

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2024



**FOUNTAIN VALLEY  
CALIFORNIA**

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**CITY OF FOUNTAIN VALLEY, CALIFORNIA  
For the Fiscal Year Ended June 30, 2024**

Prepared by:  
Finance Department

10200 Slater Avenue, Fountain Valley, CA 92708  
Telephone: 714-593-4400  
[Fountainvalley.gov](http://Fountainvalley.gov)

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# City of Fountain Valley

## Annual Comprehensive Financial Report For the Year Ended June 30, 2024

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## CITY OF FOUNTAIN VALLEY

www.fountainvalley.gov

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

February 25, 2025

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

Transmitted Through the City Manager:

The Annual Comprehensive Financial Report (ACFR) of the City of Fountain Valley for the fiscal year ended June 30, 2024, 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 Rogers, Anderson, Malody & Scott, LLP (RAMS), 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, 2024, 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, 2024, 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 ACFR and may be obtained upon request from the City's Finance Department.

For Fiscal Year 2023-24, the City of Fountain Valley received federal grants supporting community development, transportation, traffic safety, and Coronavirus related arrearage aid for water utilities. However, an annual single audit is not required, as expenditures remained below the established \$750 thousand threshold.

**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 include 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 56,333 (May 2024, State Dept of Finance) and 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 two 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 (5) members elected at large, on a non-partisan basis, to four-year terms of office with staggered elections occurring every two (2) years. 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 City Attorney. 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 including: 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; street and sidewalk repairs; development services for land use planning and zoning; housing and community development; a full range of recreation and cultural activities; and 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. It is located in the heart of Orange County, just minutes from the I-405 Freeway, and 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 boasts a well-earned reputation as "*A Nice Place to Live*," with its thoughtfully designed environment that offers a residential oasis amidst the bustling 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 \$17.1 million in Fiscal Year 2023-24. Without Measure HH, the General Fund would have had an operating deficit for Fiscal Year 2023-24 of \$11,370,942. In accordance with the Responsible Spending Pledge, an additional payment of \$3 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 was

used to fund essential services such as public safety and senior and youth programs, in addition to increases to reserves set-aside for capital projects as approved by the City Council.

## **ECONOMIC DEVELOPMENT ACTIVITIES**

Successful economic development calls for creating an environment that supports and strengthens existing business areas, attracts new businesses, and creates employment opportunities in the community, while also enhancing City revenues. To ensure that the City is and remains focused on its economic development efforts, in FY 2022-23, the City worked with HdL ECONsolutions to create a three-year Economic Development Action Plan. This Plan was presented to, and adopted by, the City Council. The City is now implementing the Action Plan through multiple business retention and attraction efforts.

**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. 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, services, and infrastructure, requires careful thought. To that end, the City recently completed its Vision 2045 General Plan Update, which creates an updated long-term comprehensive plan for the City's next 20 years. The update effort kicked off in late 2018 and was completed in November of 2023.

**Housing Element Implementation** – The City of Fountain Valley's Housing Element was adopted and certified in September and October of 2022. As part of the Housing Element, implementation efforts have been initiated to remain in compliance with the provisions of State Law. In FY 2022-23, the City began the process of rezoning properties consistent with the Opportunity Sites listed in the Housing Element. This only included the creation of new zoning districts to allow for higher density residential development. This process was completed for the majority of the Opportunity Sites in December of 2023. The City is now in the process of updating three Specific Plans to allow for housing consistent with the updated Housing Element. In addition, applications have been submitted for two large scale projects on two of the opportunity sites identified in the Housing Element. Another two applications are expected to be submitted within the next year or two.

## **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 20 years, in addition to the amounts required annually by CalPERS to pay down the City's unfunded actuarial liability (UAL) faster. In addition, the City plans to continue making additional contributions to the City's Pension Trust, which is designed to mitigate CalPERS investment risk. In 2037,

the City's goal is for the UAL 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 had a significant impact on the current financial statements and the 2023-24 budget followed key policies concerning investments, budget administration, long range financial planning and fund balance reserve policies.

## **CITY VISION AND GOALS**

The City of Fountain Valley is a team driven organization committed to providing excellent service to our community through the core values of fiscal stability; honesty, integrity, and ethical behavior; teamwork; excellent customer service; innovation; and quality of life.

The City's current three-year strategic goals are to:

- Enhance the culture and environment of "A Nice Place to Live".
- Achieve fiscal stability by evaluating processes, and attract and retain revenue producing businesses/opportunities.
- Attract and retain quality staff through best practices and trends.
- Maintain, build, and modernize infrastructure to support growth and future needs of the City.

## **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 annual comprehensive financial report (ACFR) for the Fiscal Year ended June 30, 2023. This was the ninth 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 Robin Harnish, Finance Manager, Peter Samy, Accounting Manager, and Deborah Beckley, Accountant. 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, Rogers, Anderson, Malody & Scott, LLP, 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 effective manner in which it has been managed.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Maggie Le', with a long horizontal flourish extending to the right.

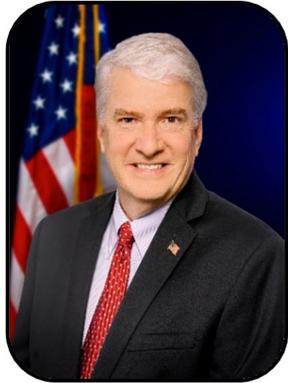
Maggie Le  
City Manager

A handwritten signature in blue ink, appearing to read 'Ryan Smith', with a long horizontal flourish extending to the right.

Ryan Smith  
Director of Finance / City Treasurer

# CITY OF FOUNTAIN VALLEY CITY OFFICIALS

June 30, 2024



**Glenn Grandis**  
Mayor



**Ted Bui**  
Vice Mayor



**Kim Constantine**  
Council Member



**Jim Cunneen**  
Council Member



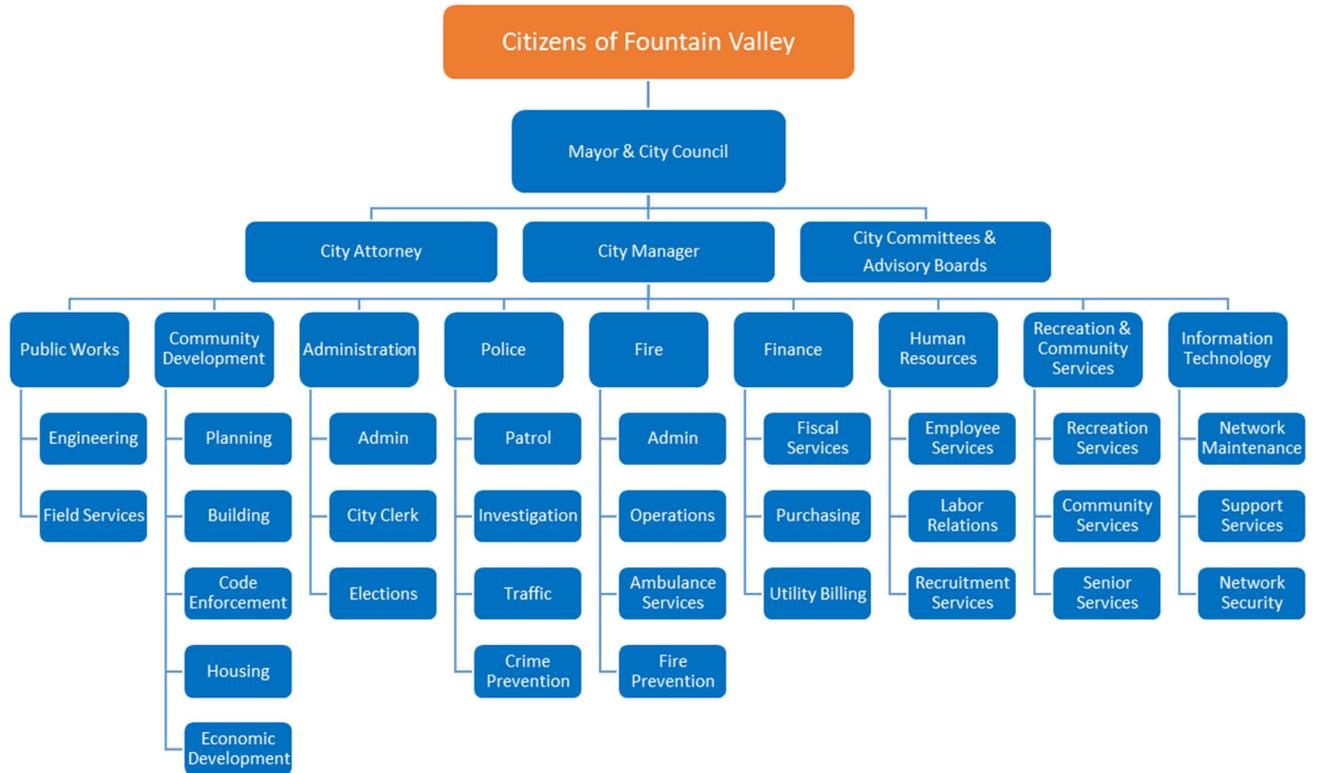
**Patrick Harper**  
Council Member

City Manager  
**Maggie Le**

Deputy City Manager/Community Development Director..... Omar Dadabhoy  
Chief of Police ..... Matt Sheppard  
Fire Chief ..... Bill McQuaid  
Director of Finance/Treasurer ..... Ryan Smith  
Director of Human Resources..... Carrie Hanes  
Director of Public Works ..... Scott Smith  
Director of Recreation & Community Services ..... Rob Frizzelle  
City Clerk/Risk Administrator..... Rick Miller  
Director of Information Technology ..... Scott Kim

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

# City of Fountain Valley Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Fountain Valley  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscca.net

## *Independent Auditor's Report*

### **PARTNERS**

Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradferd A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST  
Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Brenda L. Odle, CPA, MST (Partner Emeritus)  
Terry P. Shea, CPA (Partner Emeritus)

### **MANAGERS / STAFF**

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA  
Monica Wysocki, CPA  
Jacob Weatherbie, CPA, MSA  
Bolim Han, CPA, MAcc  
Anny Gonzalez, CPA

### **MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

The Honorable City Council  
City of Fountain Valley, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fountain Valley (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in the year ended June 30, 2024, the City adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. Our opinions are not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, and the budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the City's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
February 25, 2025

# *City of Fountain Valley*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024**

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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, 2024. 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, 2024, 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 City's fiscal policy continues to be guided by a 20-Year Financial Plan.

**Long-term Economic Resource (Government-wide) Focus** – Economic resources are differentiated from financial resources in that the economic measurement focus measures changes in net position as soon as the event occurs regardless of the timing of related cash flows.

Therefore, this measurement focus includes current spendable resources, fixed non-spendable assets plus deferred outflows of resources, and long-term claims against these assets plus deferred inflows of resources. The resulting net position utilizing this measurement focus provides one measure of the City's overall long-term financial condition.

- The City's total net position – the difference between its assets and deferred outflows compared to its liabilities and deferred inflows of resources – was \$203.9 million, an increase of \$22.6 million, or 12.5%, compared to last fiscal year. The net position of governmental activities increased by \$18.4 million, or 14.2%, while the net position of business-type activities increased by \$4.2 million, or 8.0%.
- Net position of \$203.9 million consisted of: \$147.6 million of net investment in capital assets; \$46.9 million of resources that are subject to external restrictions on how they may be used; \$31.8 million that may be used to meet the City's obligations for its business-type activities; and a \$21.7 million deficit related to its governmental activities.
- Total city-wide governmental revenues for fiscal year 2024 were \$117.1 million, an increase of \$8.6 million, or 7.9%, compared to the prior year. Program revenues increased \$3.9 million, or 8.9%, to \$48.1 million. General revenues increased by \$4.7 million, or 7.3%, to \$69.0 million. Expenses for governmental and business-type activities were \$95.6 million, an increase of \$15.0 million or 18.6%.

**Short-term Financial Resource (Fund) Focus** – The Financial Resources focus measures inflows of current spendable assets. The resulting net difference between current financial assets and current financial liabilities, otherwise known as fund balance (or net working capital in the private sector), is a measure of the City's ability to finance activities in the near term.

- The City's governmental funds reported a combined ending fund balance of \$107.4 million, a decrease of \$5.5 million compared to the previous fiscal year. Of this amount, \$42.0 million (the sum of assigned and unassigned fund balances) may be spent at the City's discretion.
- The City adheres to a Reserve Policy governing committed and assigned fund balances. As of June 30, 2024, the Committed fund balance for the General Fund was \$18.4 million, representing 56.2% of total sales tax revenue, inclusive of Measure HH. In the same period, the General Fund's Assigned and Unassigned fund balances were \$31.9 million and \$9.9 million, respectively. This signifies an \$18.8 million reduction in Assigned and an \$8.6 million increase in Unassigned fund balances from the previous fiscal year.

# City of Fountain Valley

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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### **Overview of the Financial Statements**

This discussion and analysis are 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**

Fund financial statements are designed to report information about groupings of related accounts 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** 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.

# *City of Fountain Valley*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024**

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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 thirteen 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** are generally used to account for services for which the City charges outside customers, or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains three different types of proprietary 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.

**Internal service funds** are used to report activities that provide internal services for the City. The City uses internal service funds to account for its government buildings, liability administration, equipment replacement and information systems. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

**Fiduciary funds** financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position for the private-purpose trust funds and City's fiduciary custodial funds. The private-purpose trust funds account for the assets held by the City for the Successor Agency to the Fountain Valley Community Development. The City uses custodial funds to account for the collection and disbursement of funds for fees assessed by other governments collected by the City on behalf of others. 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.

# City of Fountain Valley

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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

### Notes to the Basic 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 statements.

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**

#### Analysis of Net Position

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.

City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$203.9 million as of June 30, 2024. This is an increase of \$22.5 million compared to the City's net position at the end of last fiscal year, as shown in the condensed statement of net position below.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets:</b>						
Current and other assets	\$ 138,103,055	\$ 127,055,633	\$ 47,014,452	\$ 40,320,766	\$ 185,117,507	\$ 167,376,399
Capital assets	135,260,166	132,155,695	34,141,559	33,796,477	169,401,725	165,952,172
Total assets	<u>273,363,221</u>	<u>259,211,328</u>	<u>81,156,011</u>	<u>74,117,243</u>	<u>354,519,232</u>	<u>333,328,571</u>
Deferred outflows of resources	52,874,675	55,845,373	6,201,499	4,032,244	59,076,174	59,877,617
<b>Liabilities:</b>						
Other liabilities	11,813,411	10,672,671	5,912,561	4,581,449	17,725,972	15,254,120
Long-term liabilities	142,123,580	142,745,699	21,605,752	19,025,752	163,729,332	161,771,451
Total liabilities	<u>153,936,991</u>	<u>153,418,370</u>	<u>27,518,313</u>	<u>23,607,201</u>	<u>181,455,304</u>	<u>177,025,571</u>
Deferred inflows of resources	24,707,808	32,448,551	3,482,600	2,380,047	28,190,408	34,828,598
<b>Net position:</b>						
Net investment in capital assets	122,451,600	118,812,613	24,572,602	24,404,708	147,024,202	143,217,321
Restricted	46,854,171	27,459,109	-	-	46,854,171	27,459,109
Unrestricted	(21,712,674)	(17,081,942)	31,783,995	27,757,531	10,071,321	10,675,589
Total net position	<u>\$ 147,593,097</u>	<u>\$ 129,189,780</u>	<u>\$ 56,356,597</u>	<u>\$ 52,162,239</u>	<u>\$ 203,949,694</u>	<u>\$ 181,352,019</u>

# *City of Fountain Valley*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024**

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The City continued to report positive balances in two of the three categories of net position for the government as a whole, as well as for its separate governmental and business-type activities.

