

City of Fountain Valley California

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED, JUNE 30, 2020



**City of Fountain Valley
California
Comprehensive
Annual Financial Report
With Report on Audit By
Independent
Certified Public Accountants
Fiscal Year Ended
June 30, 2020**

PREPARED BY THE FINANCE DEPARTMENT

JENNIFER LAMPMAN, FINANCE DIRECTOR/CITY TREASURER
AND
TERESA GONZALEZ, ACCOUNTING MANAGER





City Council

June 30, 2020

CITY COUNCIL DIRECTORY
For The City of Fountain Valley, CA



Cheryl Brothers
Mayor



Michael Vo
Mayor Pro Tem



Kim Constantine
Council Member



Patrick Harper
Council Member



Steve Nagel
Council Member

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF FOUNTAIN VALLEY
Comprehensive Annual Financial Report
Year Ended June 30, 2020
Table of Contents

	<u>Page Number</u>
TABLE OF CONTENTS	i
INTRODUCTORY SECTION:	
Management’s Transmittal Letter	iv
City Directory	xi
Organization of the City	xii
Certificate of Achievement for Excellence in Financial Reporting	xiii
FINANCIAL SECTION:	
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Required Supplementary Information)	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds:	
Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Net Position	25
Statement of Cash Flows	26
Fiduciary Funds:	
Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	29
Notes to Basic Financial Statements	31

CITY OF FOUNTAIN VALLEY
Comprehensive Annual Financial Report
Year Ended June 30, 2020
Table of Contents

	<u>Page Number</u>
FINANCIAL SECTION (CONTINUED):	
Required Supplementary Information:	
Miscellaneous Plan:	
Schedule of Proportionate Share of the Net Pension Liability	73
Schedule of Contributions	74
Safety Plan:	
Schedule of Proportionate Share of the Net Pension Liability	75
Schedule of Contributions	76
Other Post-Employment Benefits Plan:	
Annual Money-Weighted Rate of Return on Investments	77
Schedule of Changes in the Net OPEB Liability and Related Ratios	78
Budgetary Comparison Schedules:	
General Fund	79
Housing Authority Special Revenue Fund	80
Notes to the Required Supplementary Information	81
Supplementary Schedules:	
Other Governmental Funds:	85
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	90
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Criminal Activities Special Revenue Fund	92
Road Maintenance and Rehabilitation Program (SB1) Special Revenue Fund	93
Gas Tax Special Revenue Fund	94
Abandoned Vehicle Abatement Special Revenue Fund	95
Traffic Improvement Special Revenue Fund	96
Pollution Reduction Special Revenue Fund	97
HOME Grant Special Revenue Fund	98
Measure M2 Special Revenue Fund	99
Community Development Block Grant Special Revenue Fund	100
Fountain Valley Public Financing Authority Debt Service Fund	101
Drainage Capital Projects Fund	102
Private Purpose Trust Funds:	104
Combining Statement of Fiduciary Net Position	105
Combining Statement of Changes in Fiduciary Net Position	106
Agency Funds:	
Combining Statement of Assets and Liabilities	107
Combining Statement of Changes in Assets and Liabilities	108

CITY OF FOUNTAIN VALLEY
Comprehensive Annual Financial Report
Year Ended June 30, 2020
Table of Contents

	<u>Page Number</u>
STATISTICAL SECTION (UNAUDITED):	
Description of Statistical Section Contents	110
Financial Trends:	
Net Position by Component - Last Ten Fiscal Years	112
Changes in Net Position - Last Ten Fiscal Years	114
Fund Balances of Governmental Funds - Last Ten Fiscal Years	118
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	120
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	122
Direct and Overlapping - Property Tax Rates - Last Ten Fiscal Years	124
Principal Property Taxpayers - Current Fiscal Year and Nine Fiscal Years Ago	126
Property Tax Levies and Collections - Last Ten Fiscal Years	127
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	128
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	130
Direct and Overlapping Debt	131
Legal Debt Margin Information - Last Ten Fiscal Years	132
Pledged-Revenue Coverage 2014A Revenue Bonds - Last Three Fiscal Years	134
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Calendar Years	135
Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago	136
Operating Information:	
Full-Time Equivalent City Employees by Department - Last Ten Fiscal Years	137
Operating Indicators by Function - Last Ten Fiscal Years	138
Capital Asset Statistics by Function - Last Ten Fiscal Years	140



CITY OF FOUNTAIN VALLEY

www.fountainvalley.org

10200 SLATER AVE – FOUNTAIN VALLEY, CA 92708-4736 (714) 593-4400, FAX (714)593-4498

December 7, 2020

Honorable Mayor,
Members of the City Council,
and Citizens of the City of Fountain Valley

Transmitted Through the City Manager:

The Comprehensive Annual Financial Report (CAFR) of the City of Fountain Valley for the fiscal year ended June 30, 2020, is hereby submitted. These statements have been prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants. The report was prepared in accordance with the guidelines set forth by the Governmental Accounting Standards Board (GASB).

REPORT PURPOSE AND ORGANIZATION

Purpose and Management Responsibility - The report consists of management's representation concerning the finances of the City of Fountain Valley. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management for the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with the Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

As management, we assert that, to the best of our knowledge and belief, the enclosed data is

accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Fountain Valley. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Audited Financial Statements - The City of Fountain Valley's financial statements have been audited by Davis Farr LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Fountain Valley's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Single Audit – The independent audit of the financial statements of the City of Fountain Valley is usually a part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. The report of the Single Audit is published separately from this CAFR and may be obtained upon request from the City's Finance Department. The City of Fountain Valley is required this year to have an annual single audit due to the acceptance of CARES Act funds for supporting grants to small businesses through the Community Development Block Grant (CDBG) program, and for offsetting City costs directly related to responding to the pandemic. The City also received several small public safety grants from the federal government requiring a single audit as well.

Transmittal letter - GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors Report.

Reporting Entities - the reporting entities (the City of Fountain Valley) financial statements includes all funds and account groups of the primary government (i.e. the City of Fountain Valley,

as legally defined) as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable.

The City's component units are the Fountain Valley Public Financing Authority and the Fountain Valley Housing Authority. Since the City Council serves as the governing board for these component units, although legally separate entities are, in substance, part of the primary government's operations. Accordingly, the component unit's financial activities have been included in the appropriate combining schedules.

Under ABX1 26 that was approved by the legislature on June 28, 2011, all redevelopment agencies were eliminated effective February 1, 2012, and the Successor Agency was constituted. The City of Fountain Valley became the Successor Agency to the former Community Redevelopment Agency. The Successor Agency's assets and liabilities are reported under the City's Trust/Agency funds.

PROFILE OF THE CITY OF FOUNTAIN VALLEY

Governmental Profile - The City of Fountain Valley, incorporated June 13, 1957, has an estimated population of 55,357 and has a land area of 9.75 square miles. It is located in the northern tip of Orange County, California and is bordered by the cities of Santa Ana, Costa Mesa, Huntington Beach, and Westminster. The City is roughly 30 miles southeast of Los Angeles and 90 miles northwest of San Diego. One of the greatest features of the City is Mile Square Park with its three golf courses; large passive park area, Boys and Girls Club, and City run Recreation Center and Sports Park.

The City has operated under a council-manager form of government since incorporation. Policymaking and legislative authority are vested in the City Council, which is comprised of five members elected at large, on a non-partisan basis, for staggered four-year terms of office. The Council is responsible, among other things, for passing ordinances, adopting the budget, appointing members to commissions and committees, and hiring the City Manager and Attorney for the City. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the City's department heads. Commissions and Advisory Committees play an integral role in the governmental structure of Fountain Valley and provide opportunities for citizens to participate in community affairs.

As a full-service City, Fountain Valley offers its residents a complete range of municipal services

that include; Public Safety in the form of Police, Fire protection, and Building & Safety; environmental services such as a water delivery system, sewer and storm drain maintenance; park and median landscaping; and repairs of streets and sidewalks; development services for land use planning, and zoning; housing and community development; a full range of recreation and cultural activities; as well as legislative, legal, financial and general administrative support.

ECONOMIC OVERVIEW

The City of Fountain Valley is a well-planned, suburban community, with a great balance of land uses located in the heart of Orange County on the I-405 Freeway, minutes from points of interest such as Disneyland, Knott's Berry Farm, famous beaches, the Honda Center, Angel Stadium, John Wayne Airport, and world-class shopping.

The City of Fountain Valley is a premier Orange County City that has the reputation of being “*A Nice Place to Live*”, as the environment is designed to provide a residential oasis within the hectic sprawl of metropolitan Orange County. This ambiance is by design and we are mindful of the residential predominance when ascertaining the level of service that will be provided to the community each year.

On November 8, 2016 the residents of Fountain Valley approved Measure HH, a one-percent transactions and use (i.e. “sales”) tax, which provided additional tax revenue in the amount of approximately \$12.4 million in Fiscal Year 2019-20. Without Measure HH, the General Fund's operating deficit for Fiscal Year 2019-20 would have been \$4,708,867. In accordance with the Responsible Spending Pledge, \$4.4 million was used to fund essential city services such as public safety and senior and youth programs. \$350,000 was used to fund capital improvements including residential road rehabilitation. An additional payment of \$2 million was made to CalPERS consistent with the City's 20-Year Financial Plan where the goal is to pay off all debt by 2037 when Measure HH sunsets. The balance of Measure HH revenue in the amount of \$5.7 million (46% of Measure HH revenue) was set-aside for reserves.

The City of Fountain Valley, like all cities throughout the State, struggled with the economic impact of Covid-19 in the 2019-20 fiscal year. The Governor's stay at home orders forced most businesses throughout the City to shutter operations or operate on a limited capacity, reducing the City's sales tax, Measure HH, transient occupancy tax and community services fee revenue, while simultaneously increasing costs associated with addressing the pandemic and ensuring the health and safety of the community. In response, the City took swift action to limit spending, freeze vacant positions, and reduce expenses in order to maintain fiscal stability.

ECONOMIC DEVELOPMENT ACTIVITIES

Responding to and managing the many challenges caused by the Covid-19 pandemic dominated most of the economic development activities in the second half of the 2019-20 fiscal year with the City focusing on developing grant programs to help small businesses impacted by the pandemic. However, despite the effects of the pandemic, the City of Fountain Valley was still able to enhance economic development both prior to and during the pandemic.

Fountain Valley Crossings – In 2018, the City Council approved the Fountain Valley Crossings Specific Plan to guide the transformation of 162 acres in the southeastern portion of the City from a largely light industrial area into an integrated district of new retailers, entertainment, restaurants, offices, and housing. The transformation began in late 2019 with the opening of Planet Granite, a new rock climbing gym, which opened in what was once a furniture warehouse. Recently, the Orange County Sanitation District acquired several properties in the Fountain Valley Crossings Project Area and has begun the development of their new headquarter building with a new pedestrian bridge spanning Ellis Avenue with construction anticipated to be complete in 2023.

Under-Utilized Commercial Centers – The City continues to target under-utilized commercial centers to encourage property owners to reinvest in Fountain Valley with notable success. Mile Square Plaza, constructed in 1972, and Fountain Valley Square, constructed in 1969, completed the modernization of their facades and landscaping and are now sources of community pride. In addition, Fountain Valley Square continues to redevelop the center with new tenants such as Mountain Mike's Pizza, Jyn Bowl, Plant Power, Grocery Outlet and other new stores and restaurants, revitalizing the area. The City Council also created the Commercial Property and Business Improvement Loan Program in 2017 to support existing property owners to upgrade the commercial centers through a low interest rate loan to update and improve existing commercial properties in the community. For program details, businesses can visit the City's website.

General Plan – In a largely built-out community, planning to meet the challenges of housing and economic development while enhancing quality of life and services and infrastructure requires careful thought. To that end, the City is working on updating its General Plan, which last received a comprehensive update in 1995. The General Plan is a long-range policy document that will guide the City's growth for the next 20 years. The update effort kicked off in late 2018 and is expected to be completed by 2021.

Prado Affordable Housing Project – Fountain Valley elected officials and executives from Related California broke ground on the Prado affordable housing project on November 16, 2020. The City's first affordable housing community to be developed in 16 years, Prado will be a 50-unit affordable housing development for extremely-low and very-low income families with eight units designated as Permanent Supportive Housing (PSH) units for veterans who are homeless or at risk of homelessness.

LONG-TERM FINANCIAL PLANNING

The City's fiscal policy is guided by the 20-Year Financial Plan, which encompasses the long-term operating and capital needs of the General Fund. The long-term goal is to achieve fiscal sustainability with a balanced operating budget when Measure HH sunsets in 2037. Additional payments are projected to be made to CalPERS over the next twenty years, which is in addition to the amounts required annually by CalPERS. In addition, the City plans to continue to make additional contributions to the City's Pension Trust, which is designed to mitigate against CalPERS investment risk. In 2037, the City's pension liability is expected to be paid off along with all other long-term debt. This 20-Year Financial Plan is utilized and integrated into the City's annual budget and semi-annual strategic planning processes.

RELEVANT FINANCIAL POLICIES

The City has adopted prudent fiscal policies to help assist the City Council and staff in making sound financial decisions. Several of the policies that had a significant impact on the current financial statements and the 2020-21 budget were the following key policies concerning investments, budget administration, long range financial planning and fund balance reserve policies.

CITY VISION AND GOALS

The City's Mission Statement is to deliver cost-effective quality public services to provide a safe and desirable community that enriches its residents and businesses. The City goals are to:

- Enhance economic development
- Achieve financial stability
- Attract, develop and retain quality staff within financial constraints
- Maintain and enhance infrastructure and facilities
- Enhance community outreach and engagement

AWARDS AND ACKNOWLEDGEMENTS

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its comprehensive annual financial report for the Fiscal Year ended June 30, 2019. This was the fifth year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements - The preparation of the Comprehensive Annual Financial Report is made possible by the dedicated efforts of the Finance Department staff with special thanks to Teresa Gonzalez, Accounting Manager, and David Faraone, Budget Analyst. Their dedicated efforts in the preparation of the final financial documents are reflected in the quality of this report. In addition, appreciation is extended to our independent auditors, Davis Farr, for their expertise and advice in preparing this year's financial report.

In closing, without the leadership and support of the City Council, City Manager and each operating department, it would not have been possible to conduct the financial operation of the City in the responsible and progressive manner in which it has been managed.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be "J. L. ...", is written over a light blue rectangular background.

Director of Finance / City Treasurer



City Directory

For The City of Fountain Valley, CA

Mayor Cheryl Brother

Council Members

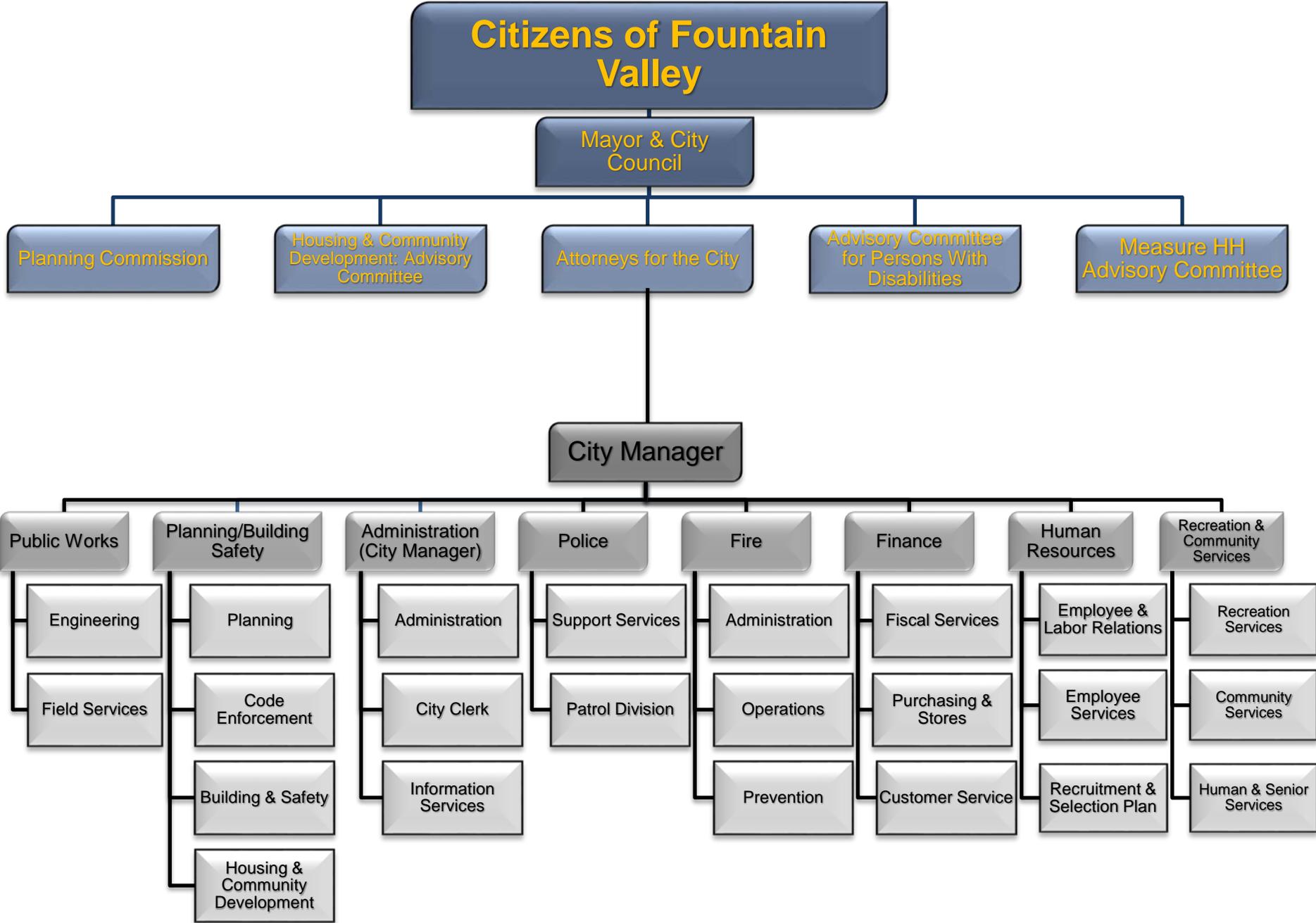
Mayor Pro Tempore.....	Michael Vo
Council Member.....	Kim Constantine
Council Member	Patrick Harper
Council Member	Steve Nagel

City Officials

City Manager.....	Rob Houston
Chief of Police.....	Matt Sheppard
Director of Finance/Treasurer.....	Jennifer Lampman
Director of Human Resources.....	Chelsea Phebus
Director of Planning/Building & Safety	Brian James
Director of Public Works/City Engineer.....	HyeJin Lee
Fire Chief.....	Ron Cookston

Council meetings are held on the 1st & 3rd Tuesday of the month at 6:00 p.m. and are located in the City Hall Council Chambers

CITY ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fountain Valley
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF FOUNTAIN VALLEY

FINANCIAL SECTION



Independent Auditor's Report

City Council
City of Fountain Valley
Fountain Valley, California

Report on the Financial Statements

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 Fountain Valley, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Fountain Valley's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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 of Fountain Valley, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *management's discussion and analysis, budgetary comparison information for the General Fund and each major special revenue fund, schedule of proportionate share of net pension liability during the measurement period, schedule of contributions, annual money-weighted rate of return on investments, and schedule of changes in the net other post-employment liability and related ratios* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fountain Valley's basic financial statements. The *combining and individual nonmajor fund financial statements and schedules, the introductory section and the statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements and schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020 on our consideration of the City of Fountain Valley'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fountain Valley's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
December 10, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fountain Valley (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Fountain Valley for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the accompanying basic financial statements.

Financial Highlights

During the fiscal year ended June 30, 2020, the City continued to maintain its stable financial position, enabling delivery of appropriate services to the community and undertaking necessary economic development and infrastructure projects. The financial impacts of the COVID-19 pandemic are uncertain. The fiscally conservative steps the City Council has made over the last several years to ensure reserves are replenished has positioned Fountain Valley with the ability to manager through this period. The City's fiscal policy is guided by the 20-Year Financial Plan. The City continues on a solid path towards long-term fiscal sustainability.

- At June 30, 2020, the City's governmental activities total assets and deferred outflows of resources were \$237.4 million and total liabilities and deferred inflows were \$166.9 million, resulting in net positions of \$70.5 million. Net position consists of \$103.8 million net investment in capital assets, \$29.9 million in restricted net position and a \$63.2 million deficit in unrestricted net position. The deficit balance associated with unrestricted net position primarily relates to long-term liabilities such as the City's net pension and net OPEB liabilities, which will be paid from resources received over the next twenty years. The City's total net position increased by \$2.6 million or 3.9% from the prior fiscal year balance.
- The net position of the City's governmental activities increased by \$2.6 million. This increase is mainly attributable to a \$2.1 million proceeds for the sale of land and temporary construction easement to the Orange County Transportation Authority (OCTA) for the I-405 expansion.
- Total revenues from all sources of the City's governmental activities were \$65.0 million as compared to the cost for all City programs of \$64.6 million.
- The business-type activities revenue totaled \$24.1 million as compared to \$22.7 million in 2019, or a 6.0 percent increase over the prior year; expenses totaled \$17.8 million as compared to \$16.6 million in 2019, or 7.0 percent increase over the prior year. The result produced an increase in business-type net position of \$4.0 million as compared to an increase of \$3.4 million in the prior year.
- As of June 30, 2020, the City's governmental funds reported combined ending fund balances of \$87.7 million. Non-spendable was \$1.6 million, restricted was \$40.7 million, committed was \$13.7 million, assigned was \$31.7 million, and unassigned was \$3,760.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$87.7 million, an increase of \$1.1 million from the prior year balance of \$86.6 million. This net increase is mostly attributable to the sale of land and temporary construction easement to the Orange County Transportation Authority for the I-405 expansion project in an amount of \$2.1 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information to show how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Fountain Valley include general government, public safety, transportation, community development, community services, and interest on long-term debt. The business-type activities of the City are comprised of water, sewer and solid waste funds.

The *government-wide financial statements* include not only the City itself (known as the *primary government*), but also the legally separate Fountain Valley Housing Authority, and the Fountain Valley Public Financing Authority that function as integral parts of the primary government and have been included in these financial statements.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund

accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Housing Authority which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets elsewhere in this report.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

Proprietary Funds

The City maintains three different types of *proprietary (Enterprise) funds*. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water utility, sewer and solid waste operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and solid waste funds.

The basic proprietary fund financial statements can be found immediately following the governmental funds financial

statements.

Fiduciary Funds

The fiduciary fund financial statements include the private-purpose trust funds, other post employment benefit (OPEB) trust fund and agency funds of the City. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs.

The basic fiduciary fund financial statements can be found immediately following the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fiduciary funds financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required* supplementary *information* concerning the City's proportionate share of the net pension liability, contributions to the CalPERS pension plans, annual money-weighted rate of return on investments – OPEB, changes in the net OPEB liability and related ratios and budget to actual comparisons for major funds, and disclosure information pertaining to the use of the Modified Approach with infrastructure. Required supplementary information can be found immediately following the notes to the basic financial statement.

The combining statements referred to earlier in connection with non-major governmental funds are presented for all non-major Special Revenue Funds, non-major Capital Projects Funds and all non-major Debt Service Funds. These combining and individual fund statements and schedules can be found immediately following the notes to the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. This analysis addresses the financial statements of the City as a whole.

