801 | \$ 7,930,801 | 1.56  |          |
| 1999                             | 14,199,118           | 2,015,000    | 6,641,386    | 8,656,386    | 1.64  |          |
| 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  |          |

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

**Source:** City of Poway Finance Department

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

---



---

| <b>Calendar<br/>Year</b> | <b>Population</b> | <b>Personal<br/>Income</b> | <b>Per<br/>Capita<br/>Personal<br/>Income</b> | <b>Labor<br/>Force</b> | <b>Unemployment<br/>Rate</b> |
|--------------------------|-------------------|----------------------------|---|------------------------|------------------------------|
| 1998                     | 47,098            | 1,341,822,020              | 28,490  | not available          | 2.5%                         |
| 1999                     | 48,277            | 1,459,703,372              | 30,236  | not available          | 2.1%                         |
| 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%                         |

**Source:**

Population - State of California Department of Finance

Personal Income - State of California Employment Development Department

Employment Information - State of California Employment Development Department

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

| Employer                       | 2007                |      |                             | 2006                |      |                             |
|--------------------------------|---------------------|------|-----------------------------|---------------------|------|-----------------------------|
|                                | Number of Employees | Rank | Percent of Total Employment | Number of Employees | Rank | Percent of Total Employment |
| Geico Direct                   | 1,800               | 1    | 6.43%                       | 1,800               | 1    | 6.57%                       |
| Select Build                   | 1,200               | 2    | 4.29%                       |                     |      | 0.00%                       |
| Delta Design, Inc.             | 1,200               | 3    | 4.29%                       | 1,000               | 3    | 3.65%                       |
| Poway Unified School District  | 758                 | 4    | 2.71%                       | 758                 | 5    | 2.77%                       |
| First American Credco          | 750                 | 5    | 2.68%                       | 935                 | 4    | 3.41%                       |
| Pomerado Hospital              | 696                 | 6    | 2.49%                       | 750                 | 6    | 2.74%                       |
| Sysco Food Services of SD      | 530                 | 7    | 1.89%                       | 500                 | 8    | 1.82%                       |
| Hunter Douglas Fabrication Co. | 350                 | 8    | 1.25%                       |                     |      | 0.00%                       |
| Walmart                        | 350                 | 9    | 1.25%                       |                     |      | 0.00%                       |
| Neal Electric Corporation      | 305                 | 10   | 1.09%                       |                     |      | 0.00%                       |
| HNR Framing                    |                     |      |                             | 1,200               | 2    | 4.38%                       |
| Disguise, Inc                  |                     |      |                             | 600                 | 7    | 2.19%                       |
| Cor-O-Van                      |                     |      |                             | 400                 | 9    | 1.46%                       |
| Digirad Corporation            |                     |      |                             | 375                 | 10   | 1.37%                       |
| Total                          | 7,939               |      | 28.35%                      | 8,318               |      | 30.36%                      |
| Total City Labor Force         | 28,000              |      |                             | 27,400              |      |                             |

**Source:**

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

**Note:**

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

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

---



---

| Function               | 2007   | 2006   | 2005   |
|------------------------|--------|--------|--------|
| General government     | 38.00  | 38.00  | 40.00  |
| Public Safety (a)      | 57.00  | 57.00  | 58.00  |
| Public works           | 90.00  | 90.00  | 84.00  |
| Redevelopment Services | 10.00  | 10.00  | 11.00  |
| Community Services     | 29.00  | 28.00  | 28.00  |
| Development Services   | 37.00  | 37.00  | 36.00  |
|                        | 261.00 | 260.00 | 257.00 |
|                        | 261.00 | 260.00 | 257.00 |

**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.

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

**City of Poway**  
**Operating Indicators**  
**Current Fiscal Year**

---

| <u>Function</u>                             | <u>2007</u> |
|---|-------------|
| General government:                         |             |
| Business registrations issued               | 1,071       |
| Vendor payments processed                   | 10,562      |
| Public Safety:                              |             |
| Arrests made                                | 981         |
| Fire emergency responses                    | 3,460       |
| Safety Inspections                          | 4,024       |
| Public works:                               |             |
| Building permits issued                     | 2,740       |
| Building inspections                        | 11,264      |
| Culture and recreation:                     |             |
| Performing arts center attendance           | 64,728      |
| Library-number of volumes in collection     | 124,977     |
| Library-number of volumes borrowed          | 492,501     |
| Athletic field permts issued                | 124         |
| Highways and streets:                       |             |
| Roads resurfaced in square feet             | 200,000     |
| Roads slurry sealed in squar feet           | 5,000,000   |
| Pot holes work orders                       | 36          |
| Water:                                      |             |
| Residential water customers                 | 12,556      |
| Commercial water customers                  | 514         |
| Average daily consumption (million/gallons) | 13.83       |
| Sewer:                                      |             |
| Residential sewer customers                 | 11,180      |
| Commercial sewer customers                  | 755         |
| Average daily treatment (million/gallons)   | 3.25        |

**Source:**

City of Poway Operating Departments

**City of Poway**  
**Capital Assets Statistics**  
**Current Fiscal Year**

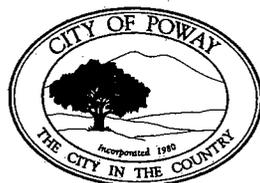
---

| <u>Function</u>                          | <u>2007</u> |
|--|-------------|
| Public Safety:                           |             |
| Number of fire stations                  | 3           |
| Number of sheriff stations               | 1           |
| Public works:                            |             |
| Total number of streetlights             | 2,889       |
| Signal controlled intersections          | 55          |
| Health and welfare                       |             |
| Senior center facilities                 | 1           |
| Culture and recreation                   |             |
| Number of Libraries                      | 1           |
| Number of Performing Arts Centers        | 1           |
| Number of Parks                          | 18          |
| Acres of developed parks                 | 568         |
| Number of reserves/preserves             | 2           |
| Acres of reserves/preserves              | 2,400       |
| Miles of trails                          | 82          |
| Highways and streets                     |             |
| Miles of roadway                         | 180         |
| Water                                    |             |
| Miles of water lines                     | 253         |
| Water storage capacity (billion/gallons) | 1.11        |
| Sewer                                    |             |
| Miles of sewer lines                     | 175         |
| Miles of storm sewers                    | 64          |

**Source:** City of Poway Operating Departments







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