Net position – Restricted for governmental activities (\$46.8 million or 31.75% of total net position) represents resources that are subject to external restrictions on how they may be used. This is an increase of \$19.4 million or 70.65% compared to the previous fiscal year.

Net position – Net investment in capital assets represents the largest portion (72.0%) of the City's net position for both governmental and business-type activities. The City's investment of \$147.0 million in capital assets is net of accumulated depreciation and any related outstanding debt used to acquire those assets. This is an overall increase of \$3.8 million, or 2.6% from the prior year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position – Unrestricted for the government as a whole has a balance of \$10.0 million as of June 30, 2024, a decrease of \$.6 million or 5.6% compared to the prior year. The unrestricted net position for governmental activities has a deficit balance of \$21.7 million as of June 30, 2024.

This represents an increase to the deficit balance of \$6.8 million or 39% compared to the prior year. The deficit balance is the result of implementing Governmental Accounting Standards Board (GASB) statements related to pension and other post-employment benefits (OPEB) liabilities. The deficit reflects the extent to which the City must defer to future periods the financing of a portion of its pension and OPEB liabilities. Generally accepted accounting principles require financial statement recording when a liability is incurred. However, the City, like many other governments, raises and budgets resources needed to liquidate certain liabilities during the year in which the liability is incurred. In the case of the pension liability, the City will continue to fund this obligation on an actuarial basis, contributing the full amount of annual required contributions to the pension system every year. For the OPEB liability, the City pays this obligation on a pay-as-you-go basis. To assist with the paydown of these liabilities, the City set up two IRS Section 115 Trust Funds. Funds deposited into these accounts are restricted and may only be used for the purpose of the trust.

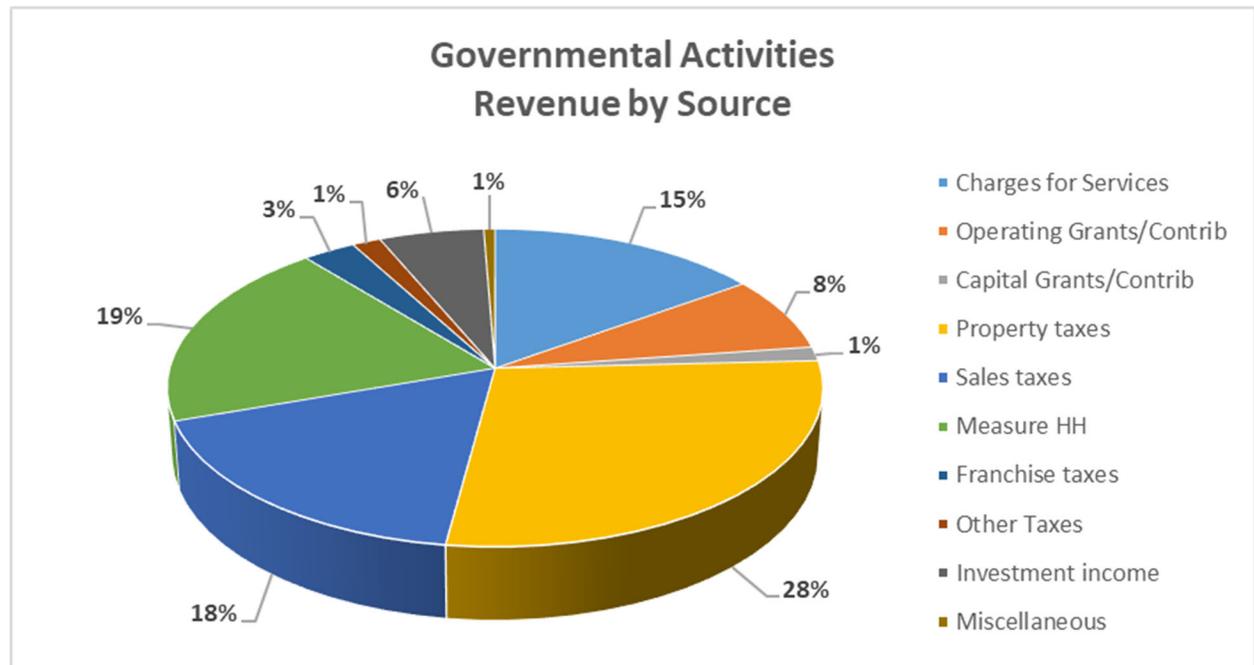
### **Analysis of Activities**

The Statement of Activities shows how the government's net position changed during the fiscal year. As shown in the condensed Statement of Activities below, the City's net position increased by \$21.5 million in FY 2023-24.

# City of Fountain Valley

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Charges for services	\$ 13,502,365	\$ 9,588,071	\$ 26,556,950	\$ 25,948,826	\$ 40,059,315	\$ 35,536,897
Operating grants and contributions	6,762,548	6,645,582	-	62,321	6,762,548	6,707,903
Capital grants and contributions	1,268,710	1,935,254	24,175	-	1,292,885	1,935,254
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property taxes	24,808,441	23,365,555	-	-	24,808,441	23,365,555
Sales taxes	15,638,648	16,504,276	-	-	15,638,648	16,504,276
Sales taxes - Measure HH	17,146,213	17,363,447	-	-	17,146,213	17,363,447
Franchise taxes	2,619,098	2,595,444	-	-	2,619,098	2,595,444
Other taxes	1,411,257	1,522,875	-	-	1,411,257	1,522,875
Investment income (loss)	5,172,048	1,648,971	1,470,543	356,396	6,642,591	2,005,367
Miscellaneous	558,720	992,907	214,521	-	773,241	992,907
<b>Total revenues</b>	<b>88,888,048</b>	<b>82,162,382</b>	<b>28,266,189</b>	<b>26,367,543</b>	<b>117,154,237</b>	<b>108,529,925</b>
<b>Expenses:</b>						
General government	15,634,174	4,113,134	-	-	15,634,174	4,113,134
Public safety	37,647,876	42,181,933	-	-	37,647,876	42,181,933
Transportation	7,191,749	9,633,255	-	-	7,191,749	9,633,255
Community development	6,248,000	5,480,927	-	-	6,248,000	5,480,927
Community services	4,259,013	2,925,694	-	-	4,259,013	2,925,694
Interest charges	393,715	425,387	-	-	393,715	425,387
Water	-	-	17,616,366	10,474,663	17,616,366	10,474,663
Sewer	-	-	1,839,256	1,025,684	1,839,256	1,025,684
Solid waste	-	-	4,858,073	4,428,766	4,858,073	4,428,766
<b>Total expenses</b>	<b>71,374,527</b>	<b>64,760,330</b>	<b>24,313,695</b>	<b>15,929,113</b>	<b>95,688,222</b>	<b>80,689,443</b>
Transfers	293,693	2,887,046	(293,693)	(2,887,046)	-	-
Change in net position	17,807,214	20,289,098	3,658,801	7,551,384	21,466,015	27,840,482
Net position - beginning of year, as restated	129,785,883	108,900,682	52,697,796	44,610,855	182,483,679	153,511,537
Net position - end of year	<u>\$ 147,593,097</u>	<u>\$ 129,189,780</u>	<u>\$ 56,356,597</u>	<u>\$ 52,162,239</u>	<u>\$ 203,949,694</u>	<u>\$ 181,352,019</u>



# City of Fountain Valley

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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**Governmental activities** increased the City's net position by \$17.8 million compared to fiscal year 2023. Program revenues increased by \$3.3 million, or 18.5%, to \$21.5 million. General revenue totaled \$67.3 million, a \$3.3 million, or 5.3% increase over the previous fiscal year. The majority of the rise is attributed to a notable \$5.1 million in investment income, which marks a significant \$3.5 million increase compared to last year. The increase is due to continued rising interest rates. Property taxes increased \$1.4 million or 6.2% to \$24.8 million. This revenue growth was offset by a slight decline in Sales tax and Measure HH transaction tax, which decreased by 5.2% and 1.3% to \$15.6 and \$17.1 million, respectively.

Expenses for governmental activities total \$71.3 million, an increase of \$6.5 million, or 10.1% compared to 2023. The variance is largely due to a \$12.1 million increase in pension costs vs the prior year. This increase is partially offset by a \$5.2 million decrease in OPEB costs as compared to the last fiscal year.

**Business-type activities** increased the City's net position by \$3.6 million. Program revenue was 2.2% higher than last fiscal year, at \$26.6 million, while general revenues increased by \$1.3 million due to investment income and an unrealized gain from the FMV adjustment. Expenses for the Water, Sewer, and Solid Waste Funds increased by \$7.1 million (68.2%), \$0.8 million (79.3%), and \$0.5 million (9.7%), respectively, due to an overall rise in pension expense.

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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 Fiscal Year 2023-24, the City's governmental funds reported a combined ending fund balance of \$107.4 million, a decrease of \$5.5 million from the prior year balance. Approximately \$128 thousand, or 0.1% of this combined amount is not available for spending; \$46.8 million, or 43.6% is restricted; \$18.4 million, or 17.2% is committed; \$32.0 million, or 29.8% is assigned; and \$9.9 million, or 9.3% is unassigned.

As of June 30, 2024, the general fund's total fund balance was \$80.1 million, a decrease of \$8.6 million, or 9.7% from the 2023 fiscal year. The net decrease is primarily attributed to an adjustment in the reporting entity related to the City's internal service funds. The City previously reported various funds that acted in an internal service capacity, combined with the General Fund. In order to report these activities in accordance with generally accepted accounting principles and GASB Statement 100, these funds have been extracted from the General Fund and separately reported as internal service funds, which qualifies as a change in reporting entity. The respective fund balance and net position for these funds have been restated as of July 1, 2023. This adjustment decreased the General Fund balance by approximately \$14.6 million. The decrease from the adjustment was offset by a surplus realized in the General Fund in fiscal year 2024 of \$6 million.

There are three major funds within the governmental fund accounts. They include the General Fund, the Fountain Valley Housing Authority, and the Capital Projects Fund. The Fountain Valley Housing Authority was established in 2011 to preserve the ability to provide affordable housing uses and activities. At the end of the fiscal year, the fund balance in the Housing Authority Fund was \$17.7 million, a decrease of \$200 thousand. The Capital Projects Fund is reported as a major fund in the financial statements for the fiscal year 2023-24. This designation is based on its critical role in financing and accounting for the City's significant capital improvements and infrastructure development projects. The fund reported a \$0 fund balance as all revenues and resources were fully utilized for project expenditures.

# City of Fountain Valley

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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As of June 30, 2024, combined nonmajor governmental fund balances totaled \$9.6 million, an increase of \$3.2 million compared to the 2023 fiscal year. The overall increase in fund balance is primarily due to activity in the Road Maintenance and Rehab Program (SB1) Fund, Traffic Improvement Fund, and Measure M Fund. The Road Maintenance fund balance increased by \$900 thousand due to a road maintenance related project that was incomplete at year end. The Traffic Improvement fund balance increased by \$800 thousand due to the final grant payment for a project completed last fiscal year and coupled with a reduction in traffic related projects in the current year. Finally, the Measure M fund balance increased by \$1.4 million due to several transportation projects that were incomplete at year end.

The City's **proprietary funds** provide the same type of information found in the government-wide financial statements, but in more detail.

**Business-type activity funds:** there are three (3) funds in this group: Water Utility, Sewer, and Solid Waste.

Total net position for the Water Utility Fund increased by \$3.3 million, to \$38.7 million as of June 30, 2024. Of this total, \$21.6 million was unrestricted.

Total net position for the Sewer Fund increased by \$900 thousand, to \$16.3 million as of June 30, 2024. Of this total, \$8.8 million was unrestricted.

Total net position for the Solid Waste Fund increased by \$100 thousand, to \$1.3 million as of June 30, 2024. The entire amount was unrestricted.

Water and Sewer rates have remained unchanged since July 2022, which was the final year for the Council approved five-year implementation that began July 1, 2018. Water revenues increased by 2.5% due to higher consumption and sewer revenues decreased by 1.5% compared to the prior year. Solid Waste rates were raised in January 2024 which resulted in an 8.6% increase in revenues that were offset by a 9.7% increase in expenses.

**Internal service funds:** There are five (5) funds in this group: IT fund, Equipment Replacement, Building Maintenance, Vehicle Replacement, and Self Insurance. Total net position for the Internal Service Funds was \$17.1 million as of June 30, 2024.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

A detailed budgetary comparison schedule for the year ended June 30, 2024, is presented as required supplementary information following the notes to the financial statements. Revenues, transfers in, and the issuance of IT subscriptions related to GASB 96 were \$83.2 million, or \$5.6 million lower than the City's final budget of \$88.8 million. Significant revenues over budget were largely due to Property Taxes, which were \$500 thousand higher than the final budget. Investment income exceeded the final budget by \$4.0 million, driven by heightened interest earnings and tempered by an unrealized loss resulting from recording the FMV adjustment as of June 30, 2024. Expenditures and transfers out were \$77.2 million, or 9.7% lower than the final budget of \$85.5 million. The primary reason for the variance between actual expenditures and final budget are due to several capital projects that were not completed by the end of the fiscal year.

# City of Fountain Valley

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

Differences between the original and final revenue budget reflect an increase of \$1.6 million or 2.1%. The most notable adjustment was a budget increase of \$1.5 million for State Grants based on year-to-date activity and projections at mid-year. Other revenue adjustments included \$270 thousand for property taxes, \$200 thousand for fire revenue, and a \$500 thousand reduction for community service donations.

Differences between the original and final total expenditures budget reflect an increase of \$1.0 million or 1.6%. The expenditure budget was increased at mid-year to accommodate personnel costs related to salary schedule changes, unforeseen traffic signal maintenance, and the I-405 improvement project.