SUMMARY OF NET POSITION

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 93,162	\$ 90,201	\$ 28,992	\$ 29,389	\$ 122,154	\$ 119,590
Capital assets	118,231	113,619	34,248	30,609	152,479	144,228
Total assets	<u>211,393</u>	<u>203,820</u>	<u>63,240</u>	<u>59,998</u>	<u>274,633</u>	<u>263,818</u>
Deferred outflow of resources	<u>26,049</u>	<u>19,867</u>	<u>2,453</u>	<u>1,950</u>	<u>28,502</u>	<u>21,817</u>
Liabilities:						
Other liabilities	\$ 5,728	\$ 3,870	\$ 5,121	\$ 4,219	\$ 10,849	\$ 8,089
Long-term liabilities	143,145	131,390	22,016	22,368	165,161	153,758
Total liabilities	<u>148,873</u>	<u>135,260</u>	<u>27,137</u>	<u>26,587</u>	<u>176,010</u>	<u>161,847</u>
Deferred inflows of resources	<u>18,098</u>	<u>20,572</u>	<u>1,840</u>	<u>2,702</u>	<u>19,938</u>	<u>23,274</u>
Net position:						
Net investment in capital assets	103,765	101,064	23,153	22,721	126,918	123,785
Restricted	29,866	33,995	-	-	29,866	33,995
Unrestricted	(63,160)	(67,204)	13,563	9,938	(49,597)	(57,266)
Total net position	<u>\$ 70,471</u>	<u>\$ 67,855</u>	<u>\$ 36,716</u>	<u>\$ 32,659</u>	<u>\$ 107,187</u>	<u>\$ 100,514</u>

The City's Government-wide total net position was \$107.2 million, with total assets and deferred outflows of resources of \$303.1 million, and total liabilities and deferred inflows of resources of \$195.9 million. The net investment in capital assets was \$126.9 million. Another portion of the City's net position, \$29.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$49.6 million represents unrestricted net position. The negative balance in unrestricted net position is primarily related to long-term liabilities such as the City's net pension and net OPEB liabilities, which will be paid from resources received over the next twenty years.

The largest portion of the City's net position (\$126.9 million) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

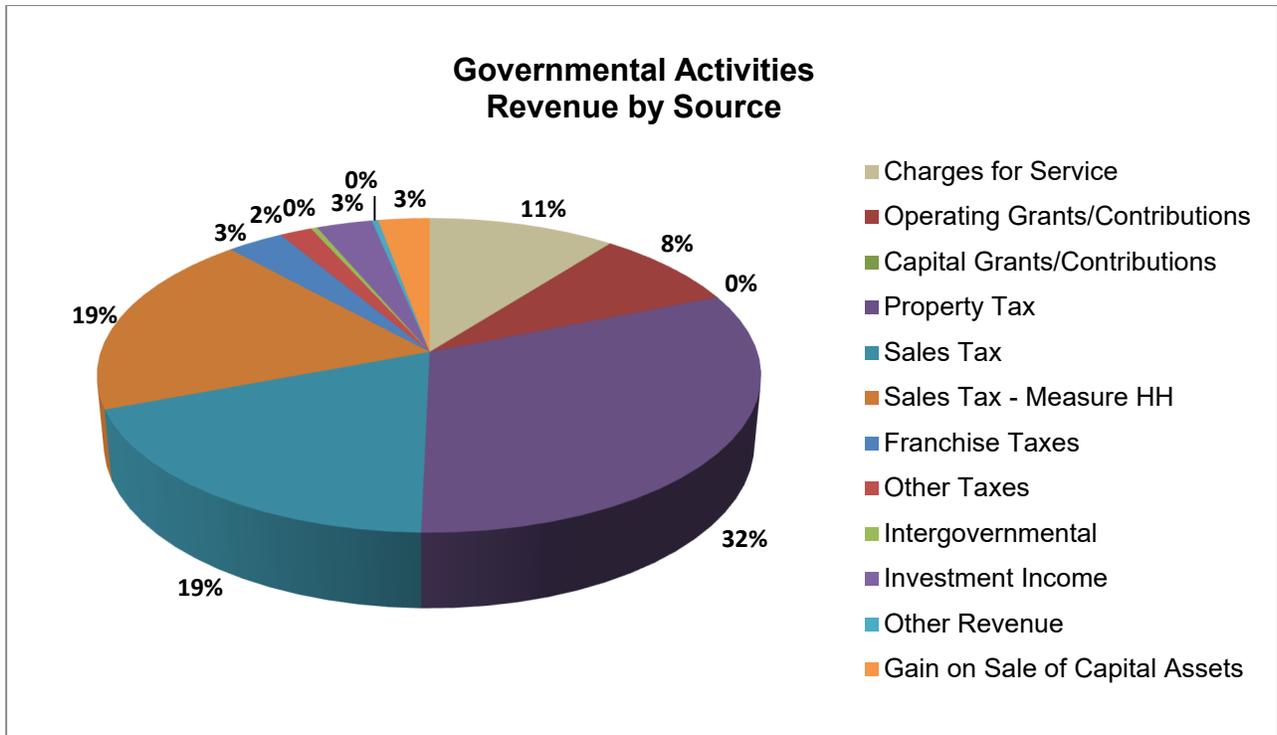
Governmental Activities

- Governmental activities increased the City's net position by \$2.6 million. This increase is mainly attributable to the proceeds for the sale of land and use of a temporary construction easement in the amount of \$2.1 million to the Orange County Transportation Authority for the I-405 expansion.

CHANGES IN NET POSITION

(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Charges for services	\$ 6,850	\$ 8,215	\$ 23,201	\$ 21,795	\$ 30,051	\$ 30,010
Operating grants and contributions	5,407	6,665	-	-	5,407	6,665
Capital grants and contributions	-	46	47	189	47	235
General Revenues:						
Taxes:						
Property taxes	20,450	19,652	-	-	20,450	19,652
Sales taxes	12,255	13,560	-	-	12,255	13,560
Sales taxes - Measure HH	12,364	13,287	-	-	12,364	13,287
Franchise taxes	2,073	1,976	-	-	2,073	1,976
Other taxes	1,186	1,442	-	-	1,186	1,442
Intergovernmental	234	221	-	-	234	221
Investment income	2,034	1,831	823	725	2,857	2,556
Gain on sale of capital assets	1,871	1,284	-	-	1,871	1,284
Miscellaneous	233	129	-	-	233	129
Total Revenues	<u>64,957</u>	<u>68,308</u>	<u>24,071</u>	<u>22,709</u>	<u>89,028</u>	<u>91,017</u>
Expenses:						
General government	5,466	6,368	-	-	5,466	6,368
Public safety	38,016	36,295	-	-	38,016	36,295
Transportation	12,177	11,110	-	-	12,177	11,110
Community development	5,237	5,159	-	-	5,237	5,159
Community services	3,164	3,729	-	-	3,164	3,729
Interest charges	500	549	-	-	500	549
Water	-	-	13,320	12,060	13,320	12,060
Solid waste	-	-	990	3,307	990	3,307
Sewer	-	-	3,485	1,266	3,485	1,266
Total Expenses	<u>64,560</u>	<u>63,210</u>	<u>17,795</u>	<u>16,633</u>	<u>82,355</u>	<u>79,843</u>
Transfers	<u>2,219</u>	<u>2,662</u>	<u>(2,219)</u>	<u>(2,662)</u>	<u>-</u>	<u>-</u>
Change in net position	2,616	7,760	4,057	3,414	6,673	11,174
Net position - beginning of year	<u>67,855</u>	<u>60,095</u>	<u>32,659</u>	<u>29,245</u>	<u>100,514</u>	<u>89,340</u>
Net position - ending of year	<u>\$ 70,471</u>	<u>\$ 67,855</u>	<u>\$ 36,716</u>	<u>\$ 32,659</u>	<u>\$ 107,187</u>	<u>\$100,514</u>



Financial Analysis of the Government Funds

As noted earlier, the City uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$87.7 million an increase of \$1.1 million from the prior year balances. The net increase is mostly attributable to a year of growth through January 2020 and a resilient economy to the downturn pressures of the COVID-19 pandemic and a sale of land and temporary construction easement to the Orange County Transportation Authority. Approximately 1.8% of this amount, \$1.6 million, is not available for spending, \$40.7 million, or 46.4% is considered restricted, \$13.7 million, or 15.6% is committed, \$31.7 million, or 36.1% is assigned and \$3,760 is unassigned.

At the end of the current fiscal year, the general fund's total fund balance was \$62.2 million. The general fund balance increased \$3.7 million from the 2019 fiscal year.

There are two major funds within the governmental fund accounts. They include the General Fund, and the

Fountain Valley Housing Authority. The Fountain Valley Housing Authority was established in 2011 to preserve the ability to provide affordable housing uses and activities. The fund balance in the Housing Authority Fund at June 30, 2020, was \$18.4 million, an increase of \$120 thousand; this increase is mainly related to interest earnings.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. There are currently three funds in this group, the water utility, sewer and solid waste funds.

Total net position for the Water Utility Fund increased by \$2.7 million and totaled \$23.2 million at June 30, 2020, of this amount an unrestricted net position amounted to \$6.6 million.

Total net position for the Sewer Fund increased by \$1.3 million and totaled \$12.5 million at June 30, 2020, of this amount the unrestricted net position amounted to \$5.9 million.

Total net position for the Solid Waste Fund increased by \$69 thousand and totaled \$1.0 million at June 30, 2020; the entire amount was unrestricted net position.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule for the year ended June 30, 2020, is presented as required supplementary information following the notes to the financial statements. Revenues and transfers in were \$61.0 million, 6.2% lower than the City's final budget of \$65.0 million. Significant revenues under budget were largely due to unearned CARES Act monies which amounted to \$1.7 million lower than final budget, unearned OCTA I-405 improvement project reimbursement in the amount of \$1.5 million and unearned OCTA temporary construction easement revenue in the amount of \$910 thousand. Expenditures and transfers out were \$59.1 million, 20.9% lower than the final budget of \$74.7 million. The primary differences between actual expenditures and final budget is due to the carry-over of funds for various capital projects such as General Plan Update project (\$1.1 million), I-405 Improvement cooperative reimbursement (\$1.5 million), CARES Act Small Business Grants (\$1 million), Pierce Tiller Truck (\$1.6 million) and ERP System replacement project in the amount of \$885 thousand. In addition, the Fire Station No. 1 Remodel project (\$750 thousand) and Median Landscape project (\$1.5 million) were placed on hold pending future review of the economy. Included in the proceeds from sale of capital assets is a \$1.8 million from the Orange County Transportation Authority for the I-405 expansion. The sale of capital assets is found in the final actual but not reflected in the original and final budgets.

Differences between the original and final revenue budget reflect an increase of \$4.5 million or 7.6%. The most notable adjustments were a budget amendment in the amount of \$1.2 for the sale of a temporary construction easement to OCTA, \$2.1 million increase for construction reimbursement from OCTA for the I-405 Improvement project and budget amendments for anticipated CARES Act monies in the amount of \$2.2 million. The CARES Act monies were awarded in response to the COVID-19 pandemic for assistance to local businesses and to the City for additional pandemic emergency expenditures. Due to the COVID-19 pandemic,

the City anticipated loss of revenues in several categories and as a consequence decreased the budgeted revenue in the Sales and Use Tax category by \$700 thousand, Transient Occupancy Tax by \$350 thousand and the Community Services functional revenue by \$500 thousand.

Differences between the original and final total expenditures budget reflect an increase of \$10.1 million or 16.8%. The most notable adjustments were a \$2.0 million appropriation for additional payment to CalPERS to fund pension obligations, a \$2.2 million to fund CARES Act expenditures and a \$157 thousand increased appropriation for the Pre-Fabricated metal building project. In addition, the final budget included a \$2.5 million increase for carryover capital projects funds from fiscal year 2018-2019.

The following summarizes the General Fund’s original budget, final budget and actual results for 2020 revenues, expenditures and transfers:

GENERAL FUND BUDGETARY COMPARISON
(in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues	\$ 59,158	\$ 63,640	\$ 58,463	\$ (5,177)
Expenditures	(60,099)	(70,224)	(54,666)	15,558
Other Financing Sources (Uses)				
Transfers in	1,256	1,338	2,505	1,167
Transfers out	(4,492)	(4,492)	(4,457)	35
Proceeds from Sale of Capital Assets	26	1,846	1,871	25
Net Change in Fund Balance	<u>\$ (4,151)</u>	<u>\$ (7,892)</u>	<u>\$ 3,716</u>	<u>\$ 11,608</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

The City’s investment in capital assets for its governmental and business type activities as of June 30, 2020, amounts to \$152.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, construction in progress, improvements other than buildings, vehicles and equipment, park facilities, roads, highway, and sidewalks/curbs/gutters. The total increase in the City’s investment in capital assets for the current fiscal year was \$8.3 million or 5.7%. The major additions were construction costs in the amount of \$5.5 million for the construction and rehabilitation of Reservoir No. 2, with a corresponding deletion of the original costs for Reservoir No. 1 and No. 2 in the amount of \$1.8 million, and additional construction costs in the amount of \$4.7 thousand for the Walnut Storm Drain Pump rehabilitation project.

CAPITAL ASSETS
(net of accumulated depreciation)
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 3,863	\$ 3,863	\$ 123	\$ 123	\$ 3,986	\$ 3,986
Vehicles and equipment	4,639	4,858	74	94	4,713	4,952
Furniture and fixtures	167	5	-	-	167	5
Buildings	7,975	8,393	11,428	12,403	19,403	20,796
Construction in Progress	1,441	1,710	7,873	2,395	9,314	4,105
Improvements other than structures	6,537	7,040	14,750	15,594	21,287	22,634
Rights of Way	17,948	17,948	-	-	17,948	17,948
Infrastructure	75,661	69,802	-	-	75,661	69,802
Net capital assets	<u>\$ 118,231</u>	<u>\$ 113,619</u>	<u>\$ 34,248</u>	<u>\$ 30,609</u>	<u>\$ 152,479</u>	<u>\$ 144,228</u>

The City elected to use the modified approach in reporting its street pavement infrastructure network. The condition of the City's roadway pavement is measured using the Carte Graph Pavement Management System. The system uses a measurement scale that is based on a Pavement Condition Index (PCI) ranging from zero for a very poor pavement to 100 for a pavement in very good condition. The overall condition of the City's pavement network based on the most recent complete assessment performed in the fiscal year 2020 was "Very Good" with a weighted average PCI of 86.1 based on the surface area of each segment. There have been no significant changes in the assessed condition of the infrastructure assets from the last fiscal year. The current condition of these assets complies with the condition levels adopted by the City. Variances in budgeted versus actual expenditures is due to timing of project completion. The arterial pavement improvement project for Newhope Street Arterial Rehabilitation had a budget of \$1.9 million and actual expenditures of \$1.6 million. The arterial pavement improvement project for Warner Avenue Arterial Rehabilitation had a budget of \$2.0 million and actual expenditures of \$600 thousand. The expected completion date for this rehabilitation project is in fiscal year 2020-21. The Residential Road Rehabilitation had a budget of \$2.3 million and actual expenditures of \$2.3 million. Additional information on the City's capital assets can be found in Note 4 in the Financial Section of this report.

OUTSTANDING DEBT AS OF JUNE 30, 2020 AND 2019

(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenue bonds	\$ -	\$ -	\$ 12,217	\$ 12,847	\$ 12,217	\$ 12,847
Lease Revenue bonds	14,466	15,080	-	-	14,466	15,080
Taxable Pension Obligation bonds	14,651	15,204	-	-	14,651	15,204
Compensated absences	2,246	2,101	248	219	2,494	2,320
Claims payable	5,054	4,389	-	-	5,054	4,389
Other post-employment benefits	28,141	20,500	3,248	3,104	31,389	23,604
Net Pension Liability	78,587	74,116	6,303	6,198	84,890	80,314
Total Long Term Liabilities	<u>\$ 143,145</u>	<u>\$ 131,390</u>	<u>\$ 22,016</u>	<u>\$ 22,368</u>	<u>\$ 165,161</u>	<u>\$ 153,758</u>

At year-end, the City had total long-term debt outstanding of \$165.1 million; this is an increase of \$11.4 million. The net increase is mostly attributable to an increase of \$7.8 million for Other Post-Employment Pension Benefits (OPEB) as a result of changes to several actuarial assumptions, with the key change being inclusion of the implicit subsidy on retirees' rates.

Additional information on the City's long-term liabilities can be found in Note 5 in the Financial Section of this report.

FISCAL YEAR 2020-21 OPERATING BUDGET AND ENTERPRISE RATES

The City Council adopted the fiscal year 2020-2021 Budget with total appropriations of \$112.0 million and projected revenues of \$106.3 million.

The General Fund fiscal year 2020-21 estimated revenues are \$57.4 million and budgeted appropriations are \$58.1 million. The General Fund include a substantial amount of one-time capital improvement projects that utilize reserves which are legally required to be spent on specific capital projects. The General Fund Operating Budget is balanced with a healthy surplus of \$2.6 million, which will be used to build and maintain reserves. Measure HH provides the necessary funding to maintain essential city services and funds capital improvements, pays down debt and restores reserves. The City's fiscal policy is guided by the 20-Year Financial Plan with the goal of being debt free in 2037 when Measure HH sunsets. The City is on a solid path towards long-term fiscal sustainability.

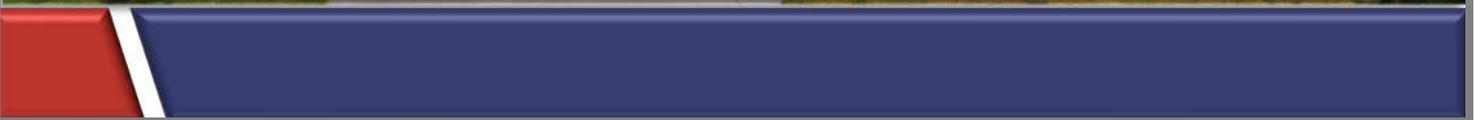
The fiscal year 2020-2021 budget includes an approved increase of 7.75 percent to water rates and 4.0 percent to sewer rates.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Fountain Valley, Finance Department, 10200 Slater Avenue, Fountain Valley, California 92708.

CITY OF FOUNTAIN VALLEY

BASIC FIANANCIAL STATEMENTS



CITY OF FOUNTAIN VALLEY

Statement of Net Position

June 30, 2020

	Governmental	Business-type	Total
	Activities	Activities	
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and investments	\$ 62,634,516	23,380,480	86,014,996
Restricted cash and investments	661	1,122,728	1,123,389
Restricted cash and investments - pension	10,844,076	-	10,844,076
Receivables:			
Accounts	6,004,418	4,080,230	10,084,648
Accrued interest	315,252	-	315,252
Loans	11,714,952	-	11,714,952
Inventories	13,916	280,000	293,916
Prepaid items	1,634,681	128,345	1,763,026
Capital assets:			
Not being depreciated	86,801,224	7,995,889	94,797,113
Being depreciated, net	31,429,394	26,252,137	57,681,531
TOTAL ASSETS	<u>211,393,090</u>	<u>63,239,809</u>	<u>274,632,899</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts from OPEB plan	9,370,055	1,081,362	10,451,417
Deferred amounts from pension plans	16,678,807	1,371,509	18,050,316
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>26,048,862</u>	<u>2,452,871</u>	<u>28,501,733</u>
LIABILITIES:			
Accounts payable	2,087,449	4,465,656	6,553,105
Accrued wages payable	1,134,262	-	1,134,262
Accrued interest payable	298,728	236,316	535,044
Deposits payable	298,689	418,336	717,025
Long-term liabilities:			
Due within one year	4,245,430	775,430	5,020,860
Due in more than one year:			
Other long-term liabilities	32,170,872	11,690,567	43,861,439
Net OPEB liability	28,140,937	3,247,639	31,388,576
Net pension liability	78,587,261	6,302,683	84,889,944
TOTAL LIABILITIES	<u>148,872,817</u>	<u>27,136,627</u>	<u>176,009,444</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts from OPEB plan	11,319,537	1,306,345	12,625,882
Deferred amounts from pension plans	6,778,685	533,324	7,312,009
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>18,098,222</u>	<u>1,839,669</u>	<u>19,937,891</u>
NET POSITION:			
Net investment in capital assets	103,764,607	23,153,001	126,917,608
Restricted for:			
Public safety	1,277,788	-	1,277,788
Transportation	7,446,924	-	7,446,924
Housing	18,801,286	-	18,801,286
Community development	1,697,354	-	1,697,354
Capital projects	439,773	-	439,773
Other	203,669	-	203,669
Unrestricted	(63,160,488)	13,563,383	(49,597,105)
TOTAL NET POSITION	<u>\$ 70,470,913</u>	<u>36,716,384</u>	<u>107,187,297</u>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

Statement of Activities

Year ended June 30, 2020

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 5,465,753	1,584,928	524,292	-
Public safety	38,015,694	2,476,200	195,798	-
Transportation	12,176,938	44,865	4,347,992	-
Community development	5,237,500	1,961,130	286,262	-
Community services	3,164,169	782,464	52,589	-
Interest on long term debt	499,535	-	-	-
Total governmental activities	<u>64,559,589</u>	<u>6,849,587</u>	<u>5,406,933</u>	<u>-</u>
Business-type activities:				
Water	13,319,761	17,483,253	-	47,311
Sewer	990,369	2,176,199	-	-
Solid waste	3,484,877	3,541,474	-	-
Total business-type activities	<u>17,795,007</u>	<u>23,200,926</u>	<u>-</u>	<u>47,311</u>
 Total	 <u>\$ 82,354,596</u>	 <u>30,050,513</u>	 <u>5,406,933</u>	 <u>47,311</u>

General revenues:

Taxes:

 Property taxes

 Sales taxes

 Sales taxes - Measure HH

 Franchise taxes

 Other taxes

Investment income

Miscellaneous

Gain on sale of capital assets

Intergovernmental

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
(3,356,533)	-	(3,356,533)
(35,343,696)	-	(35,343,696)
(7,784,081)	-	(7,784,081)
(2,990,108)	-	(2,990,108)
(2,329,116)	-	(2,329,116)
(499,535)	-	(499,535)
<u>(52,303,069)</u>	<u>-</u>	<u>(52,303,069)</u>
-	4,210,803	4,210,803
-	1,185,830	1,185,830
-	56,597	56,597
<u>-</u>	<u>5,453,230</u>	<u>5,453,230</u>
<u>(52,303,069)</u>	<u>5,453,230</u>	<u>(46,849,839)</u>
20,450,086	-	20,450,086
12,254,561	-	12,254,561
12,364,200	-	12,364,200
2,072,908	-	2,072,908
1,185,655	-	1,185,655
2,034,377	823,290	2,857,667
233,039	-	233,039
1,871,361	-	1,871,361
233,956	-	233,956
<u>2,219,108</u>	<u>(2,219,108)</u>	<u>-</u>
<u>54,919,251</u>	<u>(1,395,818)</u>	<u>53,523,433</u>
2,616,182	4,057,412	6,673,594
<u>67,854,731</u>	<u>32,658,972</u>	<u>100,513,703</u>
<u>\$ 70,470,913</u>	<u>36,716,384</u>	<u>107,187,297</u>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY
Balance Sheet - Governmental Funds

June 30, 2020

	General	Special Revenue Fund Housing Authority	Other Governmental Funds	Total
ASSETS				
Cash and investments	\$ 48,487,871	6,971,184	7,175,461	62,634,516
Restricted cash and investments	602	-	59	661
Restricted cash and investments - pension	10,844,076	-	-	10,844,076
Receivables:				
Accounts	5,481,028	4,667	518,723	6,004,418
Accrued interest	315,252	-	-	315,252
Loans	-	11,500,339	214,613	11,714,952
Due from other funds	40,416	-	-	40,416
Inventories	13,916	-	-	13,916
Prepaid items	1,634,681	-	-	1,634,681
TOTAL ASSETS	\$ 66,817,842	18,476,190	7,908,856	93,202,888
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 1,553,369	1,904	532,176	2,087,449
Accrued wages payable	1,134,262	-	-	1,134,262
Deposits payable	14,740	-	283,949	298,689
Unearned revenue	1,909,189	-	-	1,909,189
Due to other funds	-	-	40,416	40,416
TOTAL LIABILITIES	4,611,560	1,904	856,541	5,470,005
FUND BALANCES:				
Nonspendable:				
Inventories	13,916	-	-	13,916
Prepaid items	1,634,681	-	-	1,634,681
Restricted:				
Public safety	-	-	1,277,788	1,277,788
Transportation	2,238,242	-	5,208,682	7,446,924
Housing	-	18,474,286	327,000	18,801,286
Community development	1,497,090	-	200,264	1,697,354
Capital projects	439,773	-	-	439,773
Other purposes	203,008	-	-	203,008
Debt service	602	-	59	661
Pension	10,844,097	-	-	10,844,097
Committed:				
Emergencies	13,700,000	-	-	13,700,000
Assigned:				
Fleet replacement	2,408,860	-	-	2,408,860
Information technology replacement	1,673,759	-	-	1,673,759
Major facility replacement	2,758,455	-	-	2,758,455
Employee benefits	1,471,216	-	-	1,471,216
Self insurance	4,113,760	-	-	4,113,760
Capital equipment	1,264,448	-	-	1,264,448
Capital projects	14,940,615	-	38,522	14,979,137
Economic development	2,500,000	-	-	2,500,000
Contingency reserves	500,000	-	-	500,000
Unassigned	3,760	-	-	3,760
TOTAL FUND BALANCES	62,206,282	18,474,286	7,052,315	87,732,883
TOTAL LIABILITIES AND FUND BALANCES	\$ 66,817,842	18,476,190	7,908,856	93,202,888

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position**

June 30, 2020

Fund balances - total governmental funds \$ 87,732,883

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of depreciation, have not been included as financial resources in government fund activities:

Capital assets 155,998,107
Accumulated depreciation (37,767,489)

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

2015A Taxable Pension Obligation Bonds (14,915,000)
Bond discount 263,691
2016A Lease Revenue Bonds (11,115,000)
Bond premium (733,329)
2017 Clean Renewable Energy Bond (2,617,682)
Compensated absences (2,245,658)
Liability for claims and judgments (5,053,324)

OPEB and pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB and pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities.

Deferred outflows of resources - OPEB plan 9,370,055
Deferred inflows of resources - OPEB plan (11,319,537)
Net OPEB liability (28,140,937)
Deferred outflows of resources - pension plans 16,678,807
Deferred inflows of resources - pension plans (6,778,685)
Net pension liability (78,587,261)

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.

(298,728)

Net position of governmental activities

\$ 70,470,913

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds**

Year ended June 30, 2020

	General	Special Revenue Fund Housing Authority	Other Governmental Funds	Total
REVENUES:				
Taxes	\$ 48,327,410	-	-	48,327,410
Licenses and permits	1,850,421	-	-	1,850,421
Fines and penalties	616,823	-	-	616,823
Investment income	2,034,318	174,927	121,197	2,330,442
Rental income	1,019,228	23,333	-	1,042,561
Intergovernmental	1,284,759	-	4,091,912	5,376,671
Charges for services	2,360,050	-	142,623	2,502,673
Miscellaneous	969,699	68,440	162	1,038,301
TOTAL REVENUES	58,462,708	266,700	4,355,894	63,085,302
EXPENDITURES:				
Current:				
General government	3,540,459	-	-	3,540,459
Public safety	35,717,263	-	145,265	35,862,528
Transportation	5,959,953	-	5,086,267	11,046,220
Community development	3,905,317	146,659	269,432	4,321,408
Community services	2,667,059	-	3,097	2,670,156
Capital outlay	2,300,589	-	4,665,656	6,966,245
Debt service:				
Principal	570,000	-	568,981	1,138,981
Interest	5,669	-	528,491	534,160
TOTAL EXPENDITURES	54,666,309	146,659	11,267,189	66,080,157
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,796,399	120,041	(6,911,295)	(2,994,855)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,505,184	-	10,175,361	12,680,545
Transfers out	(4,457,267)	-	(6,004,170)	(10,461,437)
Proceeds from sale of capital assets	1,871,361	-	-	1,871,361
TOTAL OTHER FINANCING SOURCES (USES)	(80,722)	-	4,171,191	4,090,469
NET CHANGE IN FUND BALANCES	3,715,677	120,041	(2,740,104)	1,095,614
FUND BALANCES - BEGINNING OF YEAR	58,490,605	18,354,245	9,792,419	86,637,269
FUND BALANCES - END OF YEAR	\$ 62,206,282	18,474,286	7,052,315	87,732,883

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities**

Year ended June 30, 2020

Net change in fund balances - total governmental funds	\$ 1,095,614
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	6,977,915
Depreciation expense	(2,366,242)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in the governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the Statement of Net Position. The amounts are the net effect of these differences in the treatment of long-term debt:	
Repayment of principal	1,138,981
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in compensated absences	(143,833)
Change in the liability for claims and judgments	(664,466)
Change in accrued interest on long-term debt	7,114
Amortization of bond premium	44,897
Amortization of bond discount	(17,386)
OPEB expense reported in the governmental funds includes the insurance premiums paid. In the Statement of Activities, OPEB expense includes the change in the net OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.	
	9,620
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources	
	<u>(3,466,032)</u>
Change in net position of governmental activities	<u><u>\$ 2,616,182</u></u>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

**Statement of Net Position
Proprietary Funds**

June 30, 2020

	<u>Business-Type Activities</u>			
	<u>Water Utility</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
ASSETS:				
CURRENT ASSETS:				
UNRESTRICTED ASSETS:				
Cash and investments	\$ 15,118,849	7,552,777	708,854	23,380,480
Accounts receivable	3,142,270	349,174	588,786	4,080,230
Inventory	280,000	-	-	280,000
Prepaid items	128,345	-	-	128,345
TOTAL UNRESTRICTED ASSETS	<u>18,669,464</u>	<u>7,901,951</u>	<u>1,297,640</u>	<u>27,869,055</u>
RESTRICTED ASSETS:				
Cash and investments	1,122,728	-	-	1,122,728
TOTAL CURRENT ASSETS	<u>19,792,192</u>	<u>7,901,951</u>	<u>1,297,640</u>	<u>28,991,783</u>
NONCURRENT ASSETS:				
Capital assets:				
Not being depreciated	7,838,235	157,654	-	7,995,889
Being depreciated, net	19,811,880	6,440,257	-	26,252,137
TOTAL NONCURRENT ASSETS	<u>27,650,115</u>	<u>6,597,911</u>	<u>-</u>	<u>34,248,026</u>
TOTAL ASSETS	<u>47,442,307</u>	<u>14,499,862</u>	<u>1,297,640</u>	<u>63,239,809</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred amounts from OPEB plan	820,735	260,627	-	1,081,362
Deferred amounts from pension plans	1,106,978	264,531	-	1,371,509
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,927,713</u>	<u>525,158</u>	<u>-</u>	<u>2,452,871</u>
LIABILITIES:				
CURRENT LIABILITIES:				
Accounts payable	4,159,103	17,935	288,618	4,465,656
Deposits payable	418,336	-	-	418,336
Interest payable	236,316	-	-	236,316
Compensated absences, current portion	135,889	59,541	-	195,430
Bonds payable, current portion	580,000	-	-	580,000
TOTAL CURRENT LIABILITIES	<u>5,529,644</u>	<u>77,476</u>	<u>288,618</u>	<u>5,895,738</u>
NONCURRENT LIABILITIES:				
Compensated absences, net	36,723	16,091	-	52,814
Bonds payable, net	11,637,753	-	-	11,637,753
Net OPEB liability	2,464,902	782,737	-	3,247,639
Net pension liability	5,087,048	1,215,635	-	6,302,683
TOTAL NONCURRENT LIABILITIES	<u>19,226,426</u>	<u>2,014,463</u>	<u>-</u>	<u>21,240,889</u>
TOTAL LIABILITIES	<u>24,756,070</u>	<u>2,091,939</u>	<u>288,618</u>	<u>27,136,627</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred amounts from OPEB plan	991,493	314,852	-	1,306,345
Deferred amounts from pension plans	430,459	102,865	-	533,324
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,421,952</u>	<u>417,717</u>	<u>-</u>	<u>1,839,669</u>
NET POSITION:				
Net investment in capital assets	16,555,090	6,597,911	-	23,153,001
Unrestricted	6,636,908	5,917,453	1,009,022	13,563,383
TOTAL NET POSITION	<u>\$ 23,191,998</u>	<u>12,515,364</u>	<u>1,009,022</u>	<u>36,716,384</u>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds**

Year ended June 30, 2020

	Business-Type Activities			Total
	Water Utility	Sewer	Solid Waste	
OPERATING REVENUES:				
Charges for services	\$ 17,273,165	2,176,199	3,541,474	22,990,838
Miscellaneous	210,088	-	-	210,088
TOTAL OPERATING REVENUES	17,483,253	2,176,199	3,541,474	23,200,926
OPERATING EXPENSES:				
Distribution maintenance	818,334	-	-	818,334
Utility administration	854,971	529,208	-	1,384,179
Contract services	-	131,798	3,484,877	3,616,675
Pumping and maintenance	1,016,010	31,808	-	1,047,818
Water treatment	8,596,917	-	-	8,596,917
Depreciation	1,051,153	297,555	-	1,348,708
TOTAL OPERATING EXPENSES	12,337,385	990,369	3,484,877	16,812,631
OPERATING INCOME	5,145,868	1,185,830	56,597	6,388,295
NONOPERATING REVENUES (EXPENSES):				
Investment income	553,944	256,538	12,808	823,290
Intergovernmental	47,311	-	-	47,311
Interest expense	(397,959)	-	-	(397,959)
Loss on disposal of capital assets	(584,417)	-	-	(584,417)
TOTAL NONOPERATING REVENUES (EXPENSES)	(381,121)	256,538	12,808	(111,775)
INCOME BEFORE TRANSFERS	4,764,747	1,442,368	69,405	6,276,520
TRANSFERS:				
Transfers out	(2,071,507)	(147,601)	-	(2,219,108)
TOTAL TRANSFERS	(2,071,507)	(147,601)	-	(2,219,108)
CHANGES IN NET POSITION	2,693,240	1,294,767	69,405	4,057,412
NET POSITION - BEGINNING OF YEAR	20,498,758	11,220,597	939,617	32,658,972
NET POSITION - END OF YEAR	\$ 23,191,998	12,515,364	1,009,022	36,716,384

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

**Statement of Cash Flows
Proprietary Funds**

Year ended June 30, 2020

	Business-Type Activities			Total
	Water Utility	Sewer	Solid Waste	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 17,303,395	2,148,455	3,481,387	22,933,237
Cash payments to suppliers of goods and services	(8,471,038)	(288,025)	(3,457,924)	(12,216,987)
Cash payments to employees for services	(2,947,304)	(694,590)	-	(3,641,894)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,885,053	1,165,840	23,463	7,074,356
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	-	-	-	-
Cash received from grants	-	-	-	-
Cash paid to other funds	(2,071,507)	(147,601)	-	(2,219,108)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(2,071,507)	(147,601)	-	(2,219,108)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash received from grants	47,311	-	-	47,311
Cash paid for acquisition and construction of capital assets	(5,552,531)	(19,694)	-	(5,572,225)
Principal paid on debt	(555,000)	-	-	(555,000)
Interest paid on debt	(483,731)	-	-	(483,731)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(6,543,951)	(19,694)	-	(6,563,645)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	553,944	256,538	12,808	823,290
NET CASH PROVIDED BY INVESTING ACTIVITIES	553,944	256,538	12,808	823,290
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,176,461)	1,255,083	36,271	(885,107)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	18,418,038	6,297,694	672,583	25,388,315
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 16,241,577	7,552,777	708,854	24,503,208

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

**Statement of Cash Flows
Proprietary Funds
(Continued)**

Year ended June 30, 2020

	Business-Type Activities			Total
	Water Utility	Sewer	Solid Waste	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 5,145,868	1,185,830	56,597	6,388,295
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,051,153	297,555	-	1,348,708
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(434,506)	(27,744)	(60,087)	(522,337)
(Increase) decrease in prepaid items	34,224	-	-	34,224
(Increase) decrease in deferred outflows of resources from OPEB plan	(487,896)	(150,398)	-	(638,294)
(Increase) decrease in deferred outflows of resources from pension plans	120,951	14,242	-	135,193
Increase (decrease) in accounts payable	661,037	(30,585)	26,953	657,405
Increase (decrease) in deposits payable	254,648	-	-	254,648
Increase (decrease) in compensated absences	28,955	490	-	29,445
Increase (decrease) in net OPEB liability	133,335	10,572	-	143,907
Increase (decrease) in net pension liability	36,216	68,960	-	105,176
Increase (decrease) in deferred inflows of resources from OPEB plan	(433,176)	(156,968)	-	(590,144)
Increase (decrease) in deferred inflows of resources from pension plans	(225,756)	(46,114)	-	(271,870)
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 5,885,053</u>	 <u>1,165,840</u>	 <u>23,463</u>	 <u>7,074,356</u>
 CASH AND CASH EQUIVLENTS - FINANCIAL STATEMENT CLASSIFICATION:				
Cash and investments	\$ 15,118,849	7,552,777	708,854	23,380,480
Restricted cash and investments	<u>1,122,728</u>	<u>-</u>	<u>-</u>	<u>1,122,728</u>
 TOTAL CASH AND CASH EQUIVALENTS	 <u>\$ 16,241,577</u>	 <u>7,552,777</u>	 <u>708,854</u>	 <u>24,503,208</u>
 NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Changes in fair value of investments	\$ 266,892	128,284	-	395,176
Amortization of bond premium	74,672	-	-	74,672
Total noncash investing, capital and financing activities	<u>\$ 341,564</u>	<u>128,284</u>	<u>-</u>	<u>469,848</u>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY
Statement of Fiduciary Net Position
June 30, 2020

	<u>Private-Purpose Trust Funds</u>	<u>Other Post- Employment Benefit (OPEB) Trust Fund</u>	<u>Agency Funds</u>
ASSETS:			
Cash and investments	\$ 746,415	-	345,883
Cash and investments held by trust:			
Money market mutual funds	-	469,364	-
Mutual funds - equity	-	5,692,164	-
Mutual funds - fixed income	-	5,526,588	-
	<u>746,415</u>	<u>11,688,116</u>	<u>345,883</u>
TOTAL ASSETS			
	<u>746,415</u>	<u>11,688,116</u>	<u>345,883</u>
LIABILITIES:			
Accounts payable	10,977	-	-
Deposits payable	-	-	345,883
	<u>10,977</u>	<u>-</u>	<u>345,883</u>
TOTAL LIABILITIES			
	<u>10,977</u>	<u>-</u>	<u>345,883</u>
NET POSITION:			
Held in trust for Successor Agency	735,438	-	
Restricted for OPEB	-	11,688,116	
	<u>735,438</u>	<u>11,688,116</u>	
TOTAL NET POSITION			
	<u>\$ 735,438</u>	<u>11,688,116</u>	

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2020

	Private-Purpose Trust Funds	Other Post- Employment Benefit (OPEB) Trust Fund
	<u> </u>	<u> </u>
ADDITIONS:		
Taxes	\$ 142,907	-
Employer contributions	-	1,839,756
Net investment income	13,925	425,428
	<u> </u>	<u> </u>
TOTAL ADDITIONS	<u>156,832</u>	<u>2,265,184</u>
DEDUCTIONS:		
Administrative expense	12,963	50,751
Community development	72,688	-
OPEB reimbursements outside of trust	-	1,839,756
	<u> </u>	<u> </u>
TOTAL DEDUCTIONS	<u>85,651</u>	<u>1,890,507</u>
CHANGE IN NET POSITION	71,181	374,677
NET POSITION - BEGINNING OF YEAR	<u>664,257</u>	<u>11,313,439</u>
NET POSITION - END OF YEAR	<u><u>\$ 735,438</u></u>	<u><u>11,688,116</u></u>

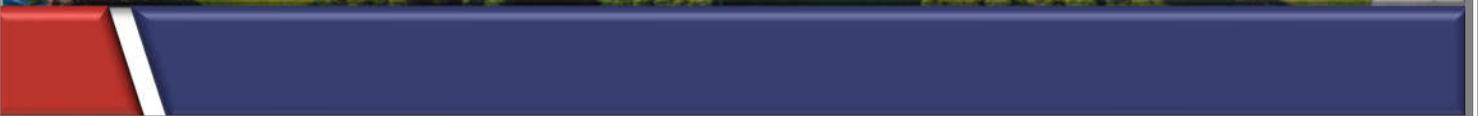
See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

NOTES TO THE

BASIC FINANCIAL

STATEMENTS



CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Fountain Valley, California (City) have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies.

a. Reporting Entity

The City of Fountain Valley is a general law city governed by an elected five-member city council. As required by generally accepted accounting principles, these financial statements present the City of Fountain Valley (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from the City. However, the City's elected officials have a continuing full or partial accountability for fiscal matters of the other entities.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City and the City either has a financial benefit or burden relationship or has operational responsibility for the component unit. The component units discussed below have governing bodies substantially the same as the City and the City has operational responsibility for them. Therefore, these component units of the City are blended within the financial statements of the City.

The Fountain Valley Housing Authority (Housing Authority) was established in 2011 to preserve the ability to provide affordable housing activities. The City provides management assistance to the Housing Authority and the members of the City Council also act as the Housing Authority's governing body. The activities of the Housing Authority are reported in the Housing Authority Special Revenue Fund. Separate financial statements are not prepared for this blended component unit.

The Fountain Valley Public Financing Authority (Authority) was established on August 19, 2014, for the purpose of issuing tax exempt obligations for the water utility proprietary fund (2014 Revenue Bond) and for the City's governmental activities (Lease Revenue Bond, Series 2016A and Clean Renewable Energy Bonds). The activities of the Authority are reported in the Water Utility Proprietary Fund and the Fountain Valley Public Financing Authority Debt Service Fund. Separate financial statements are not prepared for this blended component unit.

b. Basis of Accounting, Measurement Focus and Financial Statement Presentation

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. In the government-wide financial statements, the governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Accrual basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue from property taxes is recognized in the fiscal year which the taxes are levied. Grants and similar items are recognized as revenues as soon as the eligibility requirements imposed by the provider have been satisfied. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three categories:

1. Charges for services,
2. Operating grants and contributions
3. Capital grants and contributions.

Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenses. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's Water Utility, Sewer, and Solid Waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity (net position), revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these are reported at gross amounts as transfers *in/out*. While this is the reporting method for the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Under the modified-accrual basis of accounting, revenues are recognized when they become both *measurable* and *available*. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, property taxes, franchise taxes, intergovernmental, rental income, transient occupancy taxes and special assessments are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period to the extent normally collected within the availability period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end for all revenue except for grant revenue for which the availability period is 180 days). Other revenue items are considered to be measurable and available when cash is received by the government.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Proprietary Funds

Proprietary fund types are accounted for using the *economic resources measurement focus* and *accrual basis of accounting*. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with the activity are included on the statement of net position. Their reported fund equity presents total net position. The operating statement of the proprietary fund presents increases (revenues) and decreases (expenses) in total net position. Revenues are recognized when they are earned, and expenses are recognized when the liability is incurred.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water utility, sewer, and solid waste funds are charges to customers for sales and services. Operating expenses for proprietary funds include all cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's Fiduciary private-purpose trust funds and OPEB trust fund are accounted for using the economic resources measurement focus and accrual basis of accounting. The private-purpose trust funds account for the assets held by the City for the Successor Agency to the Fountain Valley Agency for Community Development. The OPEB trust fund accounts for the activities of the City's plan for post-retirement medical benefits. The City's Fiduciary agency funds have no measurement focus but utilize the accrual basis for reporting its assets and liabilities. The City uses agency funds to account for the collection and disbursement of funds for special deposits, and reimbursement agreements collected by the City on behalf of others. Because these funds are not available for use by the City, fiduciary funds are not included in the governmental-wide statements.

c. Fund Classifications

The City reports the following major governmental funds:

General Fund - This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Housing Authority Special Revenue Fund - This special revenue fund is used to account for the housing activities of the former Fountain Valley Agency for Community Development. Funding sources consists primarily of loan repayments and corresponding interest that are used to increase, improve, and preserve the community's supply of low and moderate income housing.

The City of Fountain Valley reports the following major enterprise funds:

Water Utility Fund - This enterprise fund is used to account for the provision of water 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, operation, maintenance, construction, financing, and related debt service.

Sewer Utility Fund - This enterprise fund is used to account for fees and services for sewer activities.

Solid Waste Fund - This enterprise fund accounts for fees and services for trash disposal.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the government reports the following fund types:

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise assigned for specific purposes.

The Debt Service Funds are used to account for resources restricted or assigned for expenditure of principal and interest.

The Capital Projects Funds are used to account for resources restricted or assigned for capital improvements.

The Private-Purpose Trust Fiduciary Funds account for the activities of the Successor Agency of the former Fountain Valley Agency for Community Development.

The Other Post-Employment Benefit (OPEB) Trust Fiduciary Fund accounts for resources of the trust fund established for the purpose of pre-funding pension obligations.

The Agency Fiduciary Funds account for special deposits and reimbursement agreements collected by the City of behalf of others.

d. Accounting Changes

New Governmental Accounting Standards Implemented for the Year Ended June 30, 2020:

- GASB Statement No. 95 – “Postponement of the effective dates of certain authoritative guidance”

Upcoming Governmental Accounting Standards Implementation:

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

- GASB Statement No. 84 – “Fiduciary Activities,” effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 85 – “Omnibus 2017,” effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 87 – “Leases,” effective for reporting periods beginning after June 15, 2020.
- GASB Statement No. 90 – “Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61,” effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 91 – “Conduit Debt Obligations” effective for reporting periods beginning after December 15, 2021.
- GASB Statement No. 92 – “Omnibus 2020” effective for reporting periods beginning after June 15, 2022

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- GASB Statement No. 93 – “Replacement of Interbank Offered Rates” with select portions effective for reporting periods beginning after June 15, 2022, June 15, 2022, and December 31, 2022.
- GASB Statement No. 94 – “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” effective for reporting periods beginning after June 15, 2022.
- GASB Statement No. 96, “Subscription-Based Information Technology Arrangements” effective for reporting periods beginning after June 15, 2022.
- GASB Statement No. 97 – “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32” effective for reporting periods beginning after December 15, 2019.

e. Cash and Investments

Investments are reported in the accompanying basic financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in external pools are valued based on the stated fair value represented by the external pool.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments. The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund’s share in this pool is displayed in the accompanying financial statements as *cash and investments*.

f. Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less. Cash equivalents represent the proprietary funds’ share in the cash and investment pool of the City of Fountain Valley.

g. Inventories

Inventories are stated at average cost. Physical counts of inventory are taken on a cyclical basis during each fiscal year with perpetual records adjusted to actual at that time. The City uses the consumption method of accounting for inventories.

h. Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid expenses in both government-wide and fund financial statements utilizing the consumption method.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at acquisition value on the date of donation. Capital assets subject to lease obligations are valued at the present value of future lease payments at the inception of the lease.

Depreciation of all exhaustible capital assets used by the governmental and business-type activities is charged as an expense against their operations. Accumulated depreciation is reported on the statement of net position.

Depreciation has been calculated using the straight-line method over the following estimated useful lives:

Buildings	25 - 40 years
Improvements other than buildings	10 - 50 years
Vehicles	3 - 25 years
Machinery and equipment	10 years
Furniture and fixtures	10 years
Infrastructure	20 - 50 years

Depreciation has been calculated using the straight-line method over the following estimated useful lives (continued):

Reservoirs	60 years
Wells, pumps, and mains	25 - 75 years
Water meters and hydrants	30 years
Other water equipment	6 - 25 years

The following schedule shows the minimum threshold at which the various types of asset purchases are capitalized when the estimated useful life is in excess of one year:

Land/land improvements	Capitalize All
Buildings	\$ 50,000
Building improvements	\$ 25,000
Structures and improvements other than buildings	\$ 25,000
Equipment and vehicles	\$ 5,000
Infrastructure	\$ 100,000

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City has reported all capital assets including infrastructure in the government-wide statement of net position. The City has elected to use the depreciation approach using the straight-line depreciation method for some of the infrastructure assets and the modified approach for others, in which the City agrees to maintain those assets at a specified level of maintenance. Those assets reported using the depreciation method are traffic signals, sewers, and storm drains. Those assets reported using the modified approach are arterial pavement, local pavement, curbs and gutters and sidewalks.