The table below summarizes the General Fund's original budget, final budget, and actual results for 2024 revenues, expenditures, and transfers:

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues	\$ 76,297,090	\$ 77,880,840	\$ 82,381,551	\$ 4,500,711
Expenditures	63,716,045	64,726,265	69,248,164	(4,521,899)
Other financing sources (uses)	(10,036,940)	(9,808,540)	(7,136,694)	2,671,846
Net change in fund balance	\$ 2,544,105	\$ 3,346,035	\$ 5,996,693	\$ 2,650,658

### CAPITAL ASSETS AND LONG-TERM LIABILITIES

The City's investment in capital assets for its governmental and business type activities as of June 30, 2024, amounts to \$169.4 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 \$3.4 million or 2.1%. This increase was due to the addition of \$7.5 million in capital assets, which was offset by \$4.1 million in depreciation expense. Major additions included \$3.5 million for construction costs related to the Police Locker Room Improvement Project and \$1.0 million for various vehicle and equipment.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 15,003,148	\$ 15,003,148	\$ 123,076	\$ 123,076	\$ 15,126,224	\$ 15,126,224
Vehicles and equipment	6,212,448	6,564,729	(278,629)	12,970	5,933,819	6,577,699
Furniture and fixtures	169,507	136,736	-	-	169,507	136,736
Buildings	7,877,411	8,327,087	18,708,282	19,173,481	26,585,693	27,500,568
Construction in progress	6,321,423	897,968	611,891	47,252	6,933,314	945,220
Improvements other than structures	5,517,236	5,799,157	14,976,939	14,439,698	20,494,175	20,238,855
Rights of way	17,948,464	17,948,464	-	-	17,948,464	17,948,464
Infrastructure	75,703,932	76,540,928	-	-	75,703,932	76,540,928
Subscription-based IT assets	506,597	937,478	-	-	506,597	937,478
Net capital assets	\$ 135,260,166	\$ 132,155,695	\$ 34,141,559	\$ 33,796,477	\$ 154,275,501	\$ 150,825,948

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 recently completed assessment performed in fiscal year 2024, was "Very Good" with a weighted average PCI of 84.7 based on the surface area of each segment. This reflects a slight downtick due to not being able to pave as many residential quadrants as a result of increasing costs. 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 the timing of project completion. Additional information on the City's capital assets can be found in Note 4 in the Financial Section of this report.

# City of Fountain Valley

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

At year-end, the City had \$169.6 million in outstanding long-term debt, reflecting a net increase of \$2.1 million compared to the prior year. This increase is primarily attributed to the following: a \$4.3 million rise in net pension liability, a \$1.1 million increase in other post-employment benefits, and a \$200 thousand increase in compensated absences liability. These increases were partially offset by a \$2.2 million reduction in bond liabilities due to scheduled principal repayments, a \$900 thousand decrease in claims payable, and a \$400 thousand decrease in the City's lease liability related to the present value of future subscription-based IT agreement payments.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue bonds	\$ -	\$ -	\$ 9,514,059	\$ 10,183,732	\$ 9,514,059	\$ 10,183,732
Lease revenue bonds	11,801,452	12,507,318	-	-	11,801,452	12,507,318
Taxable pension obligation bonds	11,795,853	12,618,467	-	-	11,795,853	12,618,467
Compensated absences	2,644,100	2,420,123	230,459	217,765	2,874,559	2,637,888
Claims payable	3,997,800	4,925,954	-	-	3,997,800	4,925,954
Subscription liabilities	403,952	835,764	-	-	403,952	835,764
Net OPEB liability	20,994,082	23,468,478	5,485,846	1,896,830	26,479,928	25,365,308
Net pension liability	95,460,860	90,926,331	7,256,432	7,493,858	102,717,292	98,420,189
Total long-term liabilities	\$ 147,098,099	\$ 147,702,435	\$ 22,486,796	\$ 19,792,185	\$ 169,584,895	\$ 167,494,620

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

### **FISCAL YEAR 2024-2025 OPERATING BUDGET AND ENTERPRISE RATES**

The City Council adopted the fiscal year 2024-2025 Budget with total appropriations of \$161.6 million and projected revenues of \$137.2 million.

The General Fund estimated revenues for fiscal year 2024-2025 are \$80.1 million and budgeted appropriations are \$78.6 million. The General Fund includes an additional \$7.6 million 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 operating surplus of \$1.5 million, which will be used to build and maintain reserves. Measure HH provides the necessary funding to maintain essential city services, fund capital improvements, pay down debt, and restore 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 2024-2025 budget includes an approved 6.92% CPI increase to residential trash collection rates as of January 2024. Water and sewer rates have not been increased for the current fiscal year. Future increases will be dependent on public hearings and Council adoption of an updated resolution.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the financial position of the City 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.

## **BASIC FINANCIAL STATEMENTS**

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# City of Fountain Valley

## Statement of Net Position June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 93,655,370	\$ 41,185,452	\$ 134,840,822
Restricted cash and investments	2	807,091	807,093
Restricted cash and investments - pension	17,367,544	-	17,367,544
Receivables:			
Accounts	8,243,277	4,651,592	12,894,869
Accrued interest	1,351,903	-	1,351,903
Loans	9,016,058	-	9,016,058
Leases	8,165,565	-	8,165,565
Inventories	12,590	370,317	382,907
Prepaid items	290,746	-	290,746
Capital assets, not being depreciated	102,821,732	734,967	103,556,699
Capital assets, net of accumulated depreciation	32,438,434	33,406,592	65,845,026
<b>Total assets</b>	<b>273,363,221</b>	<b>81,156,011</b>	<b>354,519,232</b>
<b>Deferred outflows of resources:</b>			
Deferred outflows related to pension	44,291,550	3,958,687	48,250,237
Deferred outflows related to OPEB	8,583,125	2,242,812	10,825,937
<b>Total deferred outflows of resources</b>	<b>52,874,675</b>	<b>6,201,499</b>	<b>59,076,174</b>
<b>Liabilities:</b>			
Accounts payable	5,060,528	4,576,568	9,637,096
Accrued wages payable	1,012,318	-	1,012,318
Accrued interest payable	249,386	182,091	431,477
Unearned revenue	213,585	201,438	415,023
Deposits payable	303,075	71,420	374,495
Long term liabilities			
Due within one year	4,974,519	881,044	5,855,563
Due in more than one year:			
Other long-term liabilities	25,668,638	8,863,474	34,532,112
Net pension liability	95,460,860	7,256,432	102,717,292
Net OPEB liability	20,994,082	5,485,846	26,479,928
<b>Total liabilities</b>	<b>153,936,991</b>	<b>27,518,313</b>	<b>181,455,304</b>
<b>Deferred inflows of resources:</b>			
Deferred inflows related to pension	8,249,171	1,198,030	9,447,201
Deferred inflows related to OPEB	8,742,945	2,284,570	11,027,515
Deferred inflows related to leases	7,715,692	-	7,715,692
<b>Total deferred inflows of resources</b>	<b>24,707,808</b>	<b>3,482,600</b>	<b>28,190,408</b>
<b>Net position:</b>			
Net investment in capital assets	122,451,600	24,572,602	147,024,202
Restricted for:			
Public safety	1,555,327	-	1,555,327
Transportation	9,662,739	-	9,662,739
Housing	18,072,562	-	18,072,562
Community development	195,997	-	195,997
Capital projects	-	-	-
Other	17,367,546	-	17,367,546
Unrestricted (deficit)	(21,712,674)	31,783,995	10,071,321
<b>Total net position</b>	<b>\$ 147,593,097</b>	<b>\$ 56,356,597</b>	<b>\$ 203,949,694</b>

The accompanying notes are an integral part of these financial statements.

# City of Fountain Valley

## Statement of Activities For the Fiscal Year Ended June 30, 2024

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 15,634,174	\$ 3,258,353	\$ -	\$ -	\$ (12,375,821)	\$ -	\$ (12,375,821)
Public safety	37,647,876	5,561,826	859,661	-	(31,226,389)	-	(31,226,389)
Transportation	7,191,749	-	4,723,903	1,268,710	(1,199,136)	-	(1,199,136)
Community development	6,248,000	3,243,172	629,300	-	(2,375,528)	-	(2,375,528)
Community services	4,259,013	1,439,014	549,684	-	(2,270,315)	-	(2,270,315)
Interest on long-term debt	393,715	-	-	-	(393,715)	-	(393,715)
<b>Total governmental activities</b>	<b>71,374,527</b>	<b>13,502,365</b>	<b>6,762,548</b>	<b>1,268,710</b>	<b>(49,840,904)</b>	<b>-</b>	<b>(49,840,904)</b>
<b>Business-type activities:</b>							
Water	17,616,366	19,180,215	-	1,409	-	1,565,258	1,565,258
Sewer	1,839,256	2,488,964	-	-	-	649,708	649,708
Solid waste	4,858,073	4,887,771	-	22,766	-	52,464	52,464
<b>Total business-type activities</b>	<b>24,313,695</b>	<b>26,556,950</b>	<b>-</b>	<b>24,175</b>	<b>-</b>	<b>2,267,430</b>	<b>2,267,430</b>
<b>Total</b>	<b>\$ 95,688,222</b>	<b>\$ 40,059,315</b>	<b>\$ 6,762,548</b>	<b>\$ 1,292,885</b>	<b>(49,840,904)</b>	<b>2,267,430</b>	<b>(47,573,474)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes					24,808,441	-	24,808,441
Sales taxes					15,638,648	-	15,638,648
Sales taxes - Measure HH					17,146,213	-	17,146,213
Franchise taxes					2,619,098	-	2,619,098
Other taxes					1,411,257	-	1,411,257
Investment income					5,172,048	1,470,543	6,642,591
Miscellaneous					558,720	214,521	773,241
Transfers					293,693	(293,693)	-
<b>Total general revenues</b>					<b>67,648,118</b>	<b>1,391,371</b>	<b>69,039,489</b>
Change in net position					17,807,214	3,658,801	21,466,015
Net position, beginning of fiscal year, as previously reported					129,189,780	52,162,239	181,352,019
Adjustment - correction of error					596,103	535,557	1,131,660
Net position, beginning of fiscal year, as restated					<b>129,785,883</b>	<b>52,697,796</b>	<b>182,483,679</b>
<b>Net position at end of fiscal year</b>					<b>\$ 147,593,097</b>	<b>\$ 56,356,597</b>	<b>\$ 203,949,694</b>

The accompanying notes are an integral part of these financial statements.

# City of Fountain Valley

## Balance Sheet Governmental Funds June 30, 2024

	General	Special	Capital	Nonmajor Governmental Funds	Total
		Revenue Fund	Projects Fund		
		Housing Authority	Capital Improvement Program		
<b>Assets:</b>					
Cash and investments	\$ 56,322,357	\$ 8,961,509	\$ 2,746,827	\$ 9,441,796	\$ 77,472,489
Receivables:					
Accounts	7,274,639	6,000	-	712,638	7,993,277
Accrued interest	1,084,625	267,278	-	-	1,351,903
Loans	-	8,805,712	-	210,346	9,016,058
Leases	8,165,565	-	-	-	8,165,565
Due from other funds	298,234	-	-	-	298,234
Prepaid items	128,646	-	-	-	128,646
Restricted Assets:					
Cash and investments	-	-	-	2	2
Cash and investments - pension	17,367,544	-	-	-	17,367,544
<b>Total assets</b>	<b>\$ 90,641,610</b>	<b>\$ 18,040,499</b>	<b>\$ 2,746,827</b>	<b>\$ 10,364,782</b>	<b>\$ 121,793,718</b>
<b>Liabilities, deferred inflows of resources, and fund balances:</b>					
Liabilities:					
Accounts payable	\$ 1,452,899	\$ 314,534	\$ 2,746,827	\$ 23,387	\$ 4,537,647
Accrued wages payable	1,012,318	-	-	-	1,012,318
Deposits payable	80,282	-	-	222,793	303,075
Unearned revenues	-	-	-	213,585	213,585
Due to other funds	-	-	-	298,234	298,234
<b>Total liabilities</b>	<b>2,545,499</b>	<b>314,534</b>	<b>2,746,827</b>	<b>757,999</b>	<b>6,364,859</b>
Deferred inflows of resources:					
Deferred amounts from leases	7,715,692	-	-	-	7,715,692
Unavailable revenues	275,447	-	-	24,285	299,732
<b>Total deferred inflows of resources</b>	<b>7,991,139</b>	<b>-</b>	<b>-</b>	<b>24,285</b>	<b>8,015,424</b>
<b>Fund balances:</b>					
Nonspendable:					
Prepaid items	128,646	-	-	-	128,646
Restricted for:					
Public safety	-	-	-	1,555,327	1,555,327
Transportation	2,238,242	-	-	7,424,497	9,662,739
Housing	-	17,725,965	-	346,597	18,072,562
Community development	-	-	-	195,997	195,997
Debt service	-	-	-	2	2
Pension	17,367,544	-	-	-	17,367,544
Committed:					
Emergencies	18,426,000	-	-	-	18,426,000
Assigned to:					
Employee benefits	2,422,711	-	-	-	2,422,711
Capital projects	7,634,238	-	-	60,078	7,694,316
Measure HH	21,391,034	-	-	-	21,391,034
Contingency reserves	500,000	-	-	-	500,000
Unassigned	9,996,557	-	-	-	9,996,557
<b>Total fund balances</b>	<b>80,104,972</b>	<b>17,725,965</b>	<b>-</b>	<b>9,582,498</b>	<b>107,413,435</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 90,641,610</b>	<b>\$ 18,040,499</b>	<b>\$ 2,746,827</b>	<b>\$ 10,364,782</b>	<b>\$ 121,793,718</b>

The accompanying notes are an integral part of these financial statements.

# City of Fountain Valley

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2024

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**Fund balances of governmental funds** \$ 107,413,435

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. 133,819,432

Noncurrent liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the governmental funds:

Long-term liabilities	(30,258,768)
Accrued interest on long-term debt	(249,386)
Net OPEB obligation	(20,994,082)
Net pension liability	(95,460,860)

Revenues that do not meet the "availability" criteria for revenue recognition are deferred inflows of resources in the governmental funds. 299,732

Deferred outflows and inflows of resources related to pension and OPEB are not reported in the government funds:

Pension related deferred outflow of resources	44,291,550
OPEB related deferred outflows of resources	8,583,125
Pension related deferred inflows of resources	(8,249,171)
OPEB related deferred inflows of resources	(8,742,945)

Internal service funds are used by management to charge the costs of certain activities, such as fleet management and information technology, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Position. 17,141,035

**Net position of governmental activities** \$ 147,593,097

The accompanying notes are an integral part of these financial statements.