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflows related to OPEB and pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to OPEB and pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions resulting from the difference between projected and actual earnings on plan investments of the pension plans fiduciary net position. These amounts are amortized over five years.
- Deferred outflows related to pension plans for the changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to OPEB and pension plans equal to employer contributions made after the measurement date of the net OPEB liability and the net pension liability.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows from OEPB and pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows from OPEB and pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to pensions for the changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to OPEB resulting from the difference between projected and actual earnings on plan investments of the OPEB plan's fiduciary net position. These amounts are amortized over five years.

k. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1 % of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas. Accordingly, the City of Fountain Valley accrues only those taxes which are received within 60 days after year-end.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 1 Second Installment - February 1
Delinquent Date:	First Installment - December 10 Second Installment - April 10

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability (including incurred but not reported) has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the government-wide financial statements and has typically been paid from the City's general fund.

m. Employee Leave Benefits

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

If material, a proprietary fund liability is accrued for all leave benefits relating to the operations of the proprietary funds. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental fund employees that have terminated prior to year-end. All other amounts are recorded in the government-wide financial statements. These non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

n. Net Position

The government-wide financial statements, proprietary fund statements and fiduciary fund statements utilize a net position presentation. Net position is classified in the following categories:

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - This amount is restricted by enabling legislation (such as external creditors, grantors, contributors, or laws or regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets.

Unrestricted net position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Net Position Flow Assumption:

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's practice to consider restricted net position to have been depleted before unrestricted net position is applied, unless otherwise directed by Council.

p. Fund Balances

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance - this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance - this includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, or creditors. City Council imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

Committed Fund Balance - this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts. If the Council action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The City considers a resolution to constitute the highest formal action of City Council for the purposes of establishing committed fund balance.

Assigned Fund Balance - this includes amounts that are intended to be used for specific purposes as indicated either by City Council or by persons to whom City Council has delegated the authority to assign amounts for specific purposes. City Council has not delegated this authority.

Unassigned Fund Balance - this includes the remaining spendable amounts which are not included in one of the other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Only the General Fund shows a positive unassigned fund balance.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Council.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emergencies stabilization arrangement amount of \$13,700,000 is presented as committed fund balance in the General Fund and has been formally approved by the City Council. This balance is to be utilized when the City Council declares an emergency for natural disasters or financial emergencies. A financial emergency is considered when annual general fund operating revenues decrease or expenditures increase by 5% or more. City Council authorization, through the declaration of an emergency is required for use of this amount.

q. OPEB

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

r. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

s. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS

Cash and Investments

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 86,014,996
Restricted cash and investments	1,123,389
Restricted cash and investments - pension	10,844,076
Statement of Fiduciary Net Position:	
Cash and investments	1,092,298
Cash and investments held by trust	<u>11,688,116</u>
Total cash and investments	<u>\$ 110,762,875</u>

Cash and investments held by the City at June 30, 2020 consisted of the following:

Cash on hand	\$ 43,048
Deposits with financial institutions	12,098,843
Investments	<u>98,620,984</u>
Total cash and investments	<u>\$ 110,762,875</u>

Investments Authorized by the California Government Code and the City's Investment Policy

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.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City or the investment of the funds within the pooled trusts with PARS and CERBT that are governed by the agreements between the City and the trustee, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Government Sponsored Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	5%
Commercial Paper	Yes	270 days	25%	5%
Negotiable Certificates of Deposit	Yes	5 years	30%	5%
Repurchase Agreements	Yes	1 year	None	None
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	5%
Local Agency Investment Funds	Yes	N/A	\$75 million	None
JPA Pools (other investment pools)	Yes	N/A	None	None
Supranational Investments	Yes	5 years	30%	10%

*Based on state law requirements or the City's investment policy requirements, whichever is more restrictive.

N/A - Not Applicable

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 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 flows and liquidity needed for operations.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

Information about the sensitivity of the fair values of the City's investments (including those held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

Investment Type	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
Local Agency Investment Fund	\$ 31,737,419	-	-	31,737,419
U.S. Government Sponsored				
Agency Securities	2,827,419	6,847,355	6,586,275	16,261,049
U.S. Treasury Notes	202,188	6,459,507	4,844,238	11,505,933
Money Market Mutual Funds	207,760	-	-	207,760
Medium-Term Notes	2,004,278	4,421,380	4,865,088	11,290,746
Mortgage Pass-Through Securities	-	1,840,087	328,902	2,168,989
Supranational Investments	288,092	1,353,147	458,680	2,099,919
Held by Fiscal Agent:				
Money Market Mutual Funds	816,977	-	-	816,977
Held by Trust:				
PARS Pooled Trust - OPEB:				
Money Market Mutual Funds	469,364	-	-	469,364
Mutual Funds - Equity	5,692,164	-	-	5,692,164
Mutual Funds - Fixed Income	5,526,588	-	-	5,526,588
PARS Pooled Trust - Pension:				
Money Market Mutual Funds	453,323	-	-	453,323
Mutual Funds - Equity	4,221,969	-	-	4,221,969
Mutual Funds - Fixed Income	6,168,784	-	-	6,168,784
Total	<u>\$ 60,616,325</u>	<u>20,921,476</u>	<u>17,083,183</u>	<u>98,620,984</u>

Disclosures Relating to 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. Presented on the following page is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the Standard and Poor's actual rating as of fiscal year end for each investment type.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment Type	Minimum Legal Rating	Total as of June 30, 2020	AAA	Other	Not Rated
Local Agency Investment Fund	N/A	\$ 31,737,419	-	-	31,737,419
U.S. Government Sponsored Agency Securities	N/A	16,261,049	16,261,049	-	-
U.S. Treasury Notes	N/A	11,505,933	11,505,933	-	-
Money Market Mutual Funds	A	207,760	207,760	-	-
Medium-Term Notes	A	11,290,746	369,997	10,920,749	-
Mortgage Pass-Through Securities	AA	2,168,989	2,168,989	-	-
Supranational Investments	AA	2,099,919	2,099,919	-	-
Held by Fiscal Agent:					
Money Market Mutual Funds	A	816,977	816,977	-	-
Held by Trust:					
PARS Pooled Trust - OPEB:					
Money Market Mutual Funds	N/A	469,364	469,364	-	-
Mutual Funds - Equity	N/A	5,692,164	-	-	5,692,164
Mutual Funds - Fixed Income	N/A	5,526,588	-	-	5,526,588
PARS Pooled Trust - Pension:					
Money Market Mutual Funds	N/A	453,323	453,323	-	-
Mutual Funds - Equity	N/A	4,221,969	-	-	4,221,969
Mutual Funds - Fixed Income	N/A	6,168,784	-	-	6,168,784
Total		<u>\$ 98,620,984</u>	<u>34,353,311</u>	<u>10,920,749</u>	<u>53,346,924</u>

The ratings for the "Other" category above are as follows:

Investment Type	Total as of June 30, 2020	AA+	AA	AA-	A+	A	A-
Medium-Term Notes	\$ 10,920,749	538,461	1,965,970	2,378,157	1,028,387	4,456,066	553,708

Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Government Sponsored Agency Securities	\$6,508,140
Federal Home Loan Bank	U.S. Government Sponsored Agency Securities	\$5,665,233

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2020, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not rated.

Cash and Investments - OPEB and Pension Trusts

The City pre-funds the City's pension plans and OPEB health plan through tax qualified irrevocable trusts, organized under Internal Revenue Code Section 115. OPEB and Pension trust fund assets are held on behalf of the City by the Public Agency Retirement Services (PARS). The City provides investment direction and determines the amount and timing of disbursements for PARS trust fund assets.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Those guidelines are as follows:

Risk Tolerance	Moderate
Risk Management	The portfolio is constructed to control risk through four layers of diversification - asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.
Investment Objective	To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.
Strategic Ranges	<u>OPEB</u> 0% - 10% Cash 40% - 60% Fixed Income 40% - 60% Equity <u>Pension</u> 0% - 10% Cash 45% - 65% Fixed Income 30% - 50% Equity

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Government Sponsored				
Agency Securities	\$ -	16,261,049	-	16,261,049
U.S. Treasury Notes	-	11,505,933	-	11,505,933
Medium-Term Notes	-	11,290,746	-	11,290,746
Mortgage Pass-Through Securities	-	2,168,989	-	2,168,989
Supranational Investments	-	2,099,919	-	2,099,919
Held by Trust:				
PARS Pooled Trust - OPEB:				
Mutual Funds - Equity	5,692,164	-	-	5,692,164
Mutual Funds - Fixed Income	5,526,588	-	-	5,526,588
PARS Pooled Trust - Pension:				
Mutual Funds - Equity	4,221,969	-	-	4,221,969
Mutual Funds - Fixed Income	6,168,784	-	-	6,168,784
Total Levelled Investments	<u>\$ 21,609,505</u>	<u>43,326,636</u>	<u>-</u>	<u>64,936,141</u>
Local Agency Investment Fund *				31,737,419
Money Market Mutual Funds *				207,760
Held by Fiscal Agent:				
Money Market Mutual Funds *				816,977
Held by Trust:				
PARS Pooled Trust - OPEB:				
Money Market Mutual Funds *				469,364
PARS Pooled Trust - Pension:				
Money Market Mutual Funds *				453,323
Total Investment Portfolio				<u>\$ 98,620,984</u>

* Not subject to fair value measurement hierarchy

NOTE 3 - INTERFUND ACTIVITY

The following represents the interfund activity of the City for the fiscal year ended June 30, 2020.

Due to/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 40,416

Current interfund balances arise in the normal course of business and to assist funds with negative cash balance at fiscal year-end. They are expected to be repaid shortly after the end of the fiscal year.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 3 - INTERFUND ACTIVITY (CONTINUED)

Transfers In/Out

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds (a)	\$ 500,476
	Water Utility Fund (b)	1,830,098
Other Governmental Funds	General Fund (c)	4,457,267
	Other Governmental Funds (d)	5,503,694
	Water Utility Fund (e)	132,600
	Sewer Fund (f)	81,800
		<u>\$ 12,505,935</u>

- (a) Transfers into the General Fund include \$376,866 from Other Government Fund to fund HUT 2107 Pass-Thru to General Fund, \$52,401 from the Measure M2 Special Revenue Fund for funding assistance for the Senior Mobility Program, \$71,209 from the AQMD Fund for the purchase of two vehicles.
- (b) Transfers into the General Fund include \$1,830,098 that was transferred from the Water Fund to the General Fund to pay for the use of land and buildings and administrative services.
- (c) Transfers out of the General Fund include \$1,097,425 to the Fountain Valley Public Financing Authority Debt Service Fund for debt service payments on the Lease Revenue Bonds, Series 2016A and the 2017 Clean Revenue Renewal Energy Bonds, \$621,135 to the Gas Tax fund for residential road rehabilitation.
- (d) Transfers out of the Measure M2 Special Revenue Fund into the Traffic Improvement Fund for \$2,035,597 for funding assistance for various capital projects. Transfers out Road Maintenance and Rehabilitation (SB1) Fund for \$942,119 into the Gas Tax Fund for residential road rehabilitation. Transfers out of the Fountain Valley Public Financing Authority Capital Projects Fund into the Drainage Capital Projects Fund for \$2,525,978 to fund storm drain pump station projects.
- (e) Transfers out of the Water Utility Proprietary Fund into Traffic Improvement Fund for \$69,600 to fund water related expenses incurred by project TI271 Euclid St. Rehabilitation, and into the Gas Tax Fund for \$63,000 to fund water related expenses incurred by residential road rehabilitation projects.
- (f) Transfers out of the Sewer Proprietary Fund into Traffic Improvement Fund for \$36,200 to fund water related expenses incurred by project TI271 Euclid St. Rehabilitation, and into the Gas Tax Fund for \$45,600 to fund water related expenses incurred by residential road rehabilitation projects.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 4 - CAPITAL ASSETS

Governmental Activities

Changes in capital assets for governmental activities for the year ended June 30, 2020 were as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets, not depreciated:				
Infrastructure				
(Modified approach)	\$ 63,548,697	-	-	63,548,697
Land	3,862,591	-	-	3,862,591
Right of way	17,948,464	-	-	17,948,464
Construction in progress	1,709,965	6,167,075	(6,435,568)	1,441,472
Total capital assets, not depreciated	<u>87,069,717</u>	<u>6,167,075</u>	<u>(6,435,568)</u>	<u>86,801,224</u>
Capital assets, being depreciated:				
Buildings	18,950,543	-	-	18,950,543
Improvements	9,289,872	-	-	9,289,872
Vehicles and equipment	11,916,750	668,430	(356,540)	12,228,640
Furniture and fixtures	20,302	181,340	-	201,642
Infrastructure				
(Depreciation approach)	22,129,548	6,396,638	-	28,526,186
Total capital assets, being depreciated	<u>62,307,015</u>	<u>7,246,408</u>	<u>(356,540)</u>	<u>69,196,883</u>
Less accumulated depreciation:				
Buildings	(10,557,216)	(418,780)	-	(10,975,996)
Improvements	(2,249,501)	(503,211)	-	(2,752,712)
Vehicles and equipment	(7,059,289)	(887,317)	356,540	(7,590,066)
Furniture and fixtures	(15,499)	(19,507)	-	(35,006)
Infrastructure				
(Depreciation approach)	(15,876,282)	(537,427)	-	(16,413,709)
Total accumulated depreciation	<u>(35,757,787)</u>	<u>(2,366,242)</u>	<u>356,540</u>	<u>(37,767,489)</u>
Total capital assets, being depreciated, net	<u>26,549,228</u>	<u>4,880,166</u>	<u>-</u>	<u>31,429,394</u>
Governmental activities capital assets, net	<u>\$ 113,618,945</u>	<u>11,047,241</u>	<u>(6,435,568)</u>	<u>118,230,618</u>

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged in the following functions in the Statement of Activities:

General government	\$ 335,639
Transportation	5,813
Public safety	598,008
Community development	943,766
Community services	483,016
Total	<u>\$ 2,366,242</u>

Business-type Activities

Changes in capital assets for business-type activities for the fiscal year ended June 30, 2020 were as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets, not depreciated:				
Land	\$ 123,076	-	-	123,076
Construction in progress	2,395,272	5,477,541	-	7,872,813
Total capital assets, not depreciated	<u>2,518,348</u>	<u>5,477,541</u>	<u>-</u>	<u>7,995,889</u>
Capital assets, being depreciated:				
Buildings	22,487,142	94,685	(1,790,429)	20,791,398
Improvements	28,519,854	-	-	28,519,854
Machinery and equipment	252,088	-	-	252,088
Total capital assets, being depreciated	<u>51,259,084</u>	<u>94,685</u>	<u>(1,790,429)</u>	<u>49,563,340</u>
Less accumulated depreciation:				
Buildings	(10,084,654)	(485,169)	1,206,011	(9,363,812)
Improvements	(12,925,927)	(843,639)	-	(13,769,566)
Machinery and equipment	(157,925)	(19,900)	-	(177,825)
Total accumulated depreciation	<u>(23,168,506)</u>	<u>(1,348,708)</u>	<u>1,206,011</u>	<u>(23,311,203)</u>
Total capital assets, being depreciated, net	<u>28,090,578</u>	<u>(1,254,023)</u>	<u>(584,418)</u>	<u>26,252,137</u>
Business-type activities capital assets, net	<u>\$ 30,608,926</u>	<u>4,223,518</u>	<u>(584,418)</u>	<u>34,248,026</u>

Depreciation expense in the amount of \$1,051,153 and \$297,555 was charged to the Water Utility and Sewer Funds, respectively.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2020 (including unamortized discounts and refunding costs) are as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due within One Year
Governmental Activities:					
Taxable Pension Obligation Bonds					
Series 2015A	\$ 15,485,000	-	(570,000)	14,915,000	630,000
Less: Unamortized Bond Discount	(281,077)	-	17,386	(263,691)	-
Lease Revenue Bonds, Series 2016A	11,580,000	-	(465,000)	11,115,000	475,000
Add: Unamortized Bond Premium	778,226	-	(44,897)	733,329	-
2017 Clean Renewable Energy Bonds	2,721,663	-	(103,981)	2,617,682	109,205
Compensated Absences	2,101,825	2,235,502	(2,091,669)	2,245,658	1,767,894
Claims and Judgements (Note 6)	4,388,858	1,221,091	(556,625)	5,053,324	1,263,331
Total	\$ 36,774,495	3,456,593	(3,814,786)	36,416,302	4,245,430

2017 Clean Renewable Energy Bonds

On January 7, 2017, the Fountain Valley Public Financing Authority issued \$2,843,166 in Clean Renewable Energy bonds for the financing of the City's energy efficiency project including the acquisition, construction, and installation of solar photovoltaic systems. The bonds are payable from Lease Payments to be made by the City to the Fountain Valley Public Financing Authority. The bonds bear interest of 4.44%, payable semiannually on March 1 and September 1, commencing September 1, 2017. The amount of bonds outstanding at June 30, 2020 is \$2,617,682.

Future debt service principal and interest payments on the 2017 Clean Renewable Energy Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 109,205	115,042	224,247
2022	114,607	110,135	224,742
2023	120,193	104,985	225,178
2024	125,968	99,586	225,554
2025	131,939	93,928	225,867
2026-2030	756,508	375,089	1,131,597
2031-2035	938,636	189,508	1,128,144
2036-2037	320,626	14,332	334,958
Total	\$ 2,617,682	1,102,605	3,720,287

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

Taxable Pension Obligation Bonds Series 2015A

On August 19, 2015, the City issued \$15,995,000 in Taxable Pension Obligation bonds for the financing of the City's outstanding side fund obligation to CalPERS with respect to its Tier I Safety Plan (3% @ 50) and Tier I Miscellaneous Plan (2.5% @ 55). The bonds are obligations imposed by law payable from any source of funds to be appropriated by the City pursuant to Retirement Law. The City will deposit with the Trustee on or before August 1 of each Fiscal Year the amount which, together with excess moneys remaining in the bond fund after the last interest payment date of each fiscal year, is sufficient to pay the City's debt service obligations on the bonds payable during such fiscal year. The bonds bear interest ranging from 3.33% to 6.39%, payable semiannually on March 1 and September 1, commencing March 1, 2016.

The bonds maturing on September 1, 2035 are subject to mandatory sinking fund redemption on September 1 in each year, commencing September 1, 2030, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate principal amounts ranging from \$650,000 to \$1,020,000.

The amount of bonds outstanding at June 30, 2020 is \$14,915,000.

Future debt service principal and interest payments on the Taxable Pension Obligation Bonds Series 2015A are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 630,000	569,213	1,199,213
2022	690,000	551,382	1,241,382
2023	765,000	529,079	1,294,079
2024	840,000	503,476	1,343,476
2025	925,000	473,638	1,398,638
2026-2030	6,095,000	1,737,596	7,832,596
2031-2035	3,950,000	686,876	4,636,876
2036	1,020,000	22,313	1,042,313
Total	<u>\$ 14,915,000</u>	<u>5,073,573</u>	<u>19,988,573</u>

Lease Revenue Bonds, Series 2016A

On January 27, 2016, the Fountain Valley Public Financing Authority issued \$12,895,000 in Lease Revenue Bonds for the purpose of refunding the 2003 Certificates of Participation and financing the improvement of two storm water pump stations of the City. The issuance of the Lease Revenue Bonds, Series 2016A resulted in the full repayment of the 2003 Certificates of Participation in the fiscal year ended June 30, 2016. The bonds are payable from Lease Payments to be made by the City to the Fountain Valley Public Financing Authority. The bonds bear interest ranging from 3.000% to 3.125%, payable semiannually on May 1 and November 1, commencing May 1, 2016.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

The amount of bonds outstanding at June 30, 2020 is \$11,115,000

Future debt service principal and interest payments on the Lease Revenue Bonds, Series 2016A are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 475,000	394,675	869,675
2022	490,000	377,750	867,750
2023	515,000	357,650	872,650
2024	535,000	336,650	871,650
2025	550,000	314,950	864,950
2026-2030	3,105,000	1,219,650	4,324,650
2031-2035	3,765,000	566,825	4,331,825
2036-2037	1,680,000	52,969	1,732,969
Total	<u>\$ 11,115,000</u>	<u>3,621,119</u>	<u>14,736,119</u>

Compensated Absences

Governmental compensated absences are generally liquidated by the general fund.

Business-type Activities

Changes in long-term liabilities for business-type activities for the year ended June 30, 2020 are as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due within One Year
Business-Type Activities:					
2014A Revenue Bond	\$ 11,690,000	-	(555,000)	11,135,000	580,000
Add: Unamortized Bond Premium	1,157,425	-	(74,674)	1,082,751	-
Compensated Absences	218,799	222,237	(192,790)	248,246	195,430
Total	<u>\$ 13,066,224</u>	<u>222,237</u>	<u>(822,464)</u>	<u>12,465,997</u>	<u>775,430</u>

2014A Revenue Bonds

On December 17, 2014, the Fountain Valley Public Financing Authority (the Authority) issued approximately \$13,695,000 in Revenue bonds for the financing of the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its water system (the 2014 Project) and to refinance the Orange County Water District Note Payable. The Bonds are special limited obligation of the Authority payable solely from Authority revenues, which consist of installment payments to be made by the City to the Authority pursuant to an installment purchase agreement, dated as of December 1, 2014 by and between the City and the Authority. The Bonds are secured by installment payments to be made pursuant to an Installment Purchase Agreement, by and between the City and the Authority.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

The 2014A Revenue Bonds were issued to provide for the refinancing of the OCWD Well Loan and the financing of the 2014 Project, which installment payments will be payable from net revenues of the City’s water system. The Installment Purchase Agreement also requires the water fund to fix, prescribe and collect rates and charges for the water service which will be at least sufficient to yield during each fiscal year net revenues equal to 120% of the debt service for such fiscal year. For fiscal year 2019-2020, the net revenues equal 368% of the debt service. Total interest expense for the 2014A bonds was \$472,631 for the year ended June 30, 2020.

Future requirements to amortize outstanding 2014A Revenue Bonds as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 580,000	472,631	1,052,631
2022	600,000	449,431	1,049,431
2023	630,000	425,431	1,055,431
2024	595,000	393,931	988,931
2025	625,000	364,181	989,181
2026-2030	3,635,000	1,319,406	4,954,406
2031-2035	4,470,000	471,069	4,941,069
Total	<u>\$ 11,135,000</u>	<u>3,896,080</u>	<u>15,031,080</u>

Compensated Absences

Business-type compensated absences are generally liquidated by the Water Utility and Sewer Funds.

NOTE 6 - CLAIMS AND JUDGMENTS

Self-Insurance

At June 30, 2020, the City was self-insured for workers’ compensation, employee long-term disability, and earthquake and flood insurance. Additionally, the City has purchased coverage for individual workers’ compensation claims in excess of \$750,000 for general employees and \$1,000,000 for public safety. The City has also purchased coverage for individual earthquake and flood claims in excess of \$50,000 up to a limit of \$10,000,000 per occurrence.

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City’s general and auto liability self-insurance retention is \$350,000, and the balance extending to \$50,000,000 is covered by the use of pooling maintained through the California State Association of Counties Excess Insurance Authority (CSAC-EIA). The City also purchases commercial insurance for other risks of loss, including pollution, property loss, fidelity, and vehicle physical damage.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 6 - CLAIMS AND JUDGMENTS (CONTINUED)

The City is a member of the California State Association of Counties Excess Insurance Authority (Insurance Authority). The Insurance Authority is composed of 283 California public entities, including 55 of 58 California Counties, and is organized under a joint power's agreement pursuant to California Government Code Section 6500 et. seq. The purpose of the Insurance 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 lines of coverage. The Insurance Authority began covering claims of its members in 1979. The Insurance Authority has 55 County Board Members, appointed by the Board of Supervisors of each participating County. Additionally, the Insurance Authority has 10 Public Entity Board Members, including 3 alternates, appointed by the public entity membership. The Board operates through an eleven-member Executive Committee, and a nine-member Finance Committee.

Self-Insurance Programs of the Insurance Authority

The City pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program participant's ultimate liabilities. Should actual losses among participants be greater than anticipated, the City will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro rata share of the excess.

Primary Liability Program

In the primary liability program claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Purchased Insurance

Pollution Legal Liability Insurance

The City of Fountain Valley participates in the pollution legal liability insurance program which is available through the Insurance Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$75,000 deductible and a coverage limit of \$10 million per occurrence or \$50 million in aggregate.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 6 - CLAIMS AND JUDGMENTS (CONTINUED)

Property Insurance

The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. The City property currently has all-risk property insurance protection in the amount of \$800 million. There is a \$10,000 deductible per occurrence.

Crime Insurance

The City of Fountain Valley purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Insurance Authority.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-20.

Changes in Claims and Judgments Payable

Changes in claims and judgments payable amounts for the past two fiscal years are as follows:

Fiscal Year	Beginning Balance	Claims Incurred and Changes in Estimates	Claim Payments	Ending Balance
2018-2019	\$ 4,033,717	2,212,358	(1,857,217)	4,388,858
2019-2020	4,388,858	1,221,091	(556,625)	5,053,324

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

a. Plan Description

The City administers a single-employer other post-employment benefit (OPEB) plan that provides eligible retirees and qualified family members with a subsidy towards medical and dental insurance premiums. Benefits vary by hire date, employment status and employment classification. Benefits continue to the surviving spouses.

In 2010, the City established a trust with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for the City's OPEB plan under Section 115 of the Internal Revenue Code. Contributions to the OPEB Trust and earnings on those contributions are irrevocable.

The PARS OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request. Copies of PARS's annual financial report may be obtained from its executive office at 4350 Von Karman Ave. Suite 100, Newport Beach, California 92660.

The City's OPEB Plan does not issue a separate financial report.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

For all covered employees with effective dates of retirement after October 1, 1980 and a minimum of 10-20 years of continuous service, the City contributes the actual cost of insurance up to the amount contributed for active employees. For general, professional, and technical employees hired prior to February 16, 1986, insurance with the City will be supplemental to Medicare upon reaching the age of 65.

For employees hired after February 16, 1986, benefits with the City will terminate upon reaching age 65. For fire employees hired prior to August 10, 1985, insurance with the City will be supplemental to Medicare upon reaching the age of 65. For fire employees hired after August 10, 1985, benefits with the City will terminate upon reaching age 65. For police employees, insurance with the City will be supplemental to Medicare upon reaching the age of 65. Department Directors receive paid supplemental coverage after the age of 65.

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service and are eligible for a CalPERS pension.

Employees Covered

As of measurement date June 30, 2019, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	184
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-
Active employees	<u>221</u>
	<u>405</u>

Contributions

The benefit provisions and contribution requirements of plan members and the City are established and may be amended through agreements and memorandums of understanding between the City, its employees, and unions representing the City's employees. Administrative costs of the OPEB plan are financed through investment earnings. The contribution required to be made under City Council and labor agreements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year ending June 30, 2020, the City contributed \$1,839,756 for current premiums. No contributions were made to the PARS OPEB Trust for the fiscal year ended June 30, 2020. The contributions to the OPEB plan are generally made from the general fund. The water utility and sewer proprietary funds are responsible for the pay-as-you-go amounts for their respective employees.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Method Used to Value Investments

Investments are reported at fair value, which is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

b. Total OPEB liability

The City's total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry age normal, level percentage of payroll
Actuarial Assumptions:	
Discount Rate	6.10%
Long-Term Expected Rate of Return on Investments	6.10%
Inflation	2.75%
Healthcare Trend Rates	4%
Mortality, Retirement, Disability, Termination	2017 CalPERS Mortality for Safety and Miscellaneous Employees
Salary Increases	2.75%

The long-term expected rate of return estimates are presented as geometric means developed by the actuary over a 27-year period. The long-term expected real rates of return for each major asset class included in the OPEB plan's target asset allocation for the PARS OPEB Trust as of June 30, 2019, are summarized in the following table:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	60%	7.795%
Long-Term Corporate Bonds	5%	5.295%
Intermediate-Term Government Bonds	30%	4.500%
Short-Term Gov't Fixed	5%	3.250%
	100%	

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.1%. The projection of cash flows used to determine the discount rate assumed that the City would make benefit payments outside of the trust. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the PARS OPEB was applied to all periods of the projected benefit payments to determine the total OPEB liability.

c. Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Total Plan Net	OPEB Fiduciary OPEB	Liability Net Position Liability
Balance at June 30, 2018 (Measurement Date)	<u>\$ 34,252,867</u>	<u>10,648,954</u>	<u>23,603,913</u>
Changes in the Year:			
Service Cost	110,595	-	110,595
Interest on Total OPEB Liability	2,042,543	-	2,042,543
Expected Investment Income	-	648,267	(648,267)
Administrative Expenses	-	(43,248)	43,248
Employer Contributions to Trust	-	-	-
Employer Contributions as Benefit Payments	-	1,647,702	(1,647,702)
Actual Benefit Payments from Employer	(1,647,702)	(1,647,702)	-
Expected Minus Actual Benefit Payments	-	-	-
Experience Gains/Losses	(226,446)	-	(226,446)
Changes in Assumptions	8,170,158	-	8,170,158
Investment Gains/Losses	-	59,466	(59,466)
Net Changes	<u>8,449,148</u>	<u>664,485</u>	<u>7,784,663</u>
Balance at June 30, 2019 (Measurement Date)	<u>\$ 42,702,015</u>	<u>11,313,439</u>	<u>31,388,576</u>

Change of Assumptions

The studies that served as the basis for Mortality rates changed from the 2014 CalPERS Mortality Study in the prior year, to the 2017 CalPERS Mortality Study in the current year.

The studies that served as the basis for the Retirement rates changed from the 2009 CalPERS Retirement and Turnover Tables in the prior year, to the 2017 CalPERS Retirement and Turnover Tables in the current year.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.10%) or 1-percentage point higher (7.10%) than the current discount rate:

	1% Decrease 5.10%	Discount Rate 6.10%	1% Increase 7.10%
Net OPEB Liability	\$ 35,940,634	\$ 31,388,576	\$ 27,518,833

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower and 1-percentage point higher than the current medical trend rate:

	1% Decrease 3.00%	Current Healthcare Cost Trend Rate 4.00%	1% Increase 5.00%
Net OPEB Liability	\$ 26,852,440	\$ 31,388,576	\$ 36,837,546

d. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$652,710. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experiences	\$ 1,402,699	(199,805)
Changes of Assumptions	7,208,962	(12,235,935)
Differences Between Projected and Actual Earnings on Plan Investments	-	(190,142)
Contributions Subsequent to the Measurement Date	1,839,756	-
Total	<u>\$ 10,451,417</u>	<u>(12,625,882)</u>

The differences between projected and actual earnings on plan investments is amortized over five years, while differences between expected and actual experiences, and changes in assumptions are amortized over 8.5 years.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

\$1,839,756 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2021	\$ (895,409)
2022	(895,409)
2023	(825,657)
2024	(824,631)
2025	(812,741)
Thereafter	239,626

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CaIPERS)

a. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit.

Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED)

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		
	Tier I Prior to December 25, 2010	Tier II On or After December 25, 2010	Tier III - PEPRA On or After January 1, 2013
Hire date			
Benefit formula	2.5%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 62	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.0%	7%	6.25%
Required employer contribution rates:			
Normal cost rate	12.142%	8.081%	6.985%
Payment of unfunded liability	\$ 2,001,219	\$ 6,657	\$ 3,215

	Safety - Police		
	Tier I Prior to October 30, 2010	Tier II On or After October 30, 2010	Tier III - PEPRA On or After January 1, 2013
Hire date			
Benefit formula	3%@50	3%@55	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2% to 2.7%
Required employee contribution rates	12%	9%	11.5%
Required employer contribution rates:			
Normal cost rate	23.654% (1)	18.928%	13.034%
Payment of unfunded liability	\$ 3,432,621	\$ 4,334	\$ 1,606

(1) Members of this plan cover 3% of the City's actuarially determined rate.

	Safety - Fire		
	Tier I Prior to March 31, 2012	Tier II On or After March 31, 2012	Tier III - PEPRA On or After January 1, 2013
Hire date			
Benefit formula	3%@50	2%@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%	2% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates:			
Normal cost rate	23.654% (1)	16.636%	13.034%
Payment of unfunded liability	\$ 3,432,621	\$ 1,708	\$ 2,438

(1) Members of this plan cover 3% of the City's actuarially determined rate.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Assumptions

For the measurement period ended June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability determined in the June 30, 2018 actuarial accounting valuation.

The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry age normal Cost Method	Entry age normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

(1) - Varies by entry age and service.

(2) - The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) - The lesser of contract COLA up to 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED)

Change of Assumptions

There were no changes of Assumptions for the measurement period ended June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class ^a	New Strategic Allocation	Real Return Years 1 - 10 ^(b)	Real Return Years 11+ ^(c)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period

(c) An expected inflation of 2.92% used for this period

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED)

Pension Plans Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The payments for the defined benefit pension plans are generally paid by the general fund, water utility proprietary fund, and sewer proprietary fund.

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 31,665,411
Safety	53,224,533
	<u>\$ 84,889,944</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of the measurement dates ended June 30, 2018 and 2019 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2018	0.77896%	0.86844%
Proportion - June 30, 2019	0.79075%	0.85261%
Change - Increase (Decrease)	0.01179%	-0.01583%

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>		<u>Safety</u>
1% Decrease	6.15%		6.15%
Net Pension Liability	\$ 46,390,879	\$	81,747,667
Current Discount Rate	7.15%		7.15%
Net Pension Liability	\$ 31,665,411	\$	53,224,533
1% Increase	8.15%		8.15%
Net Pension Liability	\$ 19,510,578	\$	2,984,030

For the year ended June 30, 2020, the City recognized pension expense of \$4,309,398 for the miscellaneous plan and \$7,517,109 for the safety plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Miscellaneous</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 1,509,953	(535,266)
Differences between Expected and Actual Experience	2,199,296	(170,401)
Differences between Projected and Actual Investment Earnings	-	(553,609)
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(1,120,831)
Change in Employer's Proportion	292,425	(299,375)
Pension Contributions Made Subsequent to Measurement Date	2,888,943	-
Total	<u>\$ 6,890,617</u>	<u>(2,679,482)</u>

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED)

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 2,181,581	(425,734)
Differences between Expected and Actual Experience	3,475,082	-
Differences between Projected and Actual Investment Earnings	-	(732,194)
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(2,655,136)
Change in Employer's Proportion	-	(819,463)
Pension Contributions Made Subsequent to Measurement Date	5,503,036	-
Total	<u>\$ 11,159,699</u>	<u>(4,632,527)</u>

\$2,888,943 and \$5,503,036 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the miscellaneous and safety plan, respectively, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Miscellaneous	Safety	Total
2021	\$ 1,680,901	2,172,099	3,853,000
2022	(655,375)	(1,322,136)	(1,977,511)
2023	184,799	31,710	216,509
2024	111,867	142,463	254,330
2025	-	-	-
Thereafter	-	-	-

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN (PARS)

As of January 1, 1992, the City implemented a defined contribution pension Plan through PARS for all of its non-regular employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All non-regular 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 has resolved to match the employees' contributions of 3.75% for employees hired prior to August 29, 2014. Employees hired after August 29, 2014 are required to pay the full 7.5%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately. For the year ended June 30, 2020, the City's payroll covered by the plan was \$614,522 and the City made employer contributions of \$1,754 (3.75% of current covered payroll for employees hired before August 29, 2014).

CITY OF FOUNTAIN VALLEY
Notes to Basic Financial Statements
June 30, 2020

NOTE 10 - LOANS RECEIVABLE

The City has outstanding rehabilitation and first-time home buyer loans receivable totaling \$1,177,084 from qualified applicants. Loans receivable of \$11,500,339 is recorded in the Housing Authority Fund; \$200,265 in the Community Development Block Grant (CDBG) Special Revenue Fund; and \$14,348 in the HOME Grant Special Revenue Fund. All housing rehabilitation loans are repaid when title to the property changes or according to payment schedules.

On October 1, 2002, the City entered into an Affordable Housing Agreement with Fountain Valley Partners, L.P. for the development of an apartment complex for seniors. Under the agreement, the City agreed to loan Fountain Valley Housing Partners, L.P. \$5,606,071 at an interest rate of 2%. Principal and interest are due at various maturity dates but no later than 55 years from the date of the note. The loan receivable is offset by unearned revenue in the Housing Authority Special Revenue Fund. The amount outstanding at June 30, 2020 is \$4,338,812.

On January 22, 2019, the Fountain Valley Housing Authority approved a loan agreement with The Related Companies of California LLC ("Developer") to assist with the development of a new 50-unit multifamily affordable housing project intended for tenancy by qualified extremely low, very low and low-income persons and families.

Under the loan agreement, the Housing Authority will advance and loan Developer up to \$6,443,882 for the sole purposes of acquisition of the property and termination of the billboard lease of the proposed project. The loan will be funded from the Housing Authority Special Revenue Fund utilizing low and moderate housing asset funds of the former Fountain Valley Agency for Community Development. The outstanding principal balance of the loan shall bear simple interest at the rate of zero percent (0%) per annum. The loan will have a 60-year term to be repaid from residual receipts from operation of the proposed project. The amount outstanding at June 30, 2020 is \$6,199,056.

NOTE 11 - TAX ABATEMENT

Hotel Incentive Program

In January 2017, the City Council adopted guidelines that established a Hotel Incentive Program (HIP), which provides economic incentives to develop 3 to 5 star quality hotels in the City of Fountain Valley. The City will reimburse up to 50 percent of the total new transient occupancy tax (TOT) each year over a period of 15 years or less for new hotels with 100 or more rooms maintained at 3 to 5 star quality. Reimbursement applies for TOT above a \$200,000 revenue requirement. No amounts have been abated under the HIP.

CITY OF FOUNTAIN VALLEY REQUIRED SUPPLEMENTARY INFORMATION



CITY OF FOUNTAIN VALLEY
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	Miscellaneous Plan					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.84022%	0.74471%	0.75405%	0.76029%	1.00465%	0.88131%
Plan's proportionate share of the net pension liability	\$ 31,665,411	29,356,769	29,725,101	26,411,625	27,562,365	21,781,373
Plan's covered payroll	\$ 8,846,622	8,117,618	8,613,145	8,337,303	7,985,207	7,904,107
Plan's proportionate share of the net pension liability as percentage of covered payroll	357.94%	361.64%	345.11%	316.79%	345.17%	275.57%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	72.18%	71.55%	71.55%	72.57%	78.40%	76.48%
Plan's proportionate share of aggregate employer contributions	\$ 2,888,943	2,482,065	2,828,483	2,602,305	2,279,664	1,915,598

Notes to Schedule:

Changes in Assumptions:

Fiscal year June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Fiscal year June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

Fiscal year June 30, 2019:

Demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CITY OF FOUNTAIN VALLEY
Schedule of Contributions
Last Ten Fiscal Years*

Fiscal year ended	Miscellaneous Plan					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016 ⁽¹⁾	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 2,888,943	2,482,065	2,086,374	1,935,810	2,350,238	1,605,582
Contributions in relation to the actuarially determined contributions	<u>(2,888,943)</u>	<u>(2,482,065)</u>	<u>(2,086,374)</u>	<u>(1,935,810)</u>	<u>(8,436,539)</u>	<u>(1,605,582)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,086,301)</u>	<u>-</u>
Covered payroll	\$ 9,466,034	8,846,622	8,117,618	8,613,145	8,337,303	7,985,207
Contributions as a percentage of covered payroll	30.52%	28.06%	25.70%	22.48%	101.19%	20.11%

Notes to Schedule:

Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
----------------	---------------	---------------	---------------	---------------	---------------	---------------

Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date	June 30, 2017
Agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair Value
Inflation	2.63%
Salary increases	Depending on age, service, and type of employment
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPPRA 2% @ 62
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

(1) Fiscal year 2016 - Contributions in relationship to the actuarially determined contributions includes the City's pay off of its CalPERS Side Fund liability.

CITY OF FOUNTAIN VALLEY
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

Fiscal year ended	Safety Plan					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.90710%	0.86844%	0.87905%	0.89557%	1.11371%	1.07112%
Plan's proportionate share of the net pension liability	\$ 53,224,533	50,956,240	52,524,831	46,383,732	45,889,913	40,177,430
Plan's covered payroll	\$ 11,659,261	10,615,883	11,128,552	10,947,647	10,362,480	9,883,584
Plan's proportionate share of the net pension liability as percentage of covered payroll	456.50%	480.00%	471.98%	423.69%	442.85%	406.51%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	74.43%	74.40%	72.68%	73.89%	78.40%	76.12%
Plan's proportionate share of aggregate employer contributions	\$ 5,503,036	4,870,231	4,823,404	4,535,038	4,005,245	3,624,917

Notes to Schedule:

Changes in Assumptions:

Fiscal year June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Fiscal year June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

Fiscal year June 30, 2019:

Demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Fiscal year June 30, 2020:

No changes to assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CITY OF FOUNTAIN VALLEY
Schedule of Contributions
Last Ten Fiscal Years*

Fiscal year ended	Safety Plan					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	(1) June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 5,503,036	\$ 4,870,231	\$ 4,097,350	\$ 3,781,998	\$ 4,097,511	\$ 3,339,873
Contributions in relation to the actuarially determined contributions	<u>(5,503,036)</u>	<u>(4,870,231)</u>	<u>(4,097,350)</u>	<u>(3,781,998)</u>	<u>(13,823,511)</u>	<u>(3,339,873)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,726,000)</u>	<u>\$ -</u>
Covered payroll	\$ 12,089,065	\$ 11,659,261	\$ 10,615,883	\$ 11,128,552	\$ 10,947,647	\$ 10,362,480
Contributions as a percentage of covered payroll	45.52%	41.77%	38.60%	33.98%	126.27%	32.23%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
----------------	-----------	-----------	-----------	-----------	-----------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date	June 30, 2017
Agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair value
Inflation	2.625%
Salary increases	Depending on age, service, and type of employment
Investment rate of return	7.250%, net of pension plan investment expense, including inflation
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPPRA 2% @ 62
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

(1) Fiscal year 2016 - Contributions in relationship to the actuarially determined contributions includes the City's pay off of its CalPERS Side Fund liability.

CITY OF FOUNTAIN VALLEY

Annual Money-Weighted Rate of Return on Investments - OPEB

Last Ten Fiscal Years*

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense (1)</u>
6/30/17	10.85%
6/30/18	6.67%
6/30/19	6.81%
6/30/20	3.81%

* Ten years of historical information is required by the Governmental Accounting Standards Board, Statement No. 74. Fiscal year ended June 30, 2017 was the first year of implementation; therefore, only three years are presented.

CITY OF FOUNTAIN VALLEY

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Ten Fiscal Years*

Fiscal year end	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement date	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB Liability:			
Service cost	\$ 110,595	\$ 853,490	\$ 783,000
Interest on total OPEB liability	2,042,543	2,792,205	2,737,000
Benefit payments, including refunds and the implied subsidy benefit payments	(1,647,702)	(2,256,000)	(2,209,000)
Actuarial - Experience Gains (Losses)	(226,446)	1,808,185	-
Actuarial - Changes in Assumptions	8,170,158	(16,183,013)	-
Net Change in Total OPEB Liability	<u>8,449,148</u>	<u>(12,985,133)</u>	<u>1,311,000</u>
Total OPEB Liability - Beginning of Year	<u>34,252,867</u>	<u>47,238,000</u>	<u>45,927,000</u>
Total OPEB Liability - End of Year (a)	<u>42,702,015</u>	<u>34,252,867</u>	<u>47,238,000</u>
Plan Fiduciary Net Position:			
Contributions - employer	1,647,702	3,956,000	2,209,000
Net investment income	59,466	555,665	807,000
Administrative expenses	(43,248)	(45,829)	(20,000)
Benefit payments, including refunds and the implied subsidy benefit payments	(1,647,702)	(2,256,000)	(2,209,000)
Actuarial - Investment Gains (Losses)	<u>648,267</u>	<u>5,118</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	664,485	2,214,954	787,000
Plan Fiduciary Net Position - Beginning of Year	<u>10,648,954</u>	<u>8,434,000</u>	<u>7,647,000</u>
Plan Fiduciary Net Position - End of Year (b)	<u>11,313,439</u>	<u>10,648,954</u>	<u>8,434,000</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 31,388,576</u>	<u>\$ 23,603,913</u>	<u>\$ 38,804,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	26.49%	31.09%	17.85%
Covered - employee payroll ⁽¹⁾	\$ 21,555,000	\$ 18,734,000	\$ 19,742,000
Net OPEB liability as percentage of covered - employee payroll	145.62%	126.00%	174.15%

Notes to Schedule:

Changes in Assumptions:

Year ended June 30, 2020

The studies that served as the basis for Mortality rates changed from the 2014 CalPERS Mortality Study in the prior year, to the 2017 CalPERS Mortality Study in the current year.

The studies that served as the basis for the Retirement rates changed from the 2009 CalPERS Retirement and Turnover Tables in the prior year, to the 2017 CalPERS Retirement and Turnover Tables in the current year.

(1) - OPEB Benefits are not based on a measurement of employee payroll

* Fiscal year 2018 was the first year of implementation; therefore, only three years are shown.

CITY OF FOUNTAIN VALLEY

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

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 49,134,000	48,089,000	48,327,410	238,410
Licenses and permits	1,822,500	1,854,700	1,850,421	(4,279)
Fines and penalties	576,000	576,000	616,823	40,823
Investment income	972,000	972,000	2,034,318	1,062,318
Rental income	1,190,000	1,032,082	1,019,228	(12,854)
Intergovernmental	222,367	4,488,836	1,284,759	(3,204,077)
Charges of services	4,261,950	4,270,043	2,360,050	(1,909,993)
Miscellaneous	979,353	2,357,437	969,699	(1,387,738)
TOTAL REVENUES	59,158,170	63,640,098	58,462,708	(5,177,390)
EXPENDITURES:				
Current:				
General government	4,320,652	5,544,054	3,540,459	2,003,595
Public safety	35,392,260	39,924,730	35,717,263	4,207,467
Transportation	6,840,271	6,969,746	5,959,953	1,009,793
Community development	4,059,386	5,621,488	3,905,317	1,716,171
Community services	3,249,918	3,358,177	2,667,059	691,118
Capital outlay	5,660,756	8,229,852	2,300,589	5,929,263
Debt service:				
Principal	570,000	570,000	570,000	-
Interest	5,700	5,700	5,669	31
TOTAL EXPENDITURES	60,098,943	70,223,747	54,666,309	15,557,438
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(940,773)	(6,583,649)	3,796,399	10,380,048
OTHER FINANCING SOURCES (USES):				
Transfers in	1,255,582	1,337,875	2,505,184	1,167,309
Transfers out	(4,492,546)	(4,492,546)	(4,457,267)	35,279
Proceeds from sale of capital assets	26,000	1,845,691	1,871,361	25,670
TOTAL OTHER FINANCING SOURCES (USES)	(3,210,964)	(1,308,980)	(80,722)	1,228,258
NET CHANGE IN FUND BALANCE	(4,151,737)	(7,892,629)	3,715,677	11,608,306
FUND BALANCE - BEGINNING OF YEAR	58,490,605	58,490,605	58,490,605	-
FUND BALANCE - END OF YEAR	\$ 54,338,868	50,597,976	62,206,282	11,608,306

See accompanying notes to the required supplementary information.

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Housing Authority Special Revenue Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 208,000	208,000	174,927	(33,073)
Rental income	-	-	23,333	23,333
Miscellaneous	210,200	210,200	68,440	(141,760)
TOTAL REVENUES	418,200	418,200	266,700	(151,500)
EXPENDITURES:				
Current:				
Community development	5,668,294	5,668,294	146,659	5,521,635
TOTAL EXPENDITURES	5,668,294	5,668,294	146,659	5,521,635
NET CHANGE IN FUND BALANCE	(5,250,094)	(5,250,094)	120,041	5,370,135
FUND BALANCE - BEGINNING OF YEAR	18,354,245	18,354,245	18,354,245	-
FUND BALANCE - END OF YEAR	\$ 13,104,151	13,104,151	18,474,286	5,370,135

See accompanying notes to the required supplementary information.