# City of Fountain Valley

## Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds For the Fiscal Year Ended June 30, 2024

	General	Special Revenue Fund Housing Authority	Capital Projects Fund Capital Improvement Program	Nonmajor Governmental Funds	Total
<b>Revenues:</b>					
Taxes	\$ 62,161,304	\$ -	\$ -	\$ -	\$ 62,161,304
Licenses and permits	2,249,296	-	-	-	2,249,296
Fines and penalties	458,155	-	-	-	458,155
Investment income	5,172,818	364,631	-	211,455	5,748,904
Rental income	1,178,485	-	-	-	1,178,485
Intergovernmental	1,280,332	-	-	6,081,221	7,361,553
Charges for services	8,905,864	9,187	-	15,358	8,930,409
Miscellaneous	975,297	6,000	-	-	981,297
<b>Total revenues</b>	<u>82,381,551</u>	<u>379,818</u>	<u>-</u>	<u>6,308,034</u>	<u>89,069,403</u>
<b>Expenditures:</b>					
Current:					
General government	16,511,898	-	-	-	16,511,898
Public safety	36,707,788	-	-	132,068	36,839,856
Transportation	4,436,679	-	3,012,454	4,415	7,453,548
Community development	5,320,661	585,238	-	313,437	6,219,336
Community services	4,526,955	-	-	863	4,527,818
Capital outlay	889,557	-	5,456,637	-	6,346,194
Debt service:					
Principal	853,790	-	-	660,968	1,514,758
Interest	836	-	-	436,236	437,072
<b>Total expenditures</b>	<u>69,248,164</u>	<u>585,238</u>	<u>8,469,091</u>	<u>1,547,987</u>	<u>79,850,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,133,387</u>	<u>(205,420)</u>	<u>(8,469,091)</u>	<u>4,760,047</u>	<u>9,218,923</u>
<b>Other financing sources (uses):</b>					
Transfers in	797,514	-	8,469,091	1,097,202	10,363,807
Transfers out	(7,951,473)	-	-	(2,483,641)	(10,435,114)
Aquisition of IT subscriptions	17,265	-	-	-	17,265
<b>Total other financing sources (uses)</b>	<u>(7,136,694)</u>	<u>-</u>	<u>8,469,091</u>	<u>(1,386,439)</u>	<u>(54,042)</u>
Net change in fund balances	5,996,693	(205,420)	-	3,373,608	9,164,881
Fund balances beginning of fiscal year, as previously reported	<u>88,662,580</u>	<u>17,931,385</u>	<u>-</u>	<u>6,389,171</u>	<u>112,983,136</u>
Prior period restatement:					
Adjustment - change in reporting entity	(14,554,301)	-	-	-	(14,554,301)
Adjustment - correction of error	-	-	-	(180,281)	(180,281)
Fund balance, beginning of year, as restated	<u>74,108,279</u>	<u>17,931,385</u>	<u>-</u>	<u>6,208,890</u>	<u>98,248,554</u>
<b>Fund balances end of fiscal year</b>	<u>\$ 80,104,972</u>	<u>\$ 17,725,965</u>	<u>\$ -</u>	<u>\$ 9,582,498</u>	<u>\$ 107,413,435</u>

The accompanying notes are an integral part of these financial statements.

# City of Fountain Valley

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2024

---

**Net changes in fund balances - total governmental funds** \$ 9,164,881

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	5,575,926
Depreciation	(3,078,962)

Some expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds. The following adjustments combine the net change of these liabilities:

Changes in accrued interest on long-term debt	14,531
Changes in claims and judgments obligation	220,376
Changes in bond premium/discount	28,826
Changes in compensated absence benefits, net	(223,977)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments	1,514,758
Subscription acquisition	(17,265)

Revenues reported as unavailable revenue in the governmental funds. Amounts are not recorded as revenue under the modified accrual basis of accounting. This is the net change in unavailable revenue from the prior fiscal year.

(181,355)

Governmental funds recognize pension costs when employer contributions are made; however, in the statement of activities, pension costs are recognized on the accrual basis. This is the difference between accrual-basis pension costs and actual employer contributions.

(3,701,687)

Governmental funds recognize OPEB costs when employer contributions are made; however, in the statement of activities, OPEB costs are recognized on the accrual basis. This is the difference between accrual-basis OPEB costs and actual employer contributions.

5,987,899

Internal service funds are used by management to charge the costs of certain activities, such as fleet management and information technology, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.

2,503,263

**Change in net position of governmental activities** \$ 17,807,214

The accompanying notes are an integral part of these financial statements.

# City of Fountain Valley

## Statement of Fund Net Position Proprietary Funds June 30, 2024

	Business-Type Activities			Total	Internal Service Funds
	Water Utility	Sewer	Solid Waste (Nonmajor)		
<b>Assets:</b>					
Current:					
Cash and investments	\$ 29,208,312	\$ 10,488,204	\$ 1,488,936	\$ 41,185,452	\$ 16,182,881
Accounts receivable	3,403,916	404,129	843,547	4,651,592	250,000
Inventory	370,317	-	-	370,317	12,590
Prepaid items	-	-	-	-	162,100
Restricted assets:					
Cash and investments	807,091	-	-	807,091	-
<b>Total current assets</b>	<b>33,789,636</b>	<b>10,892,333</b>	<b>2,332,483</b>	<b>47,014,452</b>	<b>16,607,571</b>
Noncurrent:					
Capital assets not being depreciated	662,371	72,596	-	734,967	-
Capital assets - net of accumulated depreciation	25,979,127	7,427,465	-	33,406,592	1,440,734
Total capital assets, net	26,641,498	7,500,061	-	34,141,559	1,440,734
<b>Total noncurrent assets</b>	<b>26,641,498</b>	<b>7,500,061</b>	<b>-</b>	<b>34,141,559</b>	<b>1,440,734</b>
<b>Total assets</b>	<b>60,431,134</b>	<b>18,392,394</b>	<b>2,332,483</b>	<b>81,156,011</b>	<b>18,048,305</b>
<b>Deferred outflows of resources:</b>					
Deferred amounts from OPEB plan	1,801,329	441,483	-	2,242,812	-
Deferred amounts from pension plan	3,179,446	779,241	-	3,958,687	-
<b>Total deferred outflows of resources</b>	<b>4,980,775</b>	<b>1,220,724</b>	<b>-</b>	<b>6,201,499</b>	<b>-</b>
<b>Liabilities:</b>					
Current:					
Accounts payable	3,725,381	32,840	818,347	4,576,568	522,881
Unearned revenues	-	-	201,438	201,438	-
Deposits payable	71,420	-	-	71,420	-
Interest payable	182,091	-	-	182,091	-
Accrued claims payable	-	-	-	-	-
Compensated absences, current portion	149,012	32,359	-	181,371	-
Long-term liabilities, current portion	699,673	-	-	699,673	245,216
<b>Total current liabilities</b>	<b>4,827,577</b>	<b>65,199</b>	<b>1,019,785</b>	<b>5,912,561</b>	<b>768,097</b>
Noncurrent:					
Compensted absences, net	22,086	27,002	-	49,088	-
Long-term liabilities, net	8,814,386	-	-	8,814,386	139,173
Net OPEB liability	4,405,995	1,079,851	-	5,485,846	-
Net pension liability	5,828,053	1,428,379	-	7,256,432	-
<b>Total noncurrent liabilities</b>	<b>19,070,520</b>	<b>2,535,232</b>	<b>-</b>	<b>21,605,752</b>	<b>139,173</b>
<b>Total liabilities</b>	<b>23,898,097</b>	<b>2,600,431</b>	<b>1,019,785</b>	<b>27,518,313</b>	<b>907,270</b>
<b>Deferred inflows of resources:</b>					
Deferred amounts from OPEB plan	1,834,869	449,701	-	2,284,570	-
Deferred amounts from pension plan	962,206	235,824	-	1,198,030	-
<b>Total deferred inflows of resources</b>	<b>2,797,075</b>	<b>685,525</b>	<b>-</b>	<b>3,482,600</b>	<b>-</b>
<b>Net position:</b>					
Net investment in capital assets	17,082,059	7,490,543	-	24,572,602	1,056,345
Unrestricted	21,634,678	8,836,619	1,312,698	31,783,995	16,084,690
<b>Total net position</b>	<b>\$ 38,716,737</b>	<b>\$ 16,327,162</b>	<b>\$ 1,312,698</b>	<b>\$ 56,356,597</b>	<b>\$ 17,141,035</b>

The accompanying notes are an integral part of these financial statements.

# City of Fountain Valley

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2024

	Business-Type Activities			Total	Internal Service Funds
	Water Utility	Sewer	Solid Waste (Nonmajor)		
<b>Operating revenues</b>					
Charges for services	\$ 19,180,215	\$ 2,488,964	\$ 4,887,771	\$ 26,556,950	\$ 11,663,283
Miscellaneous	214,521	-	-	214,521	30,719
<b>Total operating revenues</b>	<u>19,394,736</u>	<u>2,488,964</u>	<u>4,887,771</u>	<u>26,771,471</u>	<u>11,694,002</u>
<b>Operating expenses:</b>					
Distribution maintenance	77,602	32,292	-	109,894	-
Utility administration	2,637,749	1,265,257	-	3,903,006	-
Contract services	-	205,245	4,858,073	5,063,318	-
Pumping and maintenance	1,843,102	-	-	1,843,102	-
Water treatment	11,797,734	-	-	11,797,734	-
Personnel services	-	-	-	-	3,629,728
Maintenance and operations	-	-	-	-	2,643,423
Equipment and software	-	-	-	-	1,391,964
Insurance premiums	-	-	-	-	1,424,613
Depreciation	970,670	336,462	-	1,307,132	466,279
<b>Total operating expenses</b>	<u>17,326,857</u>	<u>1,839,256</u>	<u>4,858,073</u>	<u>24,024,186</u>	<u>9,556,007</u>
Operating income	<u>2,067,879</u>	<u>649,708</u>	<u>29,698</u>	<u>2,747,285</u>	<u>2,137,995</u>
<b>Nonoperating revenue (expense):</b>					
Investment income	1,067,917	373,948	28,678	1,470,543	-
Intergovernmental	1,409	-	22,766	24,175	-
Interest expense	(289,509)	-	-	(289,509)	-
Sale of assets	-	-	-	-	268
<b>Total non-operating revenue (expense)</b>	<u>779,817</u>	<u>373,948</u>	<u>51,444</u>	<u>1,205,209</u>	<u>268</u>
Income before transfers	<u>2,847,696</u>	<u>1,023,656</u>	<u>81,142</u>	<u>3,952,494</u>	<u>2,138,263</u>
<b>Transfers</b>					
Transfers in	-	-	-	-	365,000
Transfers out	(125,062)	(168,631)	-	(293,693)	-
<b>Total transfers</b>	<u>(125,062)</u>	<u>(168,631)</u>	<u>-</u>	<u>(293,693)</u>	<u>365,000</u>
Net change in net position	2,722,634	855,025	81,142	3,658,801	2,503,263
Net position - beginning of fiscal year, as previously reported	35,458,546	15,472,137	1,231,556	52,162,239	-
Adjustment - change in reporting entity	-	-	-	-	14,554,301
Adjustment - correction of error	535,557	-	-	535,557	83,471
Net position - beginning of year, as restated	<u>35,994,103</u>	<u>15,472,137</u>	<u>1,231,556</u>	<u>52,697,796</u>	<u>14,637,772</u>
<b>Net position - end of fiscal year</b>	<u>\$ 38,716,737</u>	<u>\$ 16,327,162</u>	<u>\$ 1,312,698</u>	<u>\$ 56,356,597</u>	<u>\$ 17,141,035</u>

The accompanying notes are an integral part of these financial statements.

# City of Fountain Valley

## Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2024

	Business-Type Activities			Total	Internal Service Funds
	Water Utility	Sewer	Solid Waste		
<b>Cash flows from operating activities:</b>					
Cash received from customers and users	\$ 19,219,685	\$ 2,472,512	\$ 4,934,113	\$ 26,626,310	\$ 11,456,932
Cash paid to suppliers for goods and services	(13,057,683)	(225,375)	(4,444,908)	(17,727,966)	(5,389,302)
Cash paid to employees for services	(767,160)	(838,264)	-	(1,605,424)	(3,629,728)
<b>Net cash provided by operating activities</b>	<b>5,394,842</b>	<b>1,408,873</b>	<b>489,205</b>	<b>7,292,920</b>	<b>2,437,902</b>
<b>Cash flows from noncapital activities:</b>					
Cash paid (to) from other funds for advances	(125,062)	(168,631)	-	(293,693)	365,000
<b>Net cash used by noncapital activities</b>	<b>(125,062)</b>	<b>(168,631)</b>	<b>-</b>	<b>(293,693)</b>	<b>365,000</b>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(1,052,478)	(64,179)	-	(1,116,657)	(1,054,026)
Proceeds from sales of assets	-	-	-	-	268
Loan payment	(595,000)	-	-	(595,000)	(385,127)
Interest paid	(379,057)	-	-	(379,057)	-
Intergovernmental grant proceeds	1,409	-	22,766	24,175	-
<b>Net cash provided by (used by) capital and related financing activities</b>	<b>(2,025,126)</b>	<b>(64,179)</b>	<b>22,766</b>	<b>(2,066,539)</b>	<b>(1,438,885)</b>
<b>Cash flows from investing activities:</b>					
Interest received on investments	1,067,917	373,948	28,678	1,470,543	-
<b>Net cash provided by (used by) investing activities</b>	<b>1,067,917</b>	<b>373,948</b>	<b>28,678</b>	<b>1,470,543</b>	<b>-</b>
Net increase in cash and cash equivalents	4,312,571	1,550,011	540,649	6,403,231	1,364,017
Cash and cash equivalents at beginning of fiscal year	25,702,832	8,938,193	948,287	35,589,312	14,818,864
<b>Cash and cash equivalents at end of fiscal year</b>	<b>\$ 30,015,403</b>	<b>\$ 10,488,204</b>	<b>\$ 1,488,936</b>	<b>\$ 41,992,543</b>	<b>\$ 16,182,881</b>
<b>Reconciliation of cash and cash equivalents to amounts reported on the statement of net position</b>					
Cash and investments	\$ 29,208,312	\$ 10,488,204	\$ 1,488,936	\$ 41,185,452	\$ 16,182,881
Restricted cash and investments	807,091	-	-	807,091	-
Cash and cash equivalents at end of fiscal year	<b>\$ 30,015,403</b>	<b>\$ 10,488,204</b>	<b>\$ 1,488,936</b>	<b>\$ 41,992,543</b>	<b>\$ 16,182,881</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income	\$ 2,067,879	\$ 649,708	\$ 29,698	\$ 2,747,285	\$ 2,137,995
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>					
Depreciation	970,670	336,462	-	1,307,132	466,279
Decrease (increase) in receivables	(175,051)	(16,452)	(101,142)	(292,645)	(237,070)
Decrease (increase) in inventory	(23,483)	-	-	(23,483)	-
Decrease (increase) in prepaid items	25,673	-	-	25,673	(24,695)
Decrease (increase) in deferred outflows	(1,755,171)	(414,083)	-	(2,169,254)	-
Increase (decrease) in accounts payable	669,117	12,162	413,165	1,094,444	95,393
Increase (decrease) in deposits payable	(10,552)	-	-	(10,552)	-
Increase (decrease) in compensated absences	(7,815)	20,509	-	12,694	-
Increase (decrease) in accrued claims payable	-	-	-	-	-
Increase (decrease) in unearned revenues	-	-	147,484	147,484	-
Increase (decrease) in pension and OPEB liabilities	2,729,272	622,317	-	3,351,589	-
Increase (decrease) in deferred inflows	904,303	198,250	-	1,102,553	-
<b>Total adjustments</b>	<b>3,326,963</b>	<b>759,165</b>	<b>459,507</b>	<b>4,545,635</b>	<b>299,907</b>
<b>Net cash provided by operating activities</b>	<b>\$ 5,394,842</b>	<b>\$ 1,408,873</b>	<b>\$ 489,205</b>	<b>\$ 7,292,920</b>	<b>\$ 2,437,902</b>

The accompanying notes are an integral part of these financial statements.