CITY OF FOUNTAIN VALLEY
Notes to Required Supplementary Information
June 30, 2020

NOTE 1 - BUDGETS AND BUDGETARY DATA

The adopted budget of the City consists of the presentation of a Council action request in the form of a staff report specifying the total appropriation for each departmental activity, (e.g., Police Administration, Street Maintenance, etc.).

Total appropriations for each fund may only be increased by the City Council by the approval of a staff report requesting to amend the budget, with the exception of budget adjustments which involve offsetting revenues and expenditures. In cases involving offsetting revenues and expenditures, the Finance Director is authorized to increase or decrease an appropriation for a specific purpose where said appropriation is offset by unbudgeted revenue which is designated for said specific purpose.

The City Manager has the authority to adjust the amounts appropriated between the departments and activities of a fund, objects within each departmental activity and between accounts within the objects, provided, however, that the total appropriations for each fund does not exceed the amounts provided in the original Council action formally adopting the budget.

The level at which expenditures may not legally exceed appropriations is the fund level.

All appropriations lapse at fiscal year-end unless City Council takes formal action in the form of an adopted staff report that allows the appropriation to continue into the following fiscal year.

Budgets for the various funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general, special revenue, debt service, capital projects, and proprietary fund types.

NOTE 2 - DISCLOSURES FOR STREETS, SIDEWALKS, CURBS AND GUTTERS

The City elected to use the modified approach in reporting its street pavement infrastructure network. Under the modified approach, infrastructure assets that are part of a network or subsystem of a network are not required to be depreciated as long as two requirements are met.

First, the government must manage the eligible infrastructure assets using an asset management system that has the following characteristics:

- An up-to-date inventory of eligible infrastructure assets,
- Annual condition assessments of the eligible infrastructure assets and summaries of the results using a measurement scale, and
- Estimates of the annual cost to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

CITY OF FOUNTAIN VALLEY
Notes to Required Supplementary Information
June 30, 2020

NOTE 2 - DISCLOSURES FOR STREETS, SIDEWALKS, CURBS AND GUTTERS (CONTINUED):

Second, the government must document that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government. If eligible infrastructure assets meet all requirements and are not depreciated, all expenditures made for those assets (except for additions and improvements) are expensed in the period incurred. Additions and improvements to eligible infrastructure assets are capitalized. Additions or improvements increase the capacity or efficiency of infrastructure assets rather than preserve the useful life of the assets.

Streets:

The condition of the City’s roadway pavements is measured using the CarteGraph Pavement Management System. The system uses a measurement scale that is based on a Pavement Condition Index (PCI) ranging from zero for a very poor pavement to 100 for a pavement in very good condition. The City’s road system is divided into roadway segments according to the classifications of Primary, Major and Secondary routes, which are combined for reporting purposes as Master Plan of Arterial Highways (MPAH) and Locals. Field condition surveys of the pavement surface are conducted using 19 pavement distress types and a five level measurement scale to develop the PCI for each roadway segment and an overall pavement network rating. The five levels are: Very Good (86-100), Good (75-85), Fair (60-74), Poor (41-59), and Very Poor (0-40). Field condition surveys are undertaken, and PCI ratings are compiled bi-annually for MPAH’s and Locals. It is the City’s policy to maintain a weighted average of all roadway segments at a PCI of 65 or better. The following table shows the results of the field condition surveys:

Condition	PCI Range	MPAH	Locals	Total Mi.	% of Network
Very Good	(86-100)	23.0	81.8	104.8	64%
Good	(75-85)	19.2	20.0	39.2	24%
Fair	(60-74)	8.3	5.1	13.4	8%
Poor	(41-59)	3.6	2.3	5.9	4%
Very Poor	(0-40)	0.1	0.7	0.8	0%
Totals		54.2	109.9	164.1	100%

The overall condition of the City’s pavement network based on the most recent complete assessment performed in fiscal year 2020 was “Very Good” with a weighted average PCI of 86.1 based on the surface area of each segment. The City’s four assessments performed previously in fiscal years 2018, 2016, 2014, and 2012 were “Very Good” to “Good” with a weighted average Overall Condition Index (OCI) of 86.1, 85.1, 81.4 and 80.8, respectively.

CITY OF FOUNTAIN VALLEY
Notes to Required Supplementary Information
June 30, 2020

NOTE 2 - DISCLOSURES FOR STREETS, SIDEWALKS, CURBS AND GUTTERS (CONTINUED)

Sidewalks

The City’s maintenance standards for sidewalks are based upon the various vertical offset criteria listed below:

Sidewalk Maintenance

- 0” to ½” - will be flagged for identification purposes, however, will be excluded from the budgetary section of the report. These distress locations are potential hazards and should be considered for future maintenance.
- ½” to 1” - will be flagged for grinding maintenance.
- 1” to 2”- will be flagged for ramping maintenance.
- >2” caused by a tree - will be flagged as ramp maintenance until the tree is removed. Then the City will remove the deficient sidewalk and/or curbs and gutter.

It is the City’s policy to perform maintenance on sidewalks consistent with the above criteria.

Curbs and Gutters

The City’s maintenance standards for curbs and gutters requires that sections of curbs and gutters that experience a vertical offset of 1-1/2” inches or greater which create “standing” water shall be placed on a schedule for removal and replacement consistent with existing City Council policy. To the greatest extent possible, removal and replacement of curbs and gutters meeting the above criteria shall be performed in conjunction with street resurfacing projects within which the deficient curbs and gutters sections are located.

Comparison of Needed-to-Actual Maintenance/Preservation

	Fiscal Year						
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Sidewalks, Curbs and							
Budgeted	296,000	-	296,000	-	-	200,000	-
Actual	9,310	12,540	-	-	-	200,000	-
Roadway Classification:							
Arterial and Collectors:							
Budgeted	3,800,494	3,259,479	1,426,127	4,265,295	3,100,000	1,909,303	2,842,640
Actual	2,106,312	1,287,645	43,755	3,095,394	34,704	635,912	1,974,449
Residential Roadway:							
Budgeted	2,300,000	1,800,000	1,800,000	1,400,000	2,299,200	2,373,718	2,000,000
Actual	2,287,898	1,485,305	1,535,470	1,177,871	1,976,474	2,367,310	1,682,019

CITY OF FOUNTAIN VALLEY SUPPLEMENTARY SCHEDULES



CITY OF FOUNTAIN VALLEY

Other Governmental Funds

June 30, 2020

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenue sources that are legally restricted to or otherwise assigned for specific purposes.

Criminal Activities - This fund is used to account for receipts and disbursements of seized and forfeited assets used for sale of controlled substances and to account for state monies to be used for policing activities.

Road Maintenance and Rehabilitation Program SB 1 - This fund is used to account for revenues received from the State SB1 taxes. Expenditures are restricted to basic road maintenance, rehabilitation, and critical safety projects.

Gas Tax - This fund is used to account for state gasoline taxes received by the City. These funds may be used for street maintenance, right-of-way acquisition and street construction.

Abandoned Vehicle Abatement - This fund is used to account for abatement of abandoned or disabled vehicles illegally parked in the City.

Traffic Improvement - This fund is used to account for Measure M revenues received by the City. These funds may be used for street projects to improve traffic.

Pollution Reduction - This fund is used to account for South Coast Air Quality Management District revenues received by the City. These funds may be used for various programs to reduce air pollution.

HOME Grant - This fund is used to account for federal HOME Grant funds.

Measure M2 - This fund is used to account for Measure M2 revenue and interest earnings. These funds are transferred out for traffic improvement related projects.

Community Development Block Grant - This fund is used to account for federal Housing and Community Development Block Grant funds.

DEBT SERVICE FUNDS

Debt service funds are used to account for resources restricted or assigned for expenditure of principal and interest.

Fountain Valley Public Financing Authority - This fund is used to account for the repayment of principal and interest on the Lease Revenue Bonds, Series 2016A.

CITY OF FOUNTAIN VALLEY

**Other Governmental Funds
(Continued)**

June 30, 2020

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for resources restricted or assigned for capital improvements.

Drainage - This fund is used to account for the implementation of goals and objectives of the master drainage plan and to mitigate water runoff impacts of new development in the drainage area.

Fountain Valley Public Financing Authority - This fund is used to account for the construction of certain improvements associated with the issuance of Lease Revenue Bonds, Series 2016A.

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF FOUNTAIN VALLEY

**Combining Balance Sheet
Other Governmental Funds**

June 30, 2020

Special Revenue Funds					
	Criminal Activities	Road Maint and Rehab Program SB1	Gas Tax	Abandoned Vehicle Abatement	Traffic Improvement
ASSETS					
Cash and investments	\$ 848,468	5,252	1,710,814	24,454	1,614,538
Cash and investments with fiscal agents	-	-	-	-	-
Receivables:					
Accounts	1,935	149,835	112,473	-	34,756
Loans	-	-	-	-	-
TOTAL ASSETS	<u>\$ 850,403</u>	<u>155,087</u>	<u>1,823,287</u>	<u>24,454</u>	<u>1,649,294</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ -	-	5,159	-	507,926
Deposits payable	-	-	-	-	29,015
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>5,159</u>	<u>-</u>	<u>536,941</u>
FUND BALANCES (DEFICITS):					
Restricted for:					
Public safety	850,403	-	-	-	-
Transportation	-	155,087	1,818,128	24,454	1,112,353
Housing	-	-	-	-	-
Community development	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	-	-
TOTAL FUND BALANCES	<u>850,403</u>	<u>155,087</u>	<u>1,818,128</u>	<u>24,454</u>	<u>1,112,353</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 850,403</u>	<u>155,087</u>	<u>1,823,287</u>	<u>24,454</u>	<u>1,649,294</u>

Special Revenue Funds (Continued)				Debt Service Fund	Capital Projects Funds		
Pollution Reduction	HOME Grant	Measure M2	Community Development Block Grant	Fountain Valley Public Financing Authority	Drainage	Fountain Valley Public Financing Authority	Total
409,655	312,652	1,955,909	-	-	293,719	-	7,175,461
-	-	-	-	59	-	-	59
17,730	-	142,751	59,243	-	-	-	518,723
-	14,348	-	200,265	-	-	-	214,613
<u>427,385</u>	<u>327,000</u>	<u>2,098,660</u>	<u>259,508</u>	<u>59</u>	<u>293,719</u>	<u>-</u>	<u>7,908,856</u>
-	-	-	18,828	-	263	-	532,176
-	-	-	-	-	254,934	-	283,949
-	-	-	40,416	-	-	-	40,416
-	-	-	59,244	-	255,197	-	856,541
427,385	-	-	-	-	-	-	1,277,788
-	-	2,098,660	-	-	-	-	5,208,682
-	327,000	-	-	-	-	-	327,000
-	-	-	200,264	-	-	-	200,264
-	-	-	-	59	-	-	59
-	-	-	-	-	38,522	-	38,522
<u>427,385</u>	<u>327,000</u>	<u>2,098,660</u>	<u>200,264</u>	<u>59</u>	<u>38,522</u>	<u>-</u>	<u>7,052,315</u>
<u>427,385</u>	<u>327,000</u>	<u>2,098,660</u>	<u>259,508</u>	<u>59</u>	<u>293,719</u>	<u>-</u>	<u>7,908,856</u>

CITY OF FOUNTAIN VALLEY

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds**

Year ended June 30, 2020

	Special Revenue Funds				
	Criminal Activities	Road Maint and Rehab Program SB1	Gas Tax	Abandoned Vehicle Abatement	Traffic Improvement
REVENUES:					
Investment income	\$ 13,956	2,126	17,520	453	16,436
Intergovernmental	199,006	981,205	1,319,809	-	52,838
Charges for services	-	-	-	-	142,486
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	212,962	983,331	1,337,329	453	211,760
EXPENDITURES:					
Current:					
Public safety	145,265	-	-	-	-
Transportation	-	-	2,358,280	-	2,727,987
Community development	-	-	-	-	-
Community services	-	-	-	3,097	-
Capital outlay	-	-	13,658	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	145,265	-	2,371,938	3,097	2,727,987
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	67,697	983,331	(1,034,609)	(2,644)	(2,516,227)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	1,673,855	-	2,548,103
Transfers out	-	(942,119)	(376,866)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(942,119)	1,296,989	-	2,548,103
NET CHANGE IN FUND BALANCES	67,697	41,212	262,380	(2,644)	31,876
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	782,706	113,875	1,555,748	27,098	1,080,477
FUND BALANCES - END OF YEAR	\$ 850,403	155,087	1,818,128	24,454	1,112,353

Special Revenue Funds (Continued)				Debt Service Fund	Capital Projects Funds		
Pollution Reduction	HOME Grant	Measure M2	Community Development Block Grant	Fountain Valley Public Financing Authority	Drainage	Fountain Valley Public Financing Authority	Total
7,382	15,246	46,122	-	58	-	1,898	121,197
71,711	-	1,198,226	269,117	-	-	-	4,091,912
-	-	-	-	-	137	-	142,623
5	-	-	157	-	-	-	162
<u>79,098</u>	<u>15,246</u>	<u>1,244,348</u>	<u>269,274</u>	<u>58</u>	<u>137</u>	<u>1,898</u>	<u>4,355,894</u>
-	-	-	-	-	-	-	145,265
-	-	-	-	-	-	-	5,086,267
-	-	-	269,432	-	-	-	269,432
-	-	-	-	-	-	-	3,097
-	-	-	-	-	4,651,998	-	4,665,656
-	-	-	-	568,981	-	-	568,981
-	-	-	-	528,491	-	-	528,491
-	-	-	269,432	1,097,472	4,651,998	-	11,267,189
<u>79,098</u>	<u>15,246</u>	<u>1,244,348</u>	<u>(158)</u>	<u>(1,097,414)</u>	<u>(4,651,861)</u>	<u>1,898</u>	<u>(6,911,295)</u>
-	-	-	-	1,097,425	4,855,978	-	10,175,361
<u>(71,209)</u>	<u>-</u>	<u>(2,087,998)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,525,978)</u>	<u>(6,004,170)</u>
<u>(71,209)</u>	<u>-</u>	<u>(2,087,998)</u>	<u>-</u>	<u>1,097,425</u>	<u>4,855,978</u>	<u>(2,525,978)</u>	<u>4,171,191</u>
7,889	15,246	(843,650)	(158)	11	204,117	(2,524,080)	(2,740,104)
419,496	311,754	2,942,310	200,422	48	(165,595)	2,524,080	9,792,419
<u>427,385</u>	<u>327,000</u>	<u>2,098,660</u>	<u>200,264</u>	<u>59</u>	<u>38,522</u>	<u>-</u>	<u>7,052,315</u>

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Criminal Activities Special Revenue Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 4,600	4,600	13,956	9,356
Intergovernmental	120,000	229,600	199,006	(30,594)
TOTAL REVENUES	<u>139,600</u>	<u>249,200</u>	<u>212,962</u>	<u>(36,238)</u>
EXPENDITURES:				
Current:				
Public safety	<u>146,650</u>	<u>259,320</u>	<u>145,265</u>	<u>114,055</u>
TOTAL EXPENDITURES	<u>146,650</u>	<u>259,320</u>	<u>145,265</u>	<u>114,055</u>
EXCESS OF REVENUES OVER EXPENDITURES	(7,050)	(10,120)	67,697	77,817
NET CHANGE IN FUND BALANCE	(7,050)	(10,120)	67,697	77,817
FUND BALANCE - BEGINNING OF YEAR	<u>782,706</u>	<u>782,706</u>	<u>782,706</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 775,656</u>	<u>772,586</u>	<u>850,403</u>	<u>77,817</u>

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - SB1 Special Revenue Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	-	2,126	2,126
Intergovernmental	942,119	942,119	981,205	39,086
TOTAL REVENUES	<u>942,119</u>	<u>942,119</u>	<u>983,331</u>	<u>41,212</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(942,119)	(942,119)	(942,119)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(942,119)</u>	<u>(942,119)</u>	<u>(942,119)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	41,212	41,212
FUND BALANCE - BEGINNING OF YEAR	<u>113,875</u>	<u>113,875</u>	<u>113,875</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 113,875</u>	<u>113,875</u>	<u>155,087</u>	<u>41,212</u>

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Gas Tax Special Revenue Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 14,000	14,000	17,520	3,520
Intergovernmental	1,725,843	1,725,843	1,319,809	(406,034)
TOTAL REVENUES	<u>1,739,843</u>	<u>1,739,843</u>	<u>1,337,329</u>	<u>(402,514)</u>
EXPENDITURES:				
Current:				
Transportation	2,680,500	2,730,500	2,358,280	372,220
Capital outlay	-	30,000	13,658	16,342
TOTAL EXPENDITURES	<u>2,680,500</u>	<u>2,760,500</u>	<u>2,371,938</u>	<u>388,562</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(940,657)</u>	<u>(1,020,657)</u>	<u>(1,034,609)</u>	<u>(13,952)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,645,119	1,645,119	1,673,855	28,736
Transfers out	(423,000)	(423,000)	(376,866)	46,134
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,222,119</u>	<u>1,222,119</u>	<u>1,296,989</u>	<u>74,870</u>
NET CHANGE IN FUND BALANCE	281,462	201,462	262,380	60,918
FUND BALANCE - BEGINNING OF YEAR	<u>1,555,748</u>	<u>1,555,748</u>	<u>1,555,748</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,837,210</u>	<u>1,757,210</u>	<u>1,818,128</u>	<u>60,918</u>

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Abandoned Vehicle Abatement Special Revenue Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	-	453	453
TOTAL REVENUES	-	-	453	453
EXPENDITURES:				
Current:				
Community services	8,809	8,809	3,097	5,712
TOTAL EXPENDITURES	8,809	8,809	3,097	5,712
EXCESS OF REVENUES UNDER EXPENDITURES	(8,809)	(8,809)	(2,644)	6,165
FUND BALANCE - BEGINNING OF YEAR	27,098	27,098	27,098	-
FUND BALANCE - END OF YEAR	\$ 18,289	18,289	24,454	6,165

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Traffic Improvement Special Revenue Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 5,000	5,000	16,436	11,436
Intergovernmental	1,000,000	1,000,000	52,838	(947,162)
Charges for services	250,000	250,000	142,486	(107,514)
TOTAL REVENUES	1,255,000	1,255,000	211,760	(1,043,240)
EXPENDITURES:				
Current:				
Transportation	3,716,225	6,586,014	2,727,987	3,858,027
TOTAL EXPENDITURES	3,716,225	6,586,014	2,727,987	3,858,027
EXCESS OF REVENUES UNDER EXPENDITURES	(2,461,225)	(5,331,014)	(2,516,227)	2,814,787
OTHER FINANCING SOURCES:				
Transfers in	(4,599,761)	4,599,761	2,548,103	(2,051,658)
TOTAL OTHER FINANCING SOURCES	(4,599,761)	4,599,761	2,548,103	(2,051,658)
NET CHANGE IN FUND BALANCE	(7,060,986)	(731,253)	31,876	763,129
FUND BALANCE - BEGINNING OF YEAR	1,080,477	1,080,477	1,080,477	-
FUND BALANCE - END OF YEAR	<u>\$ (5,980,509)</u>	<u>349,224</u>	<u>1,112,353</u>	<u>763,129</u>

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Pollution Reduction Special Revenue Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 3,000	3,000	7,382	4,382
Intergovernmental	72,000	72,000	71,711	(289)
Miscellaneous	-	-	5	5
TOTAL REVENUES	75,000	75,000	79,098	4,098
EXPENDITURES:				
Current:				
Public safety	2,000	2,000	-	2,000
TOTAL EXPENDITURES	2,000	2,000	-	2,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	73,000	73,000	79,098	6,098
OTHER FINANCING USES:				
Transfers out	-	(80,000)	(71,209)	8,791
TOTAL OTHER FINANCING USES	-	(80,000)	(71,209)	8,791
NET CHANGE IN FUND BALANCE	73,000	(7,000)	7,889	14,889
FUND BALANCE - BEGINNING OF YEAR	419,496	419,496	419,496	-
FUND BALANCE - END OF YEAR	\$ 492,496	412,496	427,385	14,889

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - HOME Grant Special Revenue Fund**

Year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment income	\$ -	-	15,246	15,246
Miscellaneous	-	-	-	-
TOTAL REVENUES	-	-	15,246	15,246
EXCESS OF REVENUES OVER EXPENDITURES	-	-	15,246	15,246
FUND BALANCE - BEGINNING OF YEAR	311,754	311,754	311,754	-
FUND BALANCE - END OF YEAR	<u>\$ 311,754</u>	<u>311,754</u>	<u>327,000</u>	<u>15,246</u>

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Measure M2 Special Revenue Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 27,000	27,000	46,122	19,122
Intergovernmental	1,184,874	1,184,874	1,198,226	13,352
TOTAL REVENUES	1,211,874	1,211,874	1,244,348	32,474
OTHER FINANCING USES:				
Transfers out	(4,225,762)	(4,228,055)	(2,087,998)	2,140,057
TOTAL OTHER FINANCING USES	(4,225,762)	(4,228,055)	(2,087,998)	2,140,057
NET CHANGE IN FUND BALANCE	(3,013,888)	(3,016,181)	(843,650)	2,172,531
FUND BALANCE - BEGINNING OF YEAR	2,942,310	2,942,310	2,942,310	-
FUND BALANCE - END OF YEAR	<u>\$ (71,578)</u>	<u>(73,871)</u>	<u>2,098,660</u>	<u>2,172,531</u>

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Community Development Block Grant Special Revenue Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 493,302	705,091	269,117	(435,974)
Miscellaneous	-	-	157	-
TOTAL REVENUES	<u>493,302</u>	<u>705,091</u>	<u>269,274</u>	<u>(435,817)</u>
EXPENDITURES:				
Current:				
Community development	<u>493,302</u>	<u>705,091</u>	<u>269,432</u>	<u>435,659</u>
TOTAL EXPENDITURES	<u>493,302</u>	<u>705,091</u>	<u>269,432</u>	<u>435,659</u>
EXCESS OF REVENUES UNDER EXPENDITURES	-	-	(158)	(158)
FUND BALANCE - BEGINNING OF YEAR	<u>200,422</u>	<u>200,422</u>	<u>200,422</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 200,422</u>	<u>200,422</u>	<u>200,264</u>	<u>(158)</u>

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Fountain Valley Public Financing Authority Debt Service Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	-	58	58
TOTAL REVENUES	-	-	58	58
EXPENDITURES:				
Debt service:				
Principal	568,982	568,982	568,981	1
Interest	528,491	528,491	528,491	-
TOTAL EXPENDITURES	1,097,473	1,097,473	1,097,472	1
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,097,473)	(1,097,473)	(1,097,414)	59
OTHER FINANCING SOURCES:				
Transfers in	1,097,473	1,097,473	1,097,425	(48)
TOTAL OTHER FINANCING SOURCES	1,097,473	1,097,473	1,097,425	(48)
NET CHANGE IN FUND BALANCE	-	-	11	11
FUND BALANCE - BEGINNING OF YEAR	48	48	48	-
FUND BALANCE - END OF YEAR	\$ 48	48	59	11

CITY OF FOUNTAIN VALLEY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Drainage Capital Projects Fund**

Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 1,000	1,000	137	(863)
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>137</u>	<u>(863)</u>
EXPENDITURES:				
Capital outlay	10,000	4,667,431	4,651,998	15,433
TOTAL EXPENDITURES	<u>10,000</u>	<u>4,667,431</u>	<u>4,651,998</u>	<u>15,433</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(9,000)</u>	<u>(4,666,431)</u>	<u>(4,651,861)</u>	<u>14,570</u>
OTHER FINANCING SOURCES:				
Transfers in	2,349,367	4,464,901	4,855,978	391,077
TOTAL OTHER FINANCING SOURCES	<u>2,349,367</u>	<u>4,464,901</u>	<u>4,855,978</u>	<u>391,077</u>
NET CHANGE IN FUND BALANCE	2,340,367	(201,530)	204,117	405,647
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(165,595)</u>	<u>(165,595)</u>	<u>(165,595)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,174,772</u>	<u>(367,125)</u>	<u>38,522</u>	<u>405,647</u>

CITY OF FOUNTAIN VALLEY FIDUCIARY FUNDS



CITY OF FOUNTAIN VALLEY

Fiduciary Funds

June 30, 2020

PRIVATE PURPOSE TRUST FUNDS

Industrial Area Capital Projects - This capital projects fund is used to account for the construction of all capital projects located in the Industrial Project Area and financed by the former Fountain Valley Agency for Community Development.

Redevelopment Property Tax Trust - This fund is used to account for Redevelopment Property Tax Trust Funds (RPTTF) received from the County for payment of Department of Finance approved debt.

AGENCY FUNDS

Special Deposit and Receipt - This fund is used to account for receipts of money that the City is holding in deposit on the behalf of other persons or entities that are to be refunded or forfeited at a future period in time.

Developer Agreements - This fund is used to account for activities related to developer agreements and environmental impact studies for future developments.

CITY OF FOUNTAIN VALLEY
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds

June 30, 2020

	Successor Agency Funds		
	Industrial Area Capital Projects	Redevelopment Property Tax Trust	Total
ASSETS:			
Cash and investments	\$ 746,415	-	746,415
TOTAL ASSETS	746,415	-	746,415
LIABILITIES:			
Accounts payable	10,978	-	10,978
TOTAL LIABILITIES	10,978	-	10,978
NET POSITION:			
Held in trust for Successor Agency	\$ 735,437	-	735,437

CITY OF FOUNTAIN VALLEY

**Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds**

Year ended June 30, 2020

	<u>Successor Agency Funds</u>			<u>Total</u>
	<u>Industrial Area Capital Projects</u>	<u>Redevelopment Property Tax Trust</u>	<u>Eliminations</u>	
ADDITIONS:				
Taxes	\$ -	142,907	-	142,907
Investment income (loss)	13,925	-	-	13,925
TOTAL ADDITIONS	<u>13,925</u>	<u>142,907</u>	<u>-</u>	<u>156,832</u>
DEDUCTIONS:				
Administrative	12,963	-	-	12,963
Community development	72,688	-	-	72,688
TOTAL DEDUCTIONS	<u>85,651</u>	<u>-</u>	<u>-</u>	<u>85,651</u>
INCOME (LOSS), BEFORE TRANSFERS	<u>(71,726)</u>	<u>142,907</u>	<u>-</u>	<u>71,181</u>
TRANSFERS:				
Transfers from other trust funds	142,907	-	(142,907)	-
Transfers to other trust funds	-	(142,907)	142,907	-
TOTAL TRANSFERS	<u>142,907</u>	<u>(142,907)</u>	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	<u>71,181</u>	<u>-</u>	<u>-</u>	<u>71,181</u>
NET POSITION - BEGINNING OF YEAR	<u>664,256</u>	<u>-</u>	<u>-</u>	<u>664,256</u>
NET POSITION - END OF YEAR	<u>\$ 735,437</u>	<u>-</u>	<u>-</u>	<u>735,437</u>

CITY OF FOUNTAIN VALLEY

**Combining Statement of Assets and Liabilities
Agency Funds**

June 30, 2020

	<u>Agency Funds</u>		
	<u>Special Deposit and Receipt</u>	<u>Developer Agreements</u>	<u>Total</u>
ASSETS:			
Cash and investments	<u>\$ 302,837</u>	<u>43,046</u>	<u>345,883</u>
LIABILITIES:			
Deposits payable	<u>\$ 302,837</u>	<u>43,046</u>	<u>345,883</u>

CITY OF FOUNTAIN VALLEY

**Combining Statement of Changes in Assets and Liabilities
Agency Funds**

Year ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
SPECIAL DEPOSIT AND RECEIPT FUND				
ASSETS:				
Cash and investments	<u>\$ 297,845</u>	<u>266,433</u>	<u>(261,441)</u>	<u>302,837</u>
LIABILITIES:				
Deposits payable	<u>\$ 297,845</u>	<u>266,433</u>	<u>(261,441)</u>	<u>302,837</u>
 REIMBURSEMENT AGREEMENT FUND				
ASSETS:				
Cash and investments	<u>\$ 41,501</u>	<u>64,000</u>	<u>(62,455)</u>	<u>43,046</u>
LIABILITIES:				
Deposits payable	<u>\$ 41,501</u>	<u>64,000</u>	<u>(62,455)</u>	<u>43,046</u>
 ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	<u>\$ 339,346</u>	<u>330,433</u>	<u>(323,896)</u>	<u>345,883</u>
LIABILITIES:				
Deposits payable	<u>\$ 339,346</u>	<u>330,433</u>	<u>(323,896)</u>	<u>345,883</u>

CITY OF FOUNTAIN VALLEY

STATISTICAL SECTION

(UNAUDITED)



CITY OF FOUNTAIN VALLEY

Description of Statistical Section Contents

June 30, 2020

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

Contents:	<u>Pages</u>
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	112
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	122
Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	128
Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	135
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	137

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF FOUNTAIN VALLEY

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30, 2020			
	2011	2012	2013	2013
Governmental activities:				
Net Investment in Capital Assets	\$ 92,919,149	\$ 103,091,982	\$ 99,543,316	\$ 99,543,316
Restricted	52,990,041	14,475,232	14,428,516	14,428,516
Unrestricted	60,549,852	55,985,076	42,839,271	42,839,271
Total governmental activities net assets	\$ 206,459,042	\$ 173,552,290	\$ 156,811,103	\$ 156,811,103
Business-type activities				
Net Investment in Capital Assets	\$ 10,945,907	\$ 11,746,210	\$ 11,799,936	\$ 11,799,936
Restricted	-	-	-	-
Unrestricted	4,531,257	6,049,769	5,828,113	5,828,113
Total business-type activity net assets	\$ 15,477,164	\$ 17,795,979	\$ 17,628,049	\$ 17,628,049
Primary government:				
Net Investment in Capital Assets	\$ 103,865,056	\$ 114,838,192	\$ 111,343,252	\$ 111,343,252
Restricted	52,990,041	14,475,232	14,428,516	14,428,516
Unrestricted	65,081,109	62,034,845	48,667,384	48,667,384
Total primary government net assets	\$ 221,936,206	\$ 191,348,269	\$ 174,439,152	\$ 174,439,152

Fiscal Year Ended June 30, 2020

2015	2016	2017	2018	2019	2020
\$ 97,768,732	\$ 95,231,907	\$ 93,401,436	\$ 97,951,856	\$ 101,064,072	\$ 103,764,607
19,856,331	24,307,690	26,763,094	35,436,520	33,994,978	29,866,794
(33,410,687)	(39,176,211)	(39,063,347)	(73,293,802)	(67,204,319)	(63,160,488)
<u>\$ 84,214,376</u>	<u>\$ 80,363,386</u>	<u>\$ 81,101,183</u>	<u>\$ 60,094,574</u>	<u>\$ 67,854,731</u>	<u>\$ 70,470,913</u>
\$ 22,427,033	\$ 22,772,437	\$ 22,721,048	\$ 22,877,809	\$ 22,720,616	\$ 23,153,001
9,720,189	-	-	-	-	-
(3,417,051)	7,465,990	8,378,389	6,367,172	9,938,356	13,563,383
<u>\$ 28,730,171</u>	<u>\$ 30,238,427</u>	<u>\$ 31,099,437</u>	<u>\$ 29,244,981</u>	<u>\$ 32,658,972</u>	<u>\$ 36,716,384</u>
\$ 120,195,765	\$ 118,004,344	\$ 116,122,484	\$ 120,829,665	\$ 123,784,688	\$ 126,917,608
29,576,520	24,307,690	26,763,094	35,436,520	33,994,978	29,866,794
(36,827,738)	(31,710,221)	(30,684,958)	(66,926,630)	(57,265,963)	(49,597,105)
<u>\$ 112,944,547</u>	<u>\$ 110,601,813</u>	<u>\$ 112,200,620</u>	<u>\$ 89,339,555</u>	<u>\$ 100,513,703</u>	<u>\$ 107,187,297</u>

CITY OF FOUNTAIN VALLEY
 CHANGES IN NET POSITION
 EXPENSES AND PROGRAM REVENUES

Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year Ended June 30, 2020			
	2011	2012	2013	2014
Expenses:				
Governmental activities:				
General government	\$ 2,288,544	\$ 3,623,812	\$ 3,268,718	\$ 3,398,739
Public safety	26,634,914	26,039,750	26,100,788	25,531,715
Transportation	9,535,081	10,486,308	8,085,945	8,602,763
Community development	4,546,691	4,709,958	5,675,610	5,256,405
Community services	2,198,738	2,520,280	2,433,094	2,649,541
Capital projects	-	-	401,606	-
Interest and other charges	1,058,808	631,851	389,544	349,089
Total governmental activities expenses	<u>46,262,776</u>	<u>48,011,959</u>	<u>46,355,305</u>	<u>45,788,252</u>
Business-type activity:				
Water	9,464,335	9,640,203	11,961,160	12,344,634
Sewer	*	*	*	*
Solid Waste	2,859,051	2,912,260	2,923,270	2,936,437
Total business-type activity expenses	<u>12,323,386</u>	<u>12,552,463</u>	<u>14,884,430</u>	<u>15,281,071</u>
Total primary government expenses	<u>58,586,162</u>	<u>60,564,422</u>	<u>61,239,735</u>	<u>61,069,323</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,799,114	1,542,780	1,313,296	1,589,201
Public safety	2,145,255	2,402,968	2,551,306	2,437,171
Transportation	-	-	-	-
Community development	2,764,100	3,452,877	4,570,944	3,571,688
Community services	1,416,509	1,349,743	2,865,863	1,696,636
Interest and other activities	-	-	-	-
Operating grants and contributions	20,306,778	4,808,433	3,763,161	4,417,860
Capital grants and contributions	380,511	703,155	255,300	-
Total governmental activities program revenues	<u>28,812,267</u>	<u>14,259,956</u>	<u>15,319,870</u>	<u>13,712,556</u>
Business-type activities:				
Charges for services:				
Water	10,550,050	11,434,206	12,030,680	12,939,652
Sewer	*	*	*	*
Solid Waste	3,007,925	3,221,070	3,175,972	3,096,014
Total business-type activities program revenues	<u>13,557,975</u>	<u>14,655,276</u>	<u>15,206,652</u>	<u>16,035,666</u>
Total primary government program revenues	<u>42,370,242</u>	<u>28,915,232</u>	<u>30,526,522</u>	<u>29,748,222</u>
Net revenues (expenses):				
Governmental activities	(17,450,509)	(33,752,003)	(31,035,435)	(32,075,696)
Business-type activities	1,234,589	2,102,813	322,222	754,595
Total net revenues (expenses)	<u>\$ (16,215,920)</u>	<u>\$ (31,649,190)</u>	<u>\$ (30,713,213)</u>	<u>\$ (31,321,101)</u>

* Sewer Fund previously reported in governmental activities

Fiscal Year Ended June 30, 2020

2015	2016	2017	2018	2019	2020
\$ 3,394,812	\$ 4,060,614	\$ 3,490,836	\$ 5,355,236	\$ 6,367,611	\$ 5,465,753
27,397,338	30,519,703	30,725,287	35,670,029	36,295,298	38,015,694
8,270,272	7,228,722	9,956,544	8,613,423	11,109,470	12,176,938
5,068,347	4,962,051	4,986,214	5,306,588	5,159,303	5,237,500
2,602,832	2,770,264	3,090,014	3,424,384	3,728,605	3,164,169
-	-	-	-	-	-
334,168	600,774	332,056	640,767	549,006	499,535
<u>47,067,769</u>	<u>50,142,128</u>	<u>52,580,951</u>	<u>59,010,427</u>	<u>63,209,293</u>	<u>64,559,589</u>
12,173,386	12,198,363	13,474,865	15,563,270	12,060,429	13,319,761
1,050,288	1,187,547	1,586,054	1,621,912	1,265,982	990,369
2,976,404	2,979,627	2,995,313	3,240,886	3,307,447	3,484,877
<u>16,200,078</u>	<u>16,365,537</u>	<u>18,056,232</u>	<u>20,426,068</u>	<u>16,633,858</u>	<u>17,795,007</u>
<u>63,267,847</u>	<u>66,507,665</u>	<u>70,637,183</u>	<u>79,436,495</u>	<u>79,843,151</u>	<u>82,354,596</u>
1,541,214	1,485,945	1,322,154	1,263,170	1,709,408	1,584,928
2,407,751	2,580,643	2,628,927	2,779,810	2,590,953	2,476,200
-	-	-	-	-	44,865
1,798,307	1,857,165	1,990,806	1,992,671	1,922,787	1,961,130
2,031,969	1,335,765	1,406,686	1,316,668	1,991,614	782,464
-	-	-	-	-	-
3,844,012	3,342,815	4,632,452	4,403,294	6,664,738	5,406,933
-	-	-	-	46,100	-
<u>11,623,253</u>	<u>10,602,333</u>	<u>11,981,025</u>	<u>11,755,613</u>	<u>14,925,600</u>	<u>12,256,520</u>
13,104,591	12,723,158	13,818,022	15,820,684	16,429,729	17,530,564
1,891,019	1,917,391	1,974,735	2,046,393	2,164,911	2,176,199
3,226,183	3,275,267	3,236,804	3,253,768	3,389,777	3,541,474
<u>18,221,793</u>	<u>17,915,816</u>	<u>19,029,561</u>	<u>21,120,845</u>	<u>21,984,417</u>	<u>23,248,237</u>
<u>29,845,046</u>	<u>28,518,149</u>	<u>31,010,586</u>	<u>32,876,458</u>	<u>36,910,017</u>	<u>35,504,757</u>
(35,444,516)	(39,539,795)	(40,599,926)	(47,254,814)	(48,283,693)	(52,303,069)
2,021,715	1,550,279	973,329	694,777	5,350,559	5,453,230
<u>\$ (33,422,801)</u>	<u>\$ (37,989,516)</u>	<u>\$ (39,626,597)</u>	<u>\$ (46,560,037)</u>	<u>\$ (42,933,134)</u>	<u>\$ (46,849,839)</u>

CITY OF FOUNTAIN VALLEY

CHANGES IN NET POSITION
GENERAL REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30, 2020			
	2011	2012	2013	2014
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 16,259,507	\$ 14,247,327	\$ 16,071,106	\$ 10,423,211
Sales taxes	10,328,426	10,948,760	11,407,422	11,442,672
Sales taxes - Measure HH	-	-	-	-
Franchise taxes	1,710,195	1,775,922	1,712,754	1,628,690
Other taxes	732,375	744,079	2,632,282	2,739,433
Revenue from other governmental agencies	4,792,704	4,468,380	4,587,172	4,569,352
Other revenue	-	-	-	-
Investment income	1,222,953	552,828	(65,914)	707,717
Assessments	-	-	-	-
Transfers	2,489,616	824,382	72,940	79,800
Gain (loss) on sale of property	577	3,612	2,404	32,419
Miscellaneous	971,776	550,830	225,313	33,128
Extraordinary gain (loss)	-	(33,237,247)	(14,983,772)	-
Total governmental activities	<u>38,508,129</u>	<u>878,873</u>	<u>21,661,707</u>	<u>31,656,422</u>
Business-type activities:				
Investment income	82,403	54,604	50,416	33,905
Transfers	(2,489,616)	(824,382)	(72,940)	(79,800)
Miscellaneous	-	-	44,142	9,415
Extraordinary Gain (Loss)	-	-	(511,770)	-
Total business-type activities	<u>(2,407,213)</u>	<u>(769,778)</u>	<u>(490,152)</u>	<u>(36,480)</u>
Total primary government	<u>36,100,916</u>	<u>109,095</u>	<u>21,171,555</u>	<u>31,619,942</u>
Changes in net position:				
Governmental activities	21,057,620	(32,873,130)	(9,373,728)	(419,274)
Business-type activities	(1,172,624)	1,333,035	(167,930)	718,115
Total primary government	<u>\$ 19,884,996</u>	<u>\$ (31,540,095)</u>	<u>\$ (9,541,658)</u>	<u>\$ 298,841</u>

Fiscal Year Ended June 30, 2020

	2015	2016	2017	2018	2019	2020
\$	16,247,191	\$ 16,782,178	\$ 17,704,506	\$ 18,807,430	\$ 19,651,638	\$ 20,450,086
	11,556,673	12,963,883	12,284,030	12,369,585	13,559,781	12,254,561
	-	-	2,547,720	11,742,254	13,287,116	12,364,200
	1,790,685	1,766,769	1,635,261	1,920,165	1,975,656	2,072,908
	3,032,589	3,158,311	3,221,064	3,227,918	1,442,220	1,185,655
	-	-	-	-	221,349	233,956
	-	-	-	-	-	-
	547,066	729,762	118,500	516,705	1,830,759	2,034,377
	-	-	-	-	-	-
	197,855	195,240	336,812	194,760	2,661,845	2,219,108
	465,509	26,696	3,427,663	-	1,284,231	1,871,361
	87,486	9,320	62,167	20,172	129,255	233,039
	4,918,798	56,646	-	-	-	-
	<u>38,843,852</u>	<u>35,688,805</u>	<u>41,337,723</u>	<u>48,798,989</u>	<u>56,043,850</u>	<u>54,919,251</u>
	126,889	153,217	184,868	(3,240)	725,277	823,290
	(197,855)	(195,240)	(336,812)	(194,760)	(2,661,845)	(2,219,108)
	-	-	39,625	58,767	-	-
	4,000,000	-	-	-	-	-
	<u>3,929,034</u>	<u>(42,023)</u>	<u>(112,319)</u>	<u>(139,233)</u>	<u>(1,936,568)</u>	<u>(1,395,818)</u>
	<u>42,772,886</u>	<u>35,646,782</u>	<u>41,225,404</u>	<u>48,659,756</u>	<u>54,107,282</u>	<u>53,523,433</u>
	3,399,336	(3,850,990)	737,797	1,544,175	7,760,157	2,616,182
	5,950,749	1,508,256	861,010	555,544	3,413,991	4,057,412
\$	<u>9,350,085</u>	<u>\$ (2,342,734)</u>	<u>\$ 1,598,807</u>	<u>\$ 2,099,719</u>	<u>\$ 11,174,148</u>	<u>\$ 6,673,594</u>

CITY OF FOUNTAIN VALLEY

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30, 2020			
	2011	2012	2013	2014
General fund:				
Nonspendable	\$ 2,271,395	\$ 1,831,432	\$ 1,846,323	\$ 1,966,451
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	12,100,000
Unassigned	40,563,646	38,916,288	40,745,212	28,497,308
Total general fund	<u>\$ 42,835,041</u>	<u>\$ 40,747,720</u>	<u>\$ 42,591,535</u>	<u>\$ 42,563,759</u>
All other governmental funds:				
Nonspendable	\$ 10,260,000	\$ 17,219,367	\$ 7,216,367	\$ -
Restricted	53,968,387	7,258,865	7,212,149	15,452,824
Assigned	7,243,162	5,838,725	6,346,772	3,831,549
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 71,471,549</u>	<u>\$ 30,316,957</u>	<u>\$ 20,775,288</u>	<u>\$ 19,284,373</u>

Fiscal Year Ended June 30, 2020

2015	2016	2017	2018	2019	2020
\$ 1,599,806	\$ 1,698,026	\$ 807,126	\$ 405,583	\$ 136,233	\$ 1,648,597
4,714,142	4,555,926	4,430,934	8,364,256	13,360,125	15,222,812
-	-	-	13,000,000	14,200,000	13,700,000
21,971,647	22,547,158	16,961,310	26,613,049	30,791,835	31,631,113
19,191,130	17,975,150	27,155,079	327,080	2,412	3,760
<u>\$ 47,476,725</u>	<u>\$ 46,776,260</u>	<u>\$ 49,354,449</u>	<u>\$ 48,709,968</u>	<u>\$ 58,490,605</u>	<u>\$ 62,206,282</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,142,189	19,751,764	22,332,160	27,072,264	28,312,259	25,488,079
161,316	127,402	(464,523)	149,668	-	38,522
-	-	-	-	(165,595)	-
<u>\$ 15,303,505</u>	<u>\$ 19,879,166</u>	<u>\$ 21,867,637</u>	<u>\$ 27,221,932</u>	<u>\$ 28,146,664</u>	<u>\$ 25,526,601</u>

CITY OF FOUNTAIN VALLEY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30, 2020			
	2011	2012	2013	2014
Revenues:				
Taxes	\$ 30,796,616	\$ 27,551,121	\$ 30,142,198	\$ 24,609,300
Licenses and permits	1,597,034	1,661,600	2,260,643	1,834,212
Fines and forfeitures (penalties)	915,314	771,860	799,794	751,302
Investment income	1,219,533	800,796	(15,506)	744,447
Revenue from use of money and property	1,488,521	1,445,466	1,151,228	1,163,515
Intergovernmental	8,798,365	9,301,515	8,066,501	8,489,979
Charges for services	5,213,090	6,047,713	6,552,896	6,124,998
Miscellaneous	2,623,945	1,792,391	3,197,853	1,679,542
Total revenues	<u>52,652,418</u>	<u>49,372,462</u>	<u>52,155,607</u>	<u>45,397,295</u>
Expenditures				
Current:				
General government	4,431,120	3,174,656	2,919,814	2,870,199
Public safety	28,612,844	24,797,114	25,071,510	24,616,202
Transportation	9,011,091	9,853,602	8,084,134	8,446,708
Community development	4,658,578	3,885,966	4,449,856	3,989,139
Community services	2,014,282	2,249,853	2,123,704	2,321,707
Capital outlay	1,047,498	4,147,242	1,194,478	3,640,756
Debt service:				
Principal retirement	2,205,258	2,285,397	717,422	747,414
Interest and fiscal charges	1,103,263	798,958	381,711	363,661
Costs of debt issuance	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Pass-through payments	1,888,001	-	-	-
Total expenditures	<u>54,971,935</u>	<u>51,192,788</u>	<u>44,942,629</u>	<u>46,995,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,319,517)</u>	<u>(1,820,326)</u>	<u>7,212,978</u>	<u>(1,598,491)</u>
Other financing sources (uses):				
Transfers in	16,787,826	2,040,038	1,402,365	3,061,091
Transfers out	(16,003,210)	(2,944,656)	(1,329,425)	(2,981,291)
Proceeds from sale of capital assets	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-
Bond premium (discount)	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance of leases	-	-	-	-
Total other financing sources (uses)	<u>784,616</u>	<u>(904,618)</u>	<u>72,940</u>	<u>79,800</u>
Net change in fund balances, before extraordinary/special item	<u>(1,534,901)</u>	<u>(2,724,944)</u>	<u>7,285,918</u>	<u>(1,518,691)</u>
Special Item				
Payment of defined benefit pension plan side fund	-	-	-	-
Extraordinary gain (loss)	-	(40,483,347)	(14,983,772)	-
Net change in fund balances	<u>\$ (1,534,901)</u>	<u>\$ (43,208,291)</u>	<u>\$ (7,697,854)</u>	<u>\$ (1,518,691)</u>
Debt service as a percentage of noncapital expenditures	6.18%	6.56%	2.49%	2.55%