# City of Fountain Valley

## Statement of Fiduciary Net Position Fiduciary Funds June 30, 2024

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	<b>Private- Purpose Trust Fund</b>	
	<b>Successor Agency</b>	<b>Custodial Fund</b>
<b>Assets:</b>		
Cash and investments	\$ 550,287	\$ 130,017
<b>Total assets</b>	<u>550,287</u>	<u>130,017</u>
<b>Liabilities:</b>		
Account payable	-	22,105
<b>Total liabilities</b>	<u>-</u>	<u>22,105</u>
<b>Net position:</b>		
Held for Successor Agency	550,287	-
Restricted for others	-	107,912
<b>Total net position</b>	<u>\$ 550,287</u>	<u>\$ 107,912</u>

The accompanying notes are an integral part of these financial statements.

*City of Fountain Valley*

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2024**

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	<b>Private- Purpose Trust Fund</b>	
	<b>Successor Agency</b>	<b>Custodial Fund</b>
<b>Additions:</b>		
Taxes	\$ 100,000	\$ -
Net investment income	12,566	94
Fees assessed by other governments	-	290,106
<b>Total additions</b>	<u>112,566</u>	<u>290,200</u>
<b>Deductions:</b>		
Community development	100,000	-
Payments to other governments	-	497,424
<b>Total deductions</b>	<u>100,000</u>	<u>497,424</u>
<b>Change in net position</b>	12,566	(207,224)
Net position - beginning of fiscal year	<u>537,721</u>	<u>315,136</u>
<b>Net position - end of fiscal year</b>	<u>\$ 550,287</u>	<u>\$ 107,912</u>

The accompanying notes are an integral part of these financial statements.

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# *City of Fountain Valley*

## **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024**

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### **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 the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B) Basis of Accounting, measurement Focus and Financial Statement Presentation (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:

- Charges for services,
- Operating grants and contributions
- 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 another 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 the Basic Financial Statements For the Fiscal Year Ended June 30, 2024**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **B) Basis of Accounting, measurement Focus and Financial Statement Presentation (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 to/from 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 the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B) Basis of Accounting, measurement Focus and Financial Statement Presentation (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 (within 60 days of year-end for all revenue except for grant revenue for which the availability period is 90 days). 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 90 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 the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B) Basis of Accounting, measurement Focus and Financial Statement Presentation (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 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 City's Fiduciary custodial funds use the economic resources measurement focus and utilize the accrual basis for reporting its assets and liabilities. The City uses custodial funds to account for the collection and disbursement of funds for fees assessed by other governments 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.

**Capital Improvement Program Fund** – This capital projects fund is used to account for major capital improvement projects.

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.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C) Fund Classifications (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 are used to account for the activities of the Successor Agency of the former Fountain Valley Agency for Community Development.

The Custodial Fund are used to account for the collection and disbursement of funds for fees assessed by other governments collected by the City on behalf of others in the special deposit and receipt fund.

The Internal Service Funds are established to account for the financing of goods or services provided by one department to other departments of the City, on a cost reimbursement basis. The City's internal service funds include information technology, government buildings, fleet management, capital equipment and self insurance.

#### D) Accounting Changes

New Governmental Accounting Standards Implemented for the Year Ended June 30, 2024:

- GASB Statement No. 100 – *Accounting Changes and Error Corrections*. See Note 13 for further details.

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. 101 – *Compensated Absences*. The requirements of this Statement will take effect for fiscal years beginning after December 15, 2023.
- GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this Statement will take effect for fiscal years beginning after June 15, 2024.
- GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this Statement will take effect for fiscal years beginning after June 15, 2025.
- GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this Statement will take effect for fiscal years beginning after June 15, 2025.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 three 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.

#### 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 cost if purchased or constructed. Donated capital assets are valued at acquisition value on the date of donation. Capital assets subject to lease obligations or subscription-based information technology arrangements (SBITA) are valued at the present value of future lease/SBITA payments at the inception of the lease/SBITA.

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.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### I) Capital Assets (continued)

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
Reservoirs	60 years
Wells, pumps and mains	25 – 75 years
Water meters and hydrants	30 years
Other water equipment	6 – 25 years
Subscription-based IT assets	1 – 10 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

The City has reported all capital assets including infrastructure in the government-wide statement of net position. The City has elected to use 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 straight-line 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*, represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City the following items that qualify for reporting in this category: deferred outflows – pension related and deferred outflows – Other Post Employment Benefits (OPEB) related.

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*, represent an acquisition of net assets that applies to future periods 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: Unavailable revenue deferred and recognized as inflow of resources in the period that the amounts become available, deferred inflows – pension related, deferred inflows – OPEB related, and deferred inflows – lease related.

# *City of Fountain Valley*

## **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **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

#### **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.

# *City of Fountain Valley*

## **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **N) Subscription-based Information Technology Arrangements**

The City is a participant in subscription-based IT arrangements as detailed in Note 5. The City recognizes a subscription-based IT payable and right to use IT assets in the financial statements.

At the commencement of the arrangement, the City initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The right to use assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the right to use assets are amortized over the life of the arrangement term.

#### **O) 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”.

#### **P) 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.

#### **Q) 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).

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Q) Fund Balances (continued)

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.

The emergencies stabilization arrangement amount of \$18,426,000 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.

#### R) 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.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### S) 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.

#### T) 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.

### 2) CASH AND INVESTMENTS

#### Cash and Investments

Cash and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 134,840,822
Restricted cash and investments	807,093
Restricted cash and investments - pension	17,367,544
Statement of Fiduciary Net Position:	
Cash and investments	680,304
Total cash and investments	<u>\$ 153,695,763</u>

Cash and investments held by the City at June 30, 2024 consisted of the following:

Cash on hand	\$ 43,175
Deposits with financial institutions	18,920,524
Investments	134,732,064
Total	<u>\$ 153,695,763</u>

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 2) CASH AND INVESTMENTS (continued)

#### 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.

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.

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

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

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of short-term and long-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 the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 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.

	Remaining Investment Maturities			Total
	12 Months or Less	1 to 3 Years	3 to 5 Years	
Local Agency Investment Fund	\$ 62,688,586	\$ -	\$ -	\$ 62,688,586
U.S. Government Sponsored				
Agency Securities	3,705,743	2,386,787	1,919,888	8,012,418
U.S. Treasury Notes	1,403,000	7,439,207	14,751,016	23,593,223
Money Market Mutual Funds	736,801	-	-	736,801
Medium-Term Notes	1,650,280	3,708,284	8,868,983	14,227,547
Asset Backed Securities	378,689	1,103,781	1,284,549	2,767,019
Supranational Investments	759,849	1,679,667	947,426	3,386,942
Collateralized Mortgage Obligations	329,571	-	812,793	1,142,364
Held by Trust:				
PARS Pooled Pension Trust:				
Money Market Mutual Funds	615,736	-	-	615,736
Mutual Funds - Equity	7,012,723	-	-	7,012,723
Mutual Funds - Fixed Income	9,741,614	-	-	9,741,614
Held by Fiscal Agent:				
Money Market Mutual Funds	807,091	-	-	807,091
	<u>\$ 89,829,683</u>	<u>\$ 16,317,726</u>	<u>\$ 28,584,655</u>	<u>\$ 134,732,064</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.

	Total	Minimum Legal Rating	Ratings as of Fiscal Year End		
			AAA	Other	Exempt/ Not Rated
Local Agency Investment Fund	\$ 62,688,586	N/A	\$ -	\$ -	\$ 62,688,586
U.S. Government Sponsored					
Agency Securities	8,012,418	N/A	8,012,418	-	-
U.S. Treasury Notes	23,593,223	N/A	23,593,223	-	-
Money Market Mutual Funds	736,801	A	736,801	-	-
Medium-Term Notes	14,227,547	A	93,565	14,133,982	-
Asset Backed Securities	2,767,019	AA	2,767,019	-	-
Supranational Investments	3,386,942	AA	3,386,942	-	-
Collateralized Mortgage Obligations	1,142,364	AA	1,142,364	-	-
Held by Fiscal Agent:					
Money Market Mutual Funds	807,091	A	807,091	-	-
Held by Trust:					
PARS Pooled Pension Trust:					
Money Market Mutual Funds	615,736	N/A	615,736	-	-
Mutual Funds - Equity	7,012,723	N/A	-	-	7,012,723
Mutual Funds - Fixed Income	9,741,614	N/A	-	-	9,741,614
Total	<u>\$ 134,732,064</u>		<u>\$ 41,155,159</u>	<u>\$ 14,133,982</u>	<u>\$ 79,442,923</u>

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 2) CASH AND INVESTMENTS (continued)

The ratings for the “Other” category above are as follows:

	AA / AA-	A+ / A / A-	Total
Medium-Term Notes	<u>\$ 4,892,662</u>	<u>\$ 9,241,320</u>	<u>\$ 14,133,982</u>

#### 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, 2024, 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 the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 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.

The City has the following recurring fair value measurements as of June 30, 2024:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Government Sponsored				
Agency Securities	\$ -	\$ 8,012,418	\$ -	\$ 8,012,418
U.S. Treasury Notes	-	23,593,223	-	23,593,223
Medium-Term Notes	-	14,227,547	-	14,227,547
Asset Backed Securities	-	2,767,019	-	2,767,019
Supranational Investments	-	3,386,942	-	3,386,942
Collateralized Mortgage Obligations	-	1,142,364	-	1,142,364
Held by Trust:				
PARS Pooled Pension Trust:				
Mutual Funds - Equity	7,012,723	-	-	7,012,723
Mutual Funds - Fixed Income	9,741,614	-	-	9,741,614
Total Levelled Investments	<u>\$ 16,754,337</u>	<u>\$ 53,129,513</u>	<u>\$ -</u>	<u>69,883,850</u>
Local Agency Investment Fund*				62,688,586
Money Market Mutual Funds*				736,801
Held by Fiscal Agent:				
Money Market Mutual Funds*				807,091
Held by Trust:				
PARS Pooled Pension Trust:				
Money Market Mutual Funds*				615,736
Total Investment Portfolio				<u>\$ 134,732,064</u>

\*Not subject to fair value measurements.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 3) INTERFUND ACTIVITY

The following represents the interfund activity of the City for the fiscal year ended June 30, 2024.

#### Due to/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 298,234

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.

#### Transfers In/Out

The following schedule summarizes the City's transfer activity:

Transfers in	Transfers out	Amount
General Fund	Non-major Fund	\$ 573,821
	Water Fund	95,062
	Sewer Fund	128,631
Capital Improvement Program	Non-major Fund	1,909,820
	General Fund	6,489,271
	Water Fund	30,000
	Sewer Fund	40,000
Non-major Fund	General Fund	1,097,202
Internal Service Fund	General Fund	365,000
		<u>\$ 10,728,807</u>

- (a) Transfers into the General Fund include \$478,011 from Other Government Funds to fund HUT 2107 and 2107.5 Pass-Thru to General Fund and \$95,810 from the Measure M Special Revenue Fund for funding assistance for Senior Transportation Services.
- (b) Transfers into the General Fund include \$95,062 that was transferred from the Water Utility Fund for the contribution for employee benefits and \$128,631 from the Sewer Fund to the General Fund partially for administrative services and partially for employee benefits.
- (c) Transfers out of the non-major funds consisted of contributions for various CIP projects. There were transfers from the Gas Tax Fund of \$1,114,102, from the Road Maintenance and Rehabilitation Fund of \$597,570, from the Measure M Fund of \$177,088 and from the Pollution Reduction Fund of \$21,060.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 3) INTERFUND ACTIVITY (continued)

#### Transfers In/Out (continued)

- (d) Transfers out of the General Fund include \$6,489,271 to the Capital Improvement Program Fund for various CIP projects, \$1,097,202 for the Fountain Valley Public Financing Authority Debt Service Fund for debt service payments on the 2017 Clean Revenue Renewal Energy Bonds and 2016A Lease Revenue Bonds and \$365,000 for the Measure HH contribution to the Fleet Management Fund for fire apparatus.
- (e) Transfers out of the Water Utility Proprietary Fund into the Capital Improvement Fund for \$30,000 were to fund water related expenses incurred for the Residential Roadway Rehabilitation Project.
- (f) Transfers out of the Sewer Proprietary Fund into the Capital Improvement Fund for \$40,000 were to fund water related expenses incurred for the Residential Roadway Rehabilitation Project.

### 4) CAPITAL ASSETS

#### Governmental Activities

Changes in capital assets for governmental activities for the year ended June 30, 2024 were as follows:

	Balance July 1, 2023	Increases	Decreases	Adjustments/ Transfers	Balance June 30, 2024
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Infrastructure (modified approach)	\$ 63,548,697	\$ -	\$ -	\$ -	\$ 63,548,697
Land	15,003,148	-	-	-	15,003,148
Right of way	17,948,464	-	-	-	17,948,464
Construction in progress	897,968	5,655,836	-	(232,381)	6,321,423
Total Capital Assets					
Not Being Depreciated	97,398,277	5,655,836	-	(232,381)	102,821,732
Capital Assets, Being Depreciated:					
Buildings	20,648,428	-	-	-	20,648,428
Improvements	10,196,394	-	-	232,381	10,428,775
Vehicles and equipment	16,463,764	1,011,243	(615,756)	-	16,859,251
Furniture and fixtures	231,536	58,729	-	-	290,265
Infrastructure	30,605,306	-	-	-	30,605,306
Right-to-use subscriptions	1,217,249	52,170	-	(92,227)	1,177,192
Total Capital Assets					
Being Depreciated	79,362,677	1,122,142	(615,756)	140,154	80,009,217
Less Accumulated Depreciation:					
Buildings	(12,321,341)	(449,676)	-	-	(12,771,017)
Improvements	(4,397,237)	(514,302)	-	-	(4,911,539)
Vehicles and equipment	(9,899,035)	(1,329,688)	581,920	-	(10,646,803)
Furniture and fixtures	(94,800)	(25,958)	-	-	(120,758)
Infrastructure	(17,613,075)	(836,996)	-	-	(18,450,071)
Right-to-use subscriptions	(279,771)	(388,621)	-	(2,203)	(670,595)
Total Accumulated Depreciation	(44,605,259)	(3,545,241)	581,920	(2,203)	(47,570,783)
Total Capital Assets					
Being Depreciated, Net	34,757,418	(2,423,099)	(33,836)	137,951	32,438,434
Capital Assets, Net					
	\$ 132,155,695	\$ 3,232,737	\$ (33,836)	\$ (94,430)	\$ 135,260,166

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 4) CAPITAL ASSETS (continued)

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

General government	\$	392,978
Transportation		3,540
Public safety		1,209,304
Community development		896,836
Community services		576,304
Internal Service Funds		466,279
Total	\$	<u>3,545,241</u>

### Business-type Activities

Changes in capital assets for business-type activities for the fiscal year ended June 30, 2024 were as follows:

	Balance July 1, 2023	Increases	Decreases	Adjustments/ Transfers	Balance June 30, 2024
<b>Business-Type Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 123,076	\$ -	\$ -	\$ -	\$ 123,076
Construction In Progress	47,252	1,116,657	-	(552,018)	611,891
Total Capital Assets Not Being Depreciated	<u>170,328</u>	<u>1,116,657</u>	<u>-</u>	<u>(552,018)</u>	<u>734,967</u>
Capital Assets, Being Depreciated:					
Buildings	30,360,250	-	-	202,018	30,562,268
Improvements	30,858,833	-	-	750,000	31,608,833
Machinery and equipment	252,088	-	-	-	252,088
Total Capital Assets Being Depreciated	<u>61,471,171</u>	<u>-</u>	<u>-</u>	<u>952,018</u>	<u>62,423,189</u>
Less Accumulated Depreciation:					
Buildings	(11,186,769)	(667,217)	-	-	(11,853,986)
Improvements	(16,419,135)	(348,316)	-	135,557	(16,631,894)
Machinery and equipment	(239,118)	(291,599)	-	-	(530,717)
Total Accumulated Depreciation	<u>(27,845,022)</u>	<u>(1,307,132)</u>	<u>-</u>	<u>135,557</u>	<u>(29,016,597)</u>
Total Capital Assets Being Depreciated, Net	<u>33,626,149</u>	<u>(1,307,132)</u>	<u>-</u>	<u>1,087,575</u>	<u>33,406,592</u>
Capital Assets, Net	<u>\$ 33,796,477</u>	<u>\$ (190,475)</u>	<u>\$ -</u>	<u>\$ 535,557</u>	<u>\$ 34,141,559</u>

Depreciation expense was charged to the following proprietary funds:

Water Utility	\$	970,670
Sewer		336,462
Total	\$	<u>1,307,132</u>

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 5) LONG-TERM LIABILITIES

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2024 (including unamortized discounts and refunding costs) are as follows:

	Balance July 1, 2023	Adjustment	Additions	Deletions	Balance June 30, 2024	Due Within One Year
<b>Governmental Activities:</b>						
Taxable Pension Obligation						
Bonds, Series 2015A	\$ 12,830,000	\$ -	\$ -	\$ (840,000)	\$ 11,990,000	\$ 925,000
Less: unamortized bond discount	(211,533)	-	-	17,386	(194,147)	(17,386)
Lease Revenue Refunding Bonds, Series 2016A	9,635,000	-	-	(535,000)	9,100,000	550,000
Add: unamortized bond premium	598,637	-	-	(44,898)	553,739	44,898
2017 Clean Renewable Energy Bonds	2,273,681	-	-	(125,968)	2,147,713	131,939
Compensated absences	2,420,123	-	2,681,630	(2,457,653)	2,644,100	2,080,907
Claims and judgements	4,925,954	(707,778)	1,913,945	(2,134,321)	3,997,800	999,450
Subscription liability	835,764	(79,565)	46,670	(398,917)	403,952	259,711
<b>Total</b>	<b>\$ 33,307,626</b>	<b>\$ (787,343)</b>	<b>\$ 4,642,245</b>	<b>\$ (6,519,371)</b>	<b>\$ 30,643,157</b>	<b>\$ 4,974,519</b>

#### 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 \$1,440,000.

The amount of bonds outstanding at June 30, 2024 is \$11,990,000.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 925,000	\$ 473,638	\$ 1,398,638
2026	1,010,000	439,144	1,449,144
2027	1,110,000	398,638	1,508,638
2028	1,215,000	352,138	1,567,138
2029	1,320,000	301,438	1,621,438
2030 - 2034	4,450,000	867,926	5,317,926
2035 - 2036	1,960,000	87,501	2,047,501
<b>Total</b>	<b>\$ 11,990,000</b>	<b>\$ 2,920,423</b>	<b>\$ 14,910,423</b>

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 5) LONG-TERM LIABILITES (continued)

#### 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.

The amount of bonds outstanding at June 30, 2024 is \$9,100,000.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 550,000	\$ 314,950	\$ 864,950
2026	570,000	292,550	862,550
2027	595,000	269,250	864,250
2028	620,000	244,950	864,950
2029	645,000	219,650	864,650
2030 - 2034	3,640,000	695,575	4,335,575
2035 - 2037	2,480,000	117,468	2,597,468
Total	<u>\$ 9,100,000</u>	<u>\$ 2,154,393</u>	<u>\$ 11,254,393</u>

#### 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, 2024 is \$2,147,713.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 131,939	\$ 93,928	\$ 225,867
2026	138,111	88,002	226,113
2027	144,490	81,800	226,290
2028	151,082	75,313	226,395
2029	157,894	68,531	226,425
2030 - 2034	899,808	229,884	1,129,692
2035 - 2037	524,389	35,400	559,789
Total	<u>\$ 2,147,713</u>	<u>\$ 672,858</u>	<u>\$ 2,820,571</u>

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 5) LONG-TERM LIABILITES (continued)

#### Compensated Absences

Governmental compensated absences are generally liquidated by the General Fund.

#### Subscription-based Information Technology Arrangements (SBITAs)

As of June 30, 2024, the City had 8 active subscriptions. The subscriptions have payments that range from \$0 to \$193,566 and interest rates that range from 1.7100% to 3.2380%. As of June 30, 2024, the total combined value of the subscription liability is \$403,952, and the total combined value of the short-term subscription liability is \$267,488. The combined value of the right to use asset, as of June 30, 2024 of \$1,177,192 with accumulated amortization of \$670,595 is included in the right-to-use subscriptions classifications of capital assets, found in Note 4. The subscriptions had \$693 of variable payments not included in the subscription liability, within the fiscal year.

Future debt service principal and interest payments on the SBITAs are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 259,711	\$ 7,777	\$ 267,488
2026	62,757	2,564	65,321
2027	26,814	1,399	28,213
2028	27,272	941	28,213
2029	27,398	474	27,872
Total	<u>\$ 403,952</u>	<u>\$ 13,155</u>	<u>\$ 417,107</u>

#### Business-type Activities

Changes in long-term liabilities for business-type activities for the year ended June 30, 2024, are as follows:

	Balance July 1, 2023	Adjustment	Additions	Deletions	Balance June 30, 2024	Due Within One Year
<b>Business-Type Activities:</b>						
2014A Revenue Bond	\$ 9,325,000	\$ -	\$ -	\$ (595,000)	\$ 8,730,000	\$ 625,000
Add: unamortized bond premium	858,732	-	-	(74,673)	784,059	74,673
Compensated absences	217,765	-	233,498	(220,804)	230,459	181,371
Total	<u>\$ 10,401,497</u>	<u>\$ -</u>	<u>\$ 233,498</u>	<u>\$ (890,477)</u>	<u>\$ 9,744,518</u>	<u>\$ 881,044</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 the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 5) LONG-TERM LIABILITES (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 the fiscal year 2023-2024, the net revenues equal 214% of the debt service. Total interest expense for the 2014A bonds was \$364,181 for the year ended June 30, 2024.

Future requirements to amortize outstanding 2014A Revenue Bonds as of June 30, 2024, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 625,000	\$ 332,931	\$ 957,931
2026	655,000	300,181	955,181
2027	690,000	265,681	955,681
2028	725,000	229,431	954,431
2029	765,000	191,181	956,181
2030 - 2034	4,315,000	376,543	4,691,543
2035	955,000	94,525	1,049,525
Total	<u>\$ 8,730,000</u>	<u>\$ 1,790,473</u>	<u>\$ 10,520,473</u>

### Compensated Absences

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

### 6) CLAIMS AND JUDGMENTS

#### Self-Insurance

At June 30, 2024, 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 \$25,000,000 is covered by the use of pooling maintained through the California State Association of Counties Excess Insurance Authority (Insurance Authority). The City also purchased commercial insurance for other risks of loss, including pollution, property loss, fidelity, and vehicle physical damage.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 6) CLAIMS AND JUDGMENTS (continued)

The City is a member of the 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.

#### 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 \$79 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 2023-24.

#### 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
2022-2023	\$ 4,830,132	\$ 1,566,504	\$ (1,470,682)	\$ 4,925,954
2023-2024*	4,218,176	1,913,945	(2,134,321)	3,997,800

\* Beginning balance adjusted, see Note 13

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 7) OTHER POST-EMPLOYMENT BENEFITS

#### A. Plan Description

The City administers a single-employer defined benefit 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.

#### *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 five years of service and are eligible for a CalPERS pension.

#### *Employees Covered*

As of measurement date June 30, 2023, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	189
Inactive employees entitled to but not yet receiving benefits	-
Active employees	214
Total	<u>403</u>

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 7) OTHER POST-EMPLOYMENT BENEFITS (continued)

#### A. Plan Description (continued)

##### *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 the fiscal year ending June 30, 2024, the City contributed \$2,622,288 for current premiums.

No contributions were made to the PARS OPEB Trust for the fiscal year ended June 30, 2024. 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.

##### *Method Used to Value Investments*

Investments are reported at fair value, which is determined by the means 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. Net OPEB liability

The City's total OPEB liability was measured as of June 30, 2023, and was used to calculate the net OPEB liability measured as of June 30, 2023.

##### *Actuarial Assumptions*

Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal, Level Percentage of Salary
Actuarial Assumptions:	
Discount Rate	6.28%
Investment Rate of Return	6.58%
Inflation	2.30%
Salary Increase	2.80%**
Healthcare Cost Trend	
Rates:	
Pre-Medicare	7.40%*
Medicare	4.20%*
Mortality Rates	Based on CalPERS tables

\*Trending down to 4.14% over 52 years; applies to calendar years

\*\*Additional merit-based increases based on CalPERS merit salary increase tables.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 7) OTHER POST-EMPLOYMENT BENEFITS (continued)

#### B. Net OPEB liability (continued)

##### *Discount Rate*

The discount rate used to measure the total OPEB liability was 6.28%. 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:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2023 (measurement date 6/30/22)	\$ 37,741,384	\$ 12,376,076	\$ 25,365,308
Service cost	803,013	-	803,013
Interest	2,174,224	-	2,174,224
Differences between expected and actual experience	3,569,475	-	3,569,475
Changes of assumptions	(1,780,592)	-	(1,780,592)
Net investment income	-	947,870	(947,870)
Contributions - city contributions and implicit subsidy	-	2,756,326	(2,756,326)
Benefit payments, including refunds of employee contributions	(1,945,708)	(1,945,708)	-
Implicit subsidy credit	(810,618)	(810,618)	-
Administrative expense	-	(52,696)	52,696
Net changes	<u>2,009,794</u>	<u>895,174</u>	<u>1,114,620</u>
Balance at June 30, 2024 (measurement date 6/30/23)	<u>\$ 39,751,178</u>	<u>\$ 13,271,250</u>	<u>\$ 26,479,928</u>

##### *Change of Assumptions*

The discount rate increased from 5.85% to 6.28%.

##### *Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.28%) or 1-percentage point higher (7.28%) than the current discount rate:

	<u>Discount Rate - 1% (5.28%)</u>	<u>Current Discount Rate (6.28%)</u>	<u>Discount Rate +1% (7.28%)</u>
Net OPEB Liability	\$ 30,563,588	\$ 26,479,928	\$ 22,985,574

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 7) OTHER POST-EMPLOYMENT BENEFITS (continued)

#### C. Changes in the Net OPEB Liability (continued)

##### *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	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 23,083,157	\$ 26,479,928	\$ 30,496,205

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$808,887. At June 30, 2024, 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
OPEB contributions subsequent to measurement date	\$ 2,622,288	\$ -
Differences between expected and actual experience	3,619,183	5,163,201
Changes of assumption	3,878,878	5,864,314
Differences between projected and actual earnings on OPEB plan investments	705,588	-
Total	<u>\$ 10,825,937</u>	<u>\$ 11,027,515</u>

The contributions subsequent to the measurement date of \$2,622,288 will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year. 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 Ended June 30,	Deferred Outflows (Inflows) of Resources
2025	\$ (1,486,698)
2026	(1,539,322)
2027	274,698
2028	(408,341)
2029	107,595
Thereafter	228,202

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024**

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**8) DEFINED BENEFIT PENSION PLANS (CalPERS)**

**A. General Information about the Pension Plans**

*Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in one miscellaneous and one safety plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

*Benefits Provided*

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 with statutorily reduced benefits. 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. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 8) DEFINED BENEFIT PENSION PLANS (CalPERS) (continued)

#### A. General Information about the Pension Plans (continued)

The Plan's provisions and benefits in effect at June 30, 2024 are summarized as follows:

	<b>Miscellaneous</b>		
	<b>Tier I Prior to December 25, 2010</b>	<b>Tier II On or After December 25, 2010</b>	<b>Tier III - PEPRA On or After January 1, 2013</b>
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	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	8.00%	7.00%	6.25%
Required employer contribution rates	14.92%	10.10%	7.68%
	<b>Safety - Police</b>		
	<b>Tier I Prior to December 25, 2010</b>	<b>Tier II On or After December 25, 2010</b>	<b>Tier III - PEPRA On or After January 1, 2013</b>
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	monthly for life	monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	2% to 2.7%
Required employee contribution rates	12.00%	9.00%	11.50%
Required employer contribution rates	29.09%	22.83%	13.54%
	<b>Safety - Fire</b>		
	<b>Tier I Prior to December 25, 2010</b>	<b>Tier II On or After December 25, 2010</b>	<b>Tier III - PEPRA On or After January 1, 2013</b>
Benefit formula	3% @ 50	2% @ 50	2.7% at 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	monthly for life	monthly for life
Retirement age	50	50-55	50-57
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	9.00%	9.00%	11.50%
Required employer contribution rates	29.09%	19.95%	13.54%

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 8) DEFINED BENEFIT PENSION PLANS (CalPERS) (continued)

#### A. General Information about the Pension Plans (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. Employer contributions to the Plan for the fiscal year ended June 30, 2024 were \$13,795,740. The actual employer payments of \$13,725,318 made to CalPERS by the City during the measurement period ended June 30, 2022 differed from the City's proportionate share of the employer's contributions of \$11,288,830 by \$2,436,488, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

#### B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

##### *Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 8) DEFINED BENEFIT PENSION PLANS (CalPERS) (continued)

#### B. Net Pension Liability (continued)

##### *Long-term Expected Rate of Return*

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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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

Asset Class	Assumed Asset Allocation	Real Return <sup>1,2</sup>
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

##### *Change of Assumptions*

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 8) DEFINED BENEFIT PENSION PLANS (CalPERS) (continued)

#### B. Net Pension Liability (continued)

##### *Discount Rate*

The discount rate used to measure the total pension liability for PERF C was 6.90%. 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.

##### *Subsequent Events*

There were no subsequent events that would materially affect the results presented in this disclosure.

##### *Pension Plans Fiduciary Net Position*

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

#### C. Proportionate Share of Net Pension Liability

The following table shows the City's proportionate share of the Plan's net pension liability over the measurement period.