Fiscal Year Ended June 30, 2020

2015	2016	2017	2018	2019	2020
\$ 30,655,218	\$ 32,689,435	\$ 36,060,441	\$ 46,463,473	\$ 49,916,411	\$ 48,327,410
1,915,471	2,006,480	1,869,865	1,906,153	1,988,757	1,850,421
705,372	643,936	564,786	619,096	651,129	616,823
572,377	757,868	156,162	578,312	2,404,272	2,330,442
1,203,964	1,094,844	1,255,618	1,167,468	1,145,604	1,042,561
3,758,497	2,920,345	4,130,922	3,990,316	5,789,190	5,376,671
4,285,172	4,335,669	4,866,961	4,553,747	2,805,579	2,502,673
2,021,825	1,371,496	8,316,814	1,351,792	2,322,432	1,038,301
<u>45,117,896</u>	<u>45,820,073</u>	<u>57,221,569</u>	<u>60,630,357</u>	<u>67,023,374</u>	<u>63,085,302</u>
2,883,285	3,085,759	3,212,619	4,916,069	3,679,299	3,540,459
25,333,018	27,618,810	28,550,818	31,934,793	32,536,436	35,862,528
7,903,404	7,082,567	9,914,437	7,564,408	8,817,469	11,046,220
4,041,504	4,026,081	4,170,849	3,994,652	4,185,304	4,321,408
2,328,863	2,407,019	2,618,815	2,653,045	3,206,775	2,670,156
2,085,519	839,613	6,382,540	10,324,969	6,266,831	6,966,245
644,547	659,275	430,000	470,398	1,046,105	1,138,981
344,400	440,725	444,629	575,222	552,048	534,160
-	395,488	110,180	-	-	-
-	889,617	-	-	-	-
-	-	-	-	-	-
<u>45,564,540</u>	<u>47,444,954</u>	<u>55,834,887</u>	<u>62,433,556</u>	<u>60,290,267</u>	<u>66,080,157</u>
(446,644)	(1,624,881)	1,386,682	(1,803,199)	6,733,107	(2,994,855)
3,225,390	17,012,787	7,011,672	5,985,246	7,933,565	12,680,545
(3,027,535)	(16,817,547)	(6,674,860)	(5,790,486)	(5,271,720)	(10,461,437)
-	-	-	-	1,310,417	1,871,361
-	28,890,000	2,843,166	-	-	-
-	580,162	-	-	-	-
-	(6,785,383)	-	-	-	-
-	-	-	-	-	-
<u>197,855</u>	<u>22,880,019</u>	<u>3,179,978</u>	<u>194,760</u>	<u>3,972,262</u>	<u>4,090,469</u>
(248,789)	21,255,138	4,566,660	(1,608,439)	10,705,369	1,095,614
-	(17,436,588)	-	-	-	-
4,918,798	56,646	-	-	-	-
<u>\$ 4,670,009</u>	<u>\$ 3,875,196</u>	<u>\$ 4,566,660</u>	<u>\$ (1,608,439)</u>	<u>\$ 10,705,369</u>	<u>\$ 1,095,614</u>
2.26%	2.35%	1.64%	1.97%	2.93%	2.83%

CITY OF FOUNTAIN VALLEY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended June 30,	City			Total Direct Tax Rate (1)
	Secured	Unsecured	Taxable Assessed Value	
2011	6,679,192,884	302,119,850	6,981,312,734	0.12870
2012	6,777,682,538	259,218,249	7,036,900,787	0.12870
2013	6,922,510,895	241,861,867	7,164,372,762	0.12870
2014	7,131,038,979	295,542,241	7,426,581,220	0.12870
2015	7,659,415,546	335,167,621	7,994,583,167	0.12870
2016	8,142,124,957	249,380,905	8,391,505,862	0.12870
2017	8,444,881,513	237,687,508	8,682,569,021	0.12870
2018	8,837,314,170	275,093,983	9,112,408,153	0.12870
2019	9,282,523,847	308,632,681	9,591,156,528	0.12870
2020	9,794,402,428	356,235,272	10,150,637,700	0.12870

Notes:

Amounts are shown net of exemptions

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate 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" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

(1) Total Direct Tax Rate is the weighted average City general fund share of the 1% Prop 13 rate for all TRA's

source: Orange County Assessor's Office

Source: Orange County Assessor's Office

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF FOUNTAIN VALLEY

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Rate per \$100 of taxable value)

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2011	2012	2013	2014
City Direct Rate (1)	0.12870	0.12870	0.12870	0.12870
Fountain Valley Elementary General Fund	0.29490	0.29490	0.29490	0.29490
Huntington Beach Union High General Fund	0.19230	0.19230	0.19230	0.19230
Educational Revenue Augmentation Fund	0.15300	0.15300	0.15300	0.15300
Coast Community College General Fund	0.08120	0.08120	0.08120	0.08120
Orange County General Fund	0.05200	0.05200	0.05200	0.05200
O.C. Sanitation #3 Operating	0.03160	0.03160	0.03160	0.03160
Orange County Flood Control District	0.01667	0.01667	0.01667	0.01667
Orange County Public Library	0.01405	0.01405	0.01405	0.01405
O.C. Harbors Beaches & Park Csa 26	0.01288	0.01288	0.01288	0.01288
O.C. Dept. of Education - General Fund	0.01199	0.01199	0.01199	0.01199
Orange County Water District	0.00739	0.00739	0.00739	0.00739
Orange County Transit Authority	0.00237	0.00237	0.00237	0.00237
Orange County Vector Control District	0.00084	0.00084	0.00084	0.00084
Orange County Water District Water Reserve	0.00011	0.00011	0.00011	0.00011
Total Basic Levy	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:				
Huntington Beach High School 2004 - Bond 2004A	0.02617	0.02726	0.02605	0.02271
Coast Community College	0.01754	0.01881	0.01750	0.02899
Metro Water District of Orange County	0.00370	0.00350	0.00370	0.00350
Huntington Beach High School 2004 - Bond 2005	0.00266	0.00275	0.00265	0.00001
Huntington Beach High School 2004 - Bond 2007	0.00143	0.00142	0.00144	0.00132
Total Overlapping Rates	0.05150	0.05374	0.05134	0.05653
Total Direct & Overlapping Tax Rates	1.05150	1.05374	1.05134	1.05653

Notes:

In 1978 the voters of the State of California passed Proposition 13 which sets 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. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the School District bonds.

(1) Total Direct Tax Rate is the weighted average City general fund share of the 1% Prop 13 rate for all TRA's

Source: Orange County Assessor's Office

Fiscal Year Ended June 30,

2015	2016	2017	2018	2019	2020
0.12870	0.12870	0.12870	0.12870	0.12870	0.12870
0.29490	0.29490	0.29490	0.29490	0.29490	0.29490
0.19230	0.19230	0.19230	0.19230	0.19230	0.19230
0.15300	0.15300	0.15300	0.15300	0.15300	0.15300
0.08120	0.08120	0.08120	0.08120	0.08120	0.08120
0.05200	0.05200	0.05200	0.05200	0.05200	0.05200
0.03160	0.03160	0.03160	0.03160	0.03160	0.03160
0.01667	0.01667	0.01667	0.01667	0.01667	0.01667
0.01405	0.01405	0.01405	0.01405	0.01405	0.01405
0.01288	0.01288	0.01288	0.01288	0.01288	0.01288
0.01199	0.01199	0.01199	0.01199	0.01199	0.01199
0.00739	0.00739	0.00739	0.00739	0.00739	0.00739
0.00237	0.00237	0.00237	0.00237	0.00237	0.00237
0.00084	0.00084	0.00084	0.00084	0.00084	0.00084
0.00011	0.00011	0.00011	0.00011	0.00011	0.00011
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.02400	0.02440	0.02451	0.02440	0.02440	0.02273
0.03015	0.03092	0.03116	0.03092	0.03092	0.03181
0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
0.00214	0.00001	0.00001	0.00001	0.00001	0.00001
0.00123	0.00119	0.00091	0.00119	0.00119	0.00077
0.06102	0.06002	0.06009	0.06002	0.06002	0.05882
1.06102	1.06002	1.06009	1.06002	1.06002	1.05882

CITY OF FOUNTAIN VALLEY
PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2020		2011	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Orange Coast Memoria Medical Center (9)	\$ 304,586,086	3.00%	\$ 136,234,827	1.95%
Hyundai Motor America (1)	202,246,711	1.99%	52,463,578	0.75%
Fountain Valley Regional Hospital (12)	168,018,398	1.66%	149,336,990	2.14%
BEXAEW the Havens LP (2)	115,951,711	1.14%		0.00%
Corte Bella Fee Ower (2)	85,750,000	0.84%		0.00%
JKS-CMFV LLC (17)	85,739,893	0.84%	57,744,316	0.83%
Raintree Fountain Valley LLC (1)	54,207,363	0.53%		0.00%
SHEA Center Crystal Springs LLC (2)	46,332,926	0.46%		0.00%
US Millennium LP (11)	45,035,395	0.44%		0.00%
Fountain Valley Senior Housing LLC (1)	43,162,585	0.43%	37,300,680	0.53%
NM 168 LLC (2)	38,822,858	0.38%		0.00%
Fountain Valley City Center LLC (1)			54,200,000	0.78%
17665 Newhope Manufacturing LLC			25,855,790	0.37%
Costco Wholesale			23,438,812	0.34%
Chandler Real Properties (12)			23,338,117	0.33%
Fountain Valley Plaza Properties, LLC			19,500,000	0.28%
Priceland Properties International Inc.			15,867,906	0.23%
	<u>\$ 1,189,853,926</u>	<u>11.72%</u>	<u>\$ 595,281,016</u>	<u>8.53%</u>

The amounts shown above include assessed value data for the City .

Source: HdL, Coren & Cone, 2019-20 Property Data & FV CAFR June 30, 2011

CITY OF FOUNTAIN VALLEY
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years**	Total Collections to Date	
		Amount*	Percent of Levy		Amount	Percent of Levy
2011	8,506,281	8,355,562	98.23%	45,028	8,400,590	98.76%
2012	8,546,953	8,411,980	98.42%	79,327	8,491,307	99.35%
2013	8,844,898	8,731,657	98.72%	48,937	8,780,594	99.27%
2014	9,227,976	9,114,156	98.77%	40,888	9,155,044	99.21%
2015	9,757,887	9,652,108	98.92%	30,039	9,682,147	99.22%
2016	10,286,311	10,155,604	98.73%	41,013	10,196,617	99.13%
2017	10,652,346	10,543,581	98.98%	33,732	10,577,313	99.30%
2018	11,193,927	11,101,526	99.17%	35,678	11,137,204	99.49%
2019	11,678,495	11,586,299	99.21%	41,659	11,627,958	99.57%
2020	12,264,593	12,121,446	98.83%	54,334	12,175,780	99.28%

Note:

*The amounts presented include City property taxes only.

**These amounts consist of "prior year" taxes (excluding penalties and interest) remitted in the subsequent fiscal year; the Orange County Auditor Controller's Office aggregates these payments and does not provide detail on allocations to particular years.

CITY OF FOUNTAIN VALLEY

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities							
	Leases Payable	Tax Allocation Bonds	Notes Payable	Certificates of Participation (1)	Taxable Pension Obligation Bonds (3)	Lease Revenue Bonds (4) (5)	Total Governmental Activities	Loans Payable
2011	899,055	8,555,000	-	10,260,000	-	-	19,714,055	679,923
2012	668,658	-	-	9,775,000	-	-	10,443,658	633,359
2013	451,236	-	-	9,275,000	-	-	9,726,236	585,165
2014	218,822	-	-	8,760,000	-	-	8,978,822	535,285
2015	109,275	-	-	8,225,000	-	-	8,334,275	-
2016	-	-	-	-	15,661,765	13,807,919	29,469,684	-
2017	-	-	-	-	15,679,151	16,176,187	31,855,338	-
2018	-	-	-	-	15,696,538	15,660,893	31,357,431	-
2019	-	-	-	-	15,203,923	15,079,889	30,283,812	-
2020	-	-	-	-	14,651,309	14,466,011	29,117,320	-

- (1) On July 9, 2003, the City issued 2003 Certificates of Participation in the amount of \$13,270,000.
- (2) On December 17, 2014, the City issued 2014A Revenue Bonds in the amount of \$13,695,000
- (3) On September 2, 2015, the City issued 2015A Taxable Pension Obligation Bonds in the amount of \$15,995,000
- (4) On February 10, 2016, the City issued 2016A Lease Revenue Bonds in the amount of \$12,895,000
- (5) On January 7, 2017 the City issued 2017 Clean Renewable Energy Bonds in the amount of \$2,843,166
- (6) These ratios are calculated using personal income and population for the prior calendar year

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

Business-type Activities		Total Primary Government	Percentage of Personal Income	Debt per Capita (6)
Revenue Bonds (2)	Total Business-type Activities			
-	\$ 679,923	20,393,978	0.73%	369
-	\$ 633,359	11,077,017	0.38%	197
-	\$ 585,165	10,311,401	0.34%	183
-	\$ 535,285	9,514,107	0.30%	168
15,188,452	\$ 15,188,452	23,522,727	0.71%	413
14,611,443	\$ 14,611,443	44,081,127	1.26%	777
14,041,771	\$ 14,041,771	45,897,109	1.30%	809
13,457,099	\$ 13,457,099	44,814,530	1.28%	796
12,847,425	\$ 12,847,425	43,131,237	1.19%	773
12,217,751	\$ 12,217,751	41,335,071	1.05%	747

CITY OF FOUNTAIN VALLEY

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Certificates of Participation	Taxable Pension Obligation Bonds	Lease Revenue Bonds	Total	Percent of Assessed Value (1)	Per Capita
2011	10,260,000	-	-	10,260,000	0.15%	185
2012	9,775,000	-	-	9,775,000	0.14%	174
2013	9,275,000	-	-	9,275,000	0.13%	164
2014	8,760,000	-	-	8,760,000	0.12%	154
2015	8,225,000	-	-	8,225,000	0.10%	144
2016	-	15,661,766	13,807,919	29,469,685	0.35%	520
2017	-	15,679,151	16,176,187	31,855,338	0.37%	562
2018	-	15,696,538	15,660,893	31,357,431	0.34%	557
2019	-	15,203,923	15,079,889	30,283,812	0.32%	543
2020	-	14,651,309	14,466,011	29,117,320	0.29%	526

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds.

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

CITY OF FOUNTAIN VALLEY
DIRECT AND OVERLAPPING DEBT
June 30, 2020

2019-2020 City Assessed Valuation
Total Assessed Valuation

\$ 10,150,637,700

	Percentage Applicable (1)	Total Debt June 30, 2020	City's Share of Debt June 30, 2020
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.328%	\$ 37,300,000	\$ 122,344
Coast Community College District	6.637%	908,050,757	60,267,329
Rancho Santiago Community College District	0.346%	220,164,038	761,768
Rancho Santiago Community College District SFID No. 1	0.654%	166,020,000	1,085,771
Garden Grove Unified School District	11.032%	403,257,300	44,487,345
Huntington Beach Union High School District	12.123%	172,819,998	20,950,968
Fountain Valley School District Certificates of Participation	73.261%	52,460,000	38,432,721
Ocean View School District Certificates of Participation	0.997%	38,855,000	387,384
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 166,495,630
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.622%	386,740,000	6,273,004
Orange County Pension Obligation Bonds	1.622%	466,863,754	7,572,530
Orange County Board of Education Certificates of Participation	1.622%	12,930,000	209,725
Coast Community College District Certificates of Participation	6.637%	2,600,000	172,562
Huntington Beach Union High School District Certificates of Participation	12.123%	62,581,090	7,586,706
Ocean View School District Certificates of Participation	0.997%	19,595,000	195,362
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 22,009,889
TOTAL OVERLAPPING DEBT			\$ 188,505,519
<u>DIRECT GENERAL FUND DEBT</u>			
City of Fountain Valley Pension Obligation Bonds	100.000%	14,651,309	14,651,309
City of Fountain Valley Lease Revenue Bonds	100.000%	14,466,011	14,466,011
<u>TOTAL DIRECT DEBT</u>			<u>\$ 29,117,320</u>

COMBINED TOTAL DIRECT AND OVERLAPPING DEBT (2) \$ 217,622,839 (2)

(1) Percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value

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

Ratios to 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.64%
Total Direct Debt (\$29,117,320).....	0.29%
Combined Total Debt.....	2.14%

Source: California Municipal Statistics, Inc. (October 16, 2020)

CITY OF FOUNTAIN VALLEY

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2011	2013	2012	2014
Assessed valuation	\$ 6,981,312,734	\$ 7,164,372,762	\$ 7,036,900,784	\$ 7,426,581,220
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,745,328,184	1,791,093,191	1,759,225,196	1,856,645,305
Debt limit percentage	15%	15%	15%	15%
Debt limit	261,799,228	268,663,979	263,883,779	278,496,796
Total net debt applicable to limitation: General obligation bonds	-	-	-	-
Legal debt margin	\$ 261,799,228	\$ 268,663,979	\$ 263,883,779	\$ 278,496,796
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

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 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.

Sources: Orange County Assessor's Office
City Finance Department

Fiscal Year Ended June 30,					
2015	2016	2017	2018	2019	2020
\$ 7,994,583,167	\$ 8,391,505,862	\$ 8,682,569,021	\$ 9,112,408,153	\$ 9,591,156,528	\$ 10,150,637,700
25%	25%	25%	25%	25%	25%
1,998,645,792	2,097,876,466	2,170,642,255	2,278,102,038	2,397,789,132	2,537,659,425
15%	15%	15%	15%	15%	15%
299,796,869	314,681,470	325,596,338	341,715,306	359,668,370	380,648,914
-	-	-	-	-	-
<u>\$ 299,796,869</u>	<u>\$ 314,681,470</u>	<u>\$ 325,596,338</u>	<u>\$ 341,715,306</u>	<u>\$ 359,668,370</u>	<u>\$ 380,648,914</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF FOUNTAIN VALLEY
 PLEDGED-REVENUE COVERAGE

Last Five Fiscal Years

Series 2014A Revenue Bonds

Fiscal Year Ended June 30,	Operating Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	\$13,051,544	\$10,851,750	\$ 2,199,794	\$495,000	\$546,531	\$ 1,041,531	211.2%
2017	\$14,174,832	\$11,269,638	\$ 2,905,194	\$510,000	\$536,631	\$ 1,046,631	277.6%
2018	\$15,828,056	\$12,524,879	\$ 3,303,177	\$535,000	\$516,231	\$ 1,051,231	314.2%
2019	\$16,786,253	\$12,247,390	\$ 4,538,863	\$555,000	\$494,831	\$ 1,049,831	432.3%
2020	\$18,058,993	\$13,268,179	\$ 4,790,814	\$580,000	\$472,631	\$ 1,052,631	455.1%

Notes:

(1) Total operating revenues (including investment income).

(2) Total operating expenses exclusive of depreciation and amortization.

On December 17, 2014, the City issued 2014A Revenue Bonds in the amount of \$13,695,000.

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

CITY OF FOUNTAIN VALLEY
 DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in millions) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2011	55,313	159,000	50,372	11.80%
2012	56,153	168,800	51,770	9.60%
2013	56,464	172,400	53,320	9.20%
2014	56,707	180,700	56,697	7.10%
2015	57,010	191,700	58,311	5.60%
2016	56,714	205,000	61,663	4.09%
2017	56,709	214,700	62,063	4.50%
2018	56,313	214,700	62,063	4.60%
2019	55,814	220,400	65,031	4.30%
2020	55,357	236,400	71,169	13.60%

Sources:

(1) United States Census Bureau Quick Facts: City of F.V, (estimates: last updated 7/1/2019)

(2) California Department of Transportation - Economic Analysis Branch (data shown is forecasted for Orange County)

(3) State of California Employment Development Department/U.S. Bureau of Labor Statistics (last updated 10/28/20)

* State of California, Department of Finance, E-4 Estimates for Cities, Counties and the State, 2015-2018 History, with 2019-2050 Forecast

CITY OF FOUNTAIN VALLEY

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer (2)	2020		2011	
	Number of Employees	Percent of Total Employment (1)	Number of Employees	Percent of Total Employment
Fountain Valley Regional Hospital	1,865	8.11%	1,632	6.83%
Orange Coast Memorial Medical	1,098	4.78%	1211	5.07%
Memorial Health Services	974	4.24%	628	2.63%
Kingston Technologies Company	728	3.17%	807	3.38%
Hyundai Motor America, Inc.	463	2.01%	366	1.53%
Costco Wholesale #411	375	1.63%	356	1.49%
Antech Diagnostics, Inc.	350	1.52%		0.00%
Surefire, LLC	293	1.27%	536	2.24%
Ceridian Tax Services	285	1.24%	363	1.52%
Sam's Club #6615	209	0.91%		0.79%
Fry's Electronics			295	1.23%
Mannor Care of Fountain Valley			221	9.20%
	<u>6,640</u>	<u>28.88%</u>	<u>6,415</u>	<u>35.91%</u>
Total Employment	22,989		23,600	

(1) Excludes transient business including: Landscape/gardeners, pool, contractors, pest control.

(2) Entities exempt from Business License are excluded from this list, including governmental agencies providing services in the City.

Source: City of Fountain Valley, Business License Division

CITY OF FOUNTAIN VALLEY

FULL-TIME CITY EMPLOYEES
BY DEPARTMENT

Last Ten Fiscal Years

Department	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	2.00	3.00	3.00	3.00	3.00	2.00	1.00	3.00	3.00	3.50
City Clerk	1.00	1.00	1.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00
Finance	11.00	10.60	10.60	10.60	10.75	10.75	9.80	9.75	9.75	9.75
Information services	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Personnel	3.50	3.50	3.50	3.50	4.00	4.00	3.00	4.00	4.00	4.75
Planning/Building	8.00	8.00	8.00	8.00	7.00	7.00	6.00	6.00	7.00	8.00
Public works	9.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00	8.00	13.00
Field services	31.50	32.00	31.00	28.00	28.00	23.00	22.00	24.75	26.75	24.00
Fire	43.00	43.00	43.00	43.00	42.00	42.00	39.00	45.00	45.00	46.00
Police	78.00	78.00	79.00	85.00	83.00	82.00	72.50	79.00	79.00	87.00
Community services	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Utilities (W&S)	22.00	22.00	22.00	22.00	22.00	20.00	19.00	18.00	19.00	22.00
Total	<u>217.00</u>	<u>218.10</u>	<u>219.10</u>	<u>223.10</u>	<u>220.75</u>	<u>211.75</u>	<u>192.30</u>	<u>209.50</u>	<u>212.50</u>	<u>229.00</u>

Source: City of Fountain Valley; Personnel Dept: Authorized List for Full-Time Employees, July 1, 2020

CITY OF FOUNTAIN VALLEY

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,			
	2011	2012	2013	2014
Police:				
Arrests	1,779	1,563	1,649	1,636
Parking citations issued	8,143	8,138	7,209	7,373
Fire:				
Number of emergency calls	4,260	4,366	4,557	4,638
Inspections	16,126	7,902	7,885	2,542
Public works:				
Street resurfacing (miles)	11	14	11	9
Parks and recreation:				
Number of recreation classes	1,169	1,143	1,257	1,103
Number of facility rentals	1,760	1,642	1,108	3,768
Water:				
New connections	399	107	21	340
Average daily consumption (thousands of gallons)	7,995	8,110	7,775	7,876

Notes:

2004 through 2010, new connections were based on all new and returning connections

2011 to current, new connections are all new customers connected

2020 comm svcs classes low due to covid-19

Source: City of Fountain Valley

Fiscal Year Ended June 30,						
2015	2016	2017	2018	2019	2020	
1,423	1,616	1,475	1,460	1,800	1,783	
6,789	6,604	8,246	6,649	7,569	5,627	
4,638	5,359	5,488	5,660	5,401	5,401	
5,973	7,627	8,156	10,260	4,147	2,115	
9	8	7	4	6	7	
1,103	3,923	1,357	1,501	1,449	1,032	
3,768	1,565	2,673	2,235	2,343	1,825	
1,253	1,310	1,298	402	430	411	
7,395	6,630	6,937	7,367	8,387	7,228	

CITY OF FOUNTAIN VALLEY

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,			
	2011	2012	2013	2014
Police:				
Stations	1	1	1	1
Fire:				
Fire stations	2	2	2	2
Public works:				
Street (miles)	141.30	141.30	165.00	165.00
Streetlights**	N/A	N/A	N/A	N/A
Traffic signals	53	53	53	54
Parks and recreation:				
Parks	19	19	19	19
Community centers	2	2	2	2
Water:				
Water mains (miles)	187.00	187.00	202.00	202.00
Maximum daily capacity (thousands of gallons)	15,000,000	12,500,000	13,500,000	13,500,000

**Streetlights were acquired from So. Cal Edison on 11/30/18

Fiscal Year Ended June 30,						
2015	2016	2017	2018	2019	2020	
1	1	1	1	1	1	1
2	2	2	2	2	2	2
165.00	165.00	165.00	165.00	165.00	165.00	165.00
N/A	N/A	N/A	N/A	N/A	3,200	3,200
54	54	54	54	54	54	55
19	19	19	19	19	19	19
2	2	2	2	2	2	2
202.00	202.00	209.00	209.00	209.00	209.00	209.00
16,700,000	11,500,000	12,000,000	12,060,000	11,404,785	10,427,232	