	Increase (Decrease)		
	Proportionate Share of Total Pension Liability	Proportionate Share of Fiduciary Net Position	Proportionate Share of Net Pension Liability
Balance at: 6/30/2022 (VD)	\$ 364,726,345	\$ 266,306,156	\$ 98,420,189
Balance at: 6/30/2023 (MD)	381,988,160	279,270,868	102,717,292
Net Changes during 2022-23	<u>\$ 17,261,815</u>	<u>\$ 12,964,712</u>	<u>\$ 4,297,103</u>

The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The City's proportionate share of the net pension liability for the total Plan as of the June 30, 2023 and 2024 fiscal year ends was as follows:

Proportionate Share - June 30, 2023	0.85206%
Proportionate Share - June 30, 2024	0.82336%
Change - Increase (Decrease)	(0.02870%)

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 8) DEFINED BENEFIT PENSION PLANS (CalPERS) (continued)

#### C. Proportionate Share of Net Pension Liability (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 of the Plan as of the measurement date, calculated using the discount rate of 6.9 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Plan's Net Pension Liability/(Asset)	\$ 154,871,594	\$ 102,717,292	\$ 59,982,044

##### *Amortization of Deferred Outflows and Deferred Inflows of Resources*

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments      5-year straight-line amortization

All other amounts      Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2023 is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 8) DEFINED BENEFIT PENSION PLANS (CalPERS) (continued)

#### D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2022), the City's net pension liability was \$98,420,189. For the measurement period ending June 30, 2022 (the measurement date), the City incurred a pension expense of \$16,491,857.

As of June 30, 2024, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 6,065,233	\$ -
Differences between expected and actual experience	6,759,096	703,033
Differences between projected and actual investment earnings	14,934,571	-
Differences between employer's contributions and proportionate share of contributions	2,946,137	3,344,116
Change in employer's proportion	3,749,460	5,400,052
Pension contributions subsequent to the measurement date	13,795,740	-
Total	<u>\$ 48,250,237</u>	<u>\$ 9,447,201</u>

The amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense. Contributions subsequent to the measurement date of \$13,795,740 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2025	\$ 7,470,108
2026	5,317,047
2027	11,798,853
2028	421,288
2029	-
Thereafter	-

# *City of Fountain Valley*

## **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024**

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### **8) DEFINED BENEFIT PENSION PLANS (CalPERS) (continued)**

#### **E. Payable to the Pension Plan**

At June 30, 2024, the City reported a payable of \$124,199 for the outstanding amount of contributions to the pension plan required for the year then ended.

### **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, 2024, the City's payroll covered by the plan was \$1,030,135 and the City made employer contributions of \$2,021 (3.75% of current covered payroll for employees hired before August 29, 2014).

### **10) LOANS RECEIVABLE**

The City has outstanding rehabilitation and first-time home buyer loans receivable totaling \$871,719 from qualified applicants. Loans receivable of \$8,805,712 is recorded in the Housing Authority Fund; \$195,998 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 was paid off in full in the year ended June 30, 2024.

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, 2024 is \$8,144,339.

# City of Fountain Valley

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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### 11) LEASE RECEIVABLE

As of June 30, 2024, the City had 4 active leases. The leases have receipts that range from \$25,000 to \$424,900 and interest rates of 3.0%. As of June 30, 2024, the total combined value of the lease receivable is \$8,165,565, the total combined value of the short-term lease receivable is \$298,128, and the combined value of the deferred inflow of resources is \$7,715,692. The leases had \$13,489 of variable receipts, not included in the lease receivable, within the fiscal year.

The annual lease receipts expected through maturity are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 298,128	\$ 241,079	\$ 539,207
2026	293,128	232,209	525,337
2027	305,318	223,255	528,573
2028	346,389	213,575	559,964
2029	363,053	202,926	565,979
2030 - 2034	2,111,953	837,357	2,949,310
2035 - 2039	2,749,894	475,334	3,225,228
2040 - 2044	1,649,864	89,340	1,739,204
2045 - 2046	47,838	2,163	50,001
Total	<u>\$ 8,165,565</u>	<u>\$ 2,517,238</u>	<u>\$ 10,682,803</u>

### 12) 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

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

### 13) CORRECTION OF ERROR AND CHANGE IN REPORTING ENTITY

The City previously reported various funds that acted in an internal service capacity, combined with the General Fund. In order to report these activities in accordance with generally accepted accounting principles and GASB Statement 100, these funds have been extracted from the General Fund and separately reported as internal service funds, which qualifies as a change in reporting entity. The respective fund balance and net position for these funds have been restated as of July 1, 2023. In addition, various corrections of errors have been identified, with the fund balance and net position of those funds restated as of July 1, 2023.

	General Fund	Nonmajor Governmental Funds	
Fund balance, beginning of year, as previously reported	\$ 88,662,580	\$	6,389,171
Adjustment - change in reporting entity	(14,554,301)		-
Adjustment - correction of error	-		(180,281)
Fund balance, beginning of year, as restated	\$ 74,108,279	\$	6,208,890

	Internal Service Funds	Water Fund	Governmental Activities
Net position, beginning of year, as previously reported	\$ -	\$ 35,458,546	\$ 129,189,780
Adjustment - change in reporting entity	14,554,301	-	-
Adjustment - correction of error	83,471	535,557	596,103
Net position, beginning of year, as restated	\$ 14,637,772	\$ 35,994,103	\$ 129,785,883

**REQUIRED SUPPLEMENTARY INFORMATION**

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# City of Fountain Valley

## Schedule of Proportionate Share of the Net Pension Liability Last Ten Fiscal Years

Measurement Date	Employer's Proportion of the Collective Net Pension Liability <sup>1</sup>	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
6/30/2014	1.07112%	\$ 61,958,803	\$ 17,787,691	348.32%	76.12%
6/30/2015	1.07012%	73,452,278	18,347,687	400.34%	72.13%
6/30/2016	0.84126%	72,795,357	19,284,950	377.47%	73.43%
6/30/2017	0.82936%	82,249,932	19,741,697	416.63%	72.29%
6/30/2018	0.83345%	80,313,009	18,733,501	428.71%	73.63%
6/30/2019	0.82843%	84,889,944	20,505,883	413.98%	73.27%
6/30/2020	0.81153%	88,298,205	21,555,099	409.64%	73.32%
6/30/2021	0.93115%	50,359,180	21,061,543	239.10%	85.39%
6/30/2022	0.85206%	98,420,189	20,811,283	472.92%	73.02%
6/30/2023	0.82336%	102,717,292	21,770,775	471.81%	73.11%

<sup>1</sup> Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

# City of Fountain Valley

## Schedule of Pension Plan Contributions Last Ten Fiscal Years

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 4,945,455	\$ (4,945,455)	\$ -	\$ 18,347,687	26.95%
6/30/2016	6,447,749	(22,260,050)	(15,812,301)	19,284,950	115.43%
6/30/2017	5,717,808	(5,717,808)	-	19,741,697	28.96%
6/30/2018	6,183,724	(6,183,724)	-	18,733,501	33.01%
6/30/2019	7,352,296	(7,352,296)	-	20,505,883	35.85%
6/30/2020	8,391,979	(8,391,979)	-	21,555,099	38.93%
6/30/2021	11,034,403	(11,034,403)	-	21,061,543	52.39%
6/30/2022	9,991,154	(12,991,154)	(3,000,000)	20,811,283	62.42%
6/30/2023	10,752,318	(13,752,318)	(3,000,000)	21,770,775	63.17%
6/30/2024	10,795,740	(13,795,740)	(3,000,000)	23,157,296	59.57%

### Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, 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 in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

# City of Fountain Valley

## Schedule of Changes in the Net OPEB Liability and Related Ratios Last Ten Fiscal Years\*

Fiscal Year End	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
<b>Total OPEB liability:</b>							
Service cost	\$ 783,000	\$ 853,490	\$ 110,595	\$ 894,122	\$ 918,710	\$ 781,521	\$ 803,013
Interest on total OPEB liability	2,737,000	2,792,205	2,042,543	2,554,439	2,608,735	2,124,178	2,174,224
Benefit payments, including refunds and the implied subsidy benefit payments	(2,209,000)	(2,256,000)	(1,647,702)	(2,620,294)	(2,692,398)	(1,804,338)	(2,756,326)
Expected minus actual benefit payments	-	-	-	74,233	96,952	(364,241)	3,569,475
Actuarial - experience gains (losses)	-	1,808,185	(226,446)	-	(8,423,561)	-	-
Actuarial - changes in assumptions	-	(16,183,013)	8,170,158	-	891,311	-	(1,780,592)
Net change in total OPEB liability	1,311,000	(12,985,133)	8,449,148	902,500	(6,600,251)	737,120	2,009,794
Total OPEB liability -beginning of year	45,927,000	47,238,000	34,252,867	42,702,015	43,604,515	37,004,264	37,741,384
Total OPEB liability - end of year (a)	47,238,000	34,252,867	42,702,015	43,604,515	37,004,264	37,741,384	39,751,178
<b>Plan Fiduciary Net Position:</b>							
Contributions - employer	2,209,000	3,956,000	1,647,702	2,620,294	2,692,398	-	-
Net investment income	807,000	555,665	59,466	(263,144)	711,322	833,476	947,870
Administrative expenses	(20,000)	(45,829)	(43,248)	(50,751)	(54,189)	(57,489)	(52,696)
Employer contributions as benefit payments	-	-	-	-	-	1,804,338	(2,756,326)
Benefit payments, including refunds and the implied subsidy benefit payments	(2,209,000)	(2,256,000)	(1,647,702)	(2,620,294)	(2,692,398)	(1,804,338)	2,756,326
Actuarial - investment gains (losses)	-	5,118	648,267	688,572	1,930,956	(2,676,116)	-
Net change in plan fiduciary net position	787,000	2,214,954	664,485	374,677	2,588,089	(1,900,129)	895,174
Plan fiduciary net position - beginning of year	7,647,000	8,434,000	10,648,954	11,313,439	11,688,116	14,276,205	12,376,076
Plan fiduciary net position - end of year (b)	8,434,000	10,648,954	11,313,439	11,688,116	14,276,205	12,376,076	13,271,250
Net OPEB liability - ending (a)-(b)	\$ 38,804,000	\$ 23,603,913	\$ 31,388,576	\$ 31,916,399	\$ 22,728,059	\$ 25,365,308	\$ 26,479,928
Plan fiduciary net position as a percentage of the total OPEB liability	17.85%	31.09%	26.49%	26.80%	38.58%	32.79%	33.39%
Covered - employee payroll	\$ 19,742,000	\$ 18,734,000	\$ 21,555,000	\$ 21,061,543	\$ 20,811,283	\$ 21,770,775	\$ 21,767,048
Net OPEB liability as percentage of covered - employee payroll	196.56%	126.00%	145.62%	151.54%	109.21%	116.51%	121.65%

**Notes to schedule:**

Changes in assumptions: Discount rate increased from 5.85% to 6.28%.

\*GASB Statement No. 75 was implemented in FY 2018; additional years will be presented as they are available.

# City of Fountain Valley

## Schedule of OPEB Plan Contributions Last Ten Fiscal Years\*

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2018	\$ 3,534,962	\$ (2,209,000)	\$ 1,325,962	\$ 19,742,000	11.19%
6/30/2019	3,699,062	(3,956,000)	(256,938)	18,734,000	21.12%
6/30/2020	1,832,900	(1,647,702)	185,198	21,555,000	7.64%
6/30/2021	3,222,849	(2,620,294)	602,555	21,061,543	12.44%
6/30/2022	3,237,566	(2,692,398)	545,168	20,811,283	12.94%
6/30/2023	2,460,257	(1,804,338)	655,919	21,770,775	8.29%
6/30/2024	2,660,361	(2,756,326)	(95,965)	21,767,048	12.66%

### Notes to Schedule:

#### Assumptions and Methods:

Actuarial cost method:	Entry-age normal, level percent of pay
Amortization method:	Closed period, level percent of pay
Amortization period:	20 years
Inflation:	2.30%
Assumed payroll growth:	2.80%
Healthcare trend rates:	7.40%, trending down to 4.14%
Rate of return on assets:	6.58%
Mortality rate:	CalPERS rates
Retirement rates:	CalPERS rates

\*GASB Statement No. 75 was implemented in FY 2018; additional years will be presented as they are available.

# City of Fountain Valley

## Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – General Fund For the Year Ended June 30, 2024

	Budgeted Amount		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 61,503,740	\$ 61,803,740	\$ 62,161,304	\$ 357,564
Licenses and permits	2,034,500	2,034,500	2,249,296	214,796
Fines and penalties	547,000	497,000	458,155	(38,845)
Investment income	1,111,200	1,111,200	5,172,818	4,061,618
Rental income	1,106,040	1,111,040	1,178,485	67,445
Intergovernmental	869,900	2,424,900	1,280,332	(1,144,568)
Charges for services	7,883,680	7,984,430	8,905,864	921,434
Miscellaneous	1,241,030	914,030	975,297	61,267
<b>Total revenues</b>	<b>76,297,090</b>	<b>77,880,840</b>	<b>82,381,551</b>	<b>4,500,711</b>
<b>Expenditures</b>				
Current:				
General government	8,817,140	8,880,236	16,511,898	(7,631,662)
Public safety	37,421,950	37,328,693	36,707,788	620,905
Transportation	5,073,480	5,154,157	4,436,679	717,478
Community development	5,949,720	6,074,629	5,320,661	753,968
Community services	4,620,050	5,043,409	4,526,955	516,454
Capital outlay	993,705	1,396,578	889,557	507,021
Debt service:				
Principal retirement	840,000	848,563	853,790	(5,227)
Interest	-	-	836	(836)
<b>Total expenditures</b>	<b>63,716,045</b>	<b>64,726,265</b>	<b>69,248,164</b>	<b>(4,521,899)</b>
Excess of Revenues over (under) Expenditures	12,581,045	13,154,575	13,133,387	(21,188)
<b>Other financing sources (uses):</b>				
Transfers in	10,939,270	10,939,270	797,514	(10,141,756)
Transfers out	(20,976,210)	(20,747,810)	(7,951,473)	12,796,337
Issuance of IT subscriptions	-	-	17,265	17,265
<b>Total other financing sources (uses)</b>	<b>(10,036,940)</b>	<b>(9,808,540)</b>	<b>(7,136,694)</b>	<b>2,671,846</b>
Net change in fund balance	2,544,105	3,346,035	5,996,693	2,650,658
Fund balances beginning of fiscal year, as previously reported	88,662,580	88,662,580	88,662,580	-
Prior period restatement:				
Adjustment - change in reporting entity	(14,554,301)	(14,554,301)	(14,554,301)	-
Fund balance, beginning of year, as restated	74,108,279	74,108,279	74,108,279	-
Fund balance at beginning of fiscal year, as restated	74,108,279	74,108,279	74,108,279	-
Fund balance at end of fiscal year	\$ 76,652,384	\$ 77,454,314	\$ 80,104,972	\$ 2,650,658

*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual – Housing Authority Special Revenue Fund  
For the Year Ended June 30, 2024**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ 84,000	\$ 154,000	\$ 364,631	\$ 210,631
Charges for services	-	9,000	9,187	187
Miscellaneous	-	-	6,000	6,000
<b>Total revenues</b>	<u>84,000</u>	<u>163,000</u>	<u>379,818</u>	<u>216,818</u>
<b>Expenditures</b>				
Community development	<u>1,596,355</u>	<u>1,596,355</u>	<u>585,238</u>	<u>1,011,117</u>
<b>Total expenditures</b>	<u>1,596,355</u>	<u>1,596,355</u>	<u>585,238</u>	<u>1,011,117</u>
Net change in fund balance	(1,512,355)	(1,433,355)	(205,420)	1,227,935
Fund balance at beginning of fiscal year	<u>17,931,385</u>	<u>17,931,385</u>	<u>17,931,385</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 16,419,030</u>	<u>\$ 16,498,030</u>	<u>\$ 17,725,965</u>	<u>\$ 1,227,935</u>

**Notes to Required Supplementary Information  
June 30, 2024**

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**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.

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.

# City of Fountain Valley

## Notes to Required Supplementary Information June 30, 2024

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

#### 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	23.5	54.2	77.7	47.1%
Good	75-85	18.9	46.1	65.0	39.4%
Fair	60-74	9.3	9.2	18.5	11.2%
Poor	41-59	2.5	0.7	3.2	1.9%
Very poor	0-40	-	0.4	0.4	0.2%
Totals		54.2	110.6	164.8	100%

The overall condition of the City's pavement network based on the most recent complete assessment performed in fiscal year 2024 was "Very Good" with a weighted average PCI of 84.7 based on the surface area of each segment. The City's four assessments performed previously in fiscal years 2020, 2018, 2016, and 2014 were "Very Good" to "Good" with a weighted average Overall Condition Index (OCI) of 86.4, 86.1, 85.1, and 81.4, respectively.

#### 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.

# City of Fountain Valley

## Notes to Required Supplementary Information June 30, 2024

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

#### 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

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Sidewalks, curbs and gutters:							
Budgeted	296,000	-	296,000	575,000	575,000	-	2,055,000
Actual	-	12,540	9,310	152,184	348,134	-	1,137,293
Roadway Classification:							
Arterial and collectors							
Budgeted	1,426,127	3,259,479	3,800,494	1,819,743	1,920,000	2,377,015	2,890,000
Actual	43,755	1,287,645	2,106,312	1,267,756	1,353,847	2,087,181	528,123
Residential roadway							
Budgeted	1,800,000	1,800,000	2,300,000	2,921,000	2,000,000	3,050,000	1,155,000
Actual	1,535,470	1,485,305	2,287,898	2,615,071	1,798,038	2,864,058	1,137,359

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**SUPPLEMENTARY SCHEDULES**

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# *City of Fountain Valley*

## **Nonmajor Government Funds June 30, 2024**

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### ***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. This fund includes the opioid settlement allocation from the State of California (Abatement Funds) and related opioid remediation 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*

## **Nonmajor Government Funds June 30, 2024**

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### ***Capital Project 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.

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# City of Fountain Valley

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2024

	Special Revenue Funds				
	Criminal Activities	Road Maint and Rehab Program SB1	Gas Tax	Abandoned Vehicle Abatement	Traffic Improvement
<b>Assets:</b>					
Cash and investments	\$ 1,199,508	\$ 887,406	\$ 654,283	\$ 4,567	\$ 1,328,397
Receivables:					
Accounts	5,113	257,100	135,593	-	-
Loans	-	-	-	-	-
Restricted assets:					
Restricted cash and investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,204,621</b>	<b>\$ 1,144,506</b>	<b>\$ 789,876</b>	<b>\$ 4,567</b>	<b>\$ 1,328,397</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	140,455	-	82,338
Unearned revenues	213,585	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>213,585</b>	<b>-</b>	<b>140,455</b>	<b>-</b>	<b>82,338</b>
Deferred inflows of resources:					
Unavailable revenues	5,113	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>5,113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Public safety	985,923	-	-	-	-
Transportation	-	1,144,506	649,421	4,567	1,246,059
Housing	-	-	-	-	-
Community development	-	-	-	-	-
Debt service	-	-	-	-	-
<b>Assigned:</b>					
Capital projects	-	-	-	-	-
<b>Total fund balances</b>	<b>985,923</b>	<b>1,144,506</b>	<b>649,421</b>	<b>4,567</b>	<b>1,246,059</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficit)</b>	<b>\$ 1,204,621</b>	<b>\$ 1,144,506</b>	<b>\$ 789,876</b>	<b>\$ 4,567</b>	<b>\$ 1,328,397</b>

Special Revenue Funds				Debt Service Fund	Capital Projects Fund	
Pollution Reduction	HOME Grant	Measure M2	Community Development Block Grant	Fountain Valley Public Financing Authority	Drainage	Total
\$ 569,404	\$ 332,249	\$ 4,125,751	\$ 3,616	\$ 276,537	\$ 60,078	\$ 9,441,796
19,172	-	254,193	41,467	-	-	712,638
-	14,348	-	195,998	-	-	210,346
-	-	-	-	2	-	2
<u>\$ 588,576</u>	<u>\$ 346,597</u>	<u>\$ 4,379,944</u>	<u>\$ 241,081</u>	<u>\$ 276,539</u>	<u>\$ 60,078</u>	<u>\$ 10,364,782</u>
\$ -	\$ -	\$ -	\$ 23,387	\$ -	\$ -	\$ 23,387
-	-	-	-	-	-	222,793
-	-	-	-	-	-	213,585
-	-	-	21,697	276,537	-	298,234
-	-	-	45,084	276,537	-	757,999
19,172	-	-	-	-	-	24,285
<u>19,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,285</u>
569,404	-	-	-	-	-	1,555,327
-	-	4,379,944	-	-	-	7,424,497
-	346,597	-	-	-	-	346,597
-	-	-	195,997	-	-	195,997
-	-	-	-	2	-	2
-	-	-	-	-	60,078	60,078
<u>569,404</u>	<u>346,597</u>	<u>4,379,944</u>	<u>195,997</u>	<u>2</u>	<u>60,078</u>	<u>9,582,498</u>
<u>\$ 588,576</u>	<u>\$ 346,597</u>	<u>\$ 4,379,944</u>	<u>\$ 241,081</u>	<u>\$ 276,539</u>	<u>\$ 60,078</u>	<u>\$ 10,364,782</u>

# City of Fountain Valley

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2024

	Special Revenue Funds				
	Criminal Activities	Road Maint and Rehab Program SB1	Gas Tax	Abandoned Vehicle Abatement	Traffic Improvement
<b>Revenues:</b>					
Investment income	\$ 24,586	\$ 26,005	\$ 19,459	\$ 120	\$ 18,734
Intergovernmental	289,374	1,475,228	1,569,419	-	743,268
Charges for services	550	-	-	-	10,301
<b>Total revenues</b>	<b>314,510</b>	<b>1,501,233</b>	<b>1,588,878</b>	<b>120</b>	<b>772,303</b>
<b>Expenditures:</b>					
Current:					
Public safety	132,068	-	-	-	-
Transportation	-	-	-	-	4,415
Community development	-	-	-	-	-
Community services	-	-	-	863	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>132,068</b>	<b>-</b>	<b>-</b>	<b>863</b>	<b>4,415</b>
Excess (deficiency) of revenues over (under) expenditures	182,442	1,501,233	1,588,878	(743)	767,888
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(597,570)	(1,592,113)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(597,570)</b>	<b>(1,592,113)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	182,442	903,663	(3,235)	(743)	767,888
Fund balances - beginning of fiscal year, as previously reported	846,308	240,843	790,110	5,310	478,171
Adjustment - correction of error	(42,827)	-	(137,454)	-	-
Fund balances - beginning of fiscal year, as restated	803,481	240,843	652,656	5,310	478,171
<b>Fund balances - end of fiscal year</b>	<b>\$ 985,923</b>	<b>\$ 1,144,506</b>	<b>\$ 649,421</b>	<b>\$ 4,567</b>	<b>\$ 1,246,059</b>

Special Revenue Funds				Debt Service Fund	Capital Projects Fund	
Pollution Reduction	HOME Grant	Measure M2	Community Development Block Grant	Fountain Valley Public Financing Authority	Drainage	Total
\$ 13,971	\$ 8,241	\$ 100,337	\$ -	\$ 2	\$ -	\$ 211,455
76,347	-	1,595,457	332,128	-	-	6,081,221
-	-	-	-	-	4,507	15,358
<u>90,318</u>	<u>8,241</u>	<u>1,695,794</u>	<u>332,128</u>	<u>2</u>	<u>4,507</u>	<u>6,308,034</u>
-	-	-	-	-	-	132,068
-	-	-	-	-	-	4,415
-	-	-	313,437	-	-	313,437
-	-	-	-	-	-	863
-	-	-	-	660,968	-	660,968
-	-	-	-	436,236	-	436,236
-	-	-	<u>313,437</u>	<u>1,097,204</u>	-	<u>1,547,987</u>
<u>90,318</u>	<u>8,241</u>	<u>1,695,794</u>	<u>18,691</u>	<u>(1,097,202)</u>	<u>4,507</u>	<u>4,760,047</u>
-	-	-	-	1,097,202	-	1,097,202
(21,059)	-	(272,899)	-	-	-	(2,483,641)
<u>(21,059)</u>	<u>-</u>	<u>(272,899)</u>	<u>-</u>	<u>1,097,202</u>	<u>-</u>	<u>(1,386,439)</u>
69,259	8,241	1,422,895	18,691	-	4,507	3,373,608
500,145	338,356	2,957,049	177,306	2	55,571	6,389,171
-	-	-	-	-	-	(180,281)
<u>500,145</u>	<u>338,356</u>	<u>2,957,049</u>	<u>177,306</u>	<u>2</u>	<u>55,571</u>	<u>6,208,890</u>
<u>\$ 569,404</u>	<u>\$ 346,597</u>	<u>\$4,379,944</u>	<u>\$ 195,997</u>	<u>\$ 2</u>	<u>\$ 60,078</u>	<u>\$ 9,582,498</u>

*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Criminal Activities Special Revenue Fund  
For the Year Ended June 30, 2024**

	<b>Budgeted Amount</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	\$ 8,250	\$ 8,250	\$ 24,586	\$ 16,336
Intergovernmental	160,000	220,000	289,374	69,374
Charges for services	-	-	550	550
<b>Total revenues</b>	<b>168,250</b>	<b>228,250</b>	<b>314,510</b>	<b>86,260</b>
<b>Expenditures</b>				
Current:				
Public safety	207,640	267,640	132,068	135,572
<b>Total expenditures</b>	<b>207,640</b>	<b>267,640</b>	<b>132,068</b>	<b>135,572</b>
Net change in fund balance	(39,390)	(39,390)	182,442	221,832
Fund balance at beginning of fiscal year, as restated	803,481	803,481	803,481	-
Fund balance at end of fiscal year	<b>\$ 764,091</b>	<b>\$ 764,091</b>	<b>\$ 985,923</b>	<b>\$ 221,832</b>

*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Road Maintenance and Rehabilitation Program (SB1) Special  
Revenue Fund  
For the Year Ended June 30, 2024**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ 7,250	\$ 7,250	\$ 26,005	\$ 18,755
Intergovernmental	1,413,160	1,413,160	1,475,228	62,068
<b>Total revenues</b>	<u>1,420,410</u>	<u>1,420,410</u>	<u>1,501,233</u>	<u>80,823</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,420,410</u>	<u>1,420,410</u>	<u>1,501,233</u>	<u>80,823</u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>(1,413,160)</u>	<u>(1,413,160)</u>	<u>(597,570)</u>	<u>815,590</u>
<b>Total other financing sources (uses)</b>	<u>(1,413,160)</u>	<u>(1,413,160)</u>	<u>(597,570)</u>	<u>815,590</u>
Net change in fund balance	7,250	7,250	903,663	896,413
Fund balance at beginning of fiscal year	<u>240,843</u>	<u>240,843</u>	<u>240,843</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 248,093</u>	<u>\$ 248,093</u>	<u>\$ 1,144,506</u>	<u>\$ 896,413</u>

*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Gas Tax Special Revenue Fund  
For the Year Ended June 30, 2024**

	<b>Budgeted Amount</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	\$ 22,950	\$ 22,950	\$ 19,459	\$ (3,491)
Intergovernmental	1,636,500	1,636,500	1,569,419	(67,081)
<b>Total revenues</b>	<u>1,659,450</u>	<u>1,659,450</u>	<u>1,588,878</u>	<u>(70,572)</u>
<b>Expenditures</b>				
Current:				
Transportation	73,500	73,500	-	73,500
<b>Total expenditures</b>	<u>73,500</u>	<u>73,500</u>	<u>-</u>	<u>73,500</u>
Excess (Deficiency) of Revenues over (under) Expenditures	1,732,950	1,585,950	1,588,878	2,928
<b>Other financing sources (uses)</b>				
Transfers out	(1,654,575)	(1,704,575)	(1,592,113)	112,462
<b>Total other financing sources (uses)</b>	<u>(1,654,575)</u>	<u>(1,704,575)</u>	<u>(1,592,113)</u>	<u>112,462</u>
Net change in fund balance	78,375	(118,625)	(3,235)	115,390
Fund balance at beginning of fiscal year, as restated	<u>652,656</u>	<u>652,656</u>	<u>652,656</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 731,031</u>	<u>\$ 534,031</u>	<u>\$ 649,421</u>	<u>\$ 115,390</u>

*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Abandoned Vehicle Abatement Special Revenue Fund  
For the Year Ended June 30, 2024**

	<b>Budgeted Amount</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	\$ 100	\$ 100	\$ 120	\$ 20
<b>Total revenues</b>	<u>100</u>	<u>100</u>	<u>120</u>	<u>20</u>
<b>Expenditures</b>				
Current:				
Community services	<u>1,190</u>	<u>1,190</u>	<u>863</u>	<u>327</u>
<b>Total expenditures</b>	<u>1,190</u>	<u>1,190</u>	<u>863</u>	<u>327</u>
Net change in fund balance	(1,090)	(1,090)	(743)	347
Fund balance at beginning of fiscal year	<u>5,310</u>	<u>5,310</u>	<u>5,310</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 4,220</u>	<u>\$ 4,220</u>	<u>\$ 4,567</u>	<u>\$ 347</u>

*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Traffic Improvement Special Revenue Fund  
For the Year Ended June 30, 2024**

	<b>Budgeted Amount</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	\$ 19,000	\$ 19,000	\$ 18,734	\$ (266)
Intergovernmental	-	-	743,268	743,268
Charges for services	10,000	10,000	10,301	301
<b>Total revenues</b>	<u>29,000</u>	<u>29,000</u>	<u>772,303</u>	<u>743,303</u>
<b>Expenditures</b>				
Current:				
Transportation	-	50,000	4,415	45,585
Capital outlay	65,000	15,000	-	15,000
<b>Total expenditures</b>	<u>65,000</u>	<u>65,000</u>	<u>4,415</u>	<u>60,585</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(36,000)</u>	<u>(36,000)</u>	<u>767,888</u>	<u>803,888</u>
<b>Other financing sources (uses)</b>				
Transfers out	(23,000)	(23,000)	-	23,000
<b>Total other financing sources (uses)</b>	<u>(23,000)</u>	<u>(23,000)</u>	<u>-</u>	<u>23,000</u>
Net change in fund balance	(59,000)	(59,000)	767,888	826,888
Fund balance at beginning of fiscal year	478,171	478,171	478,171	-
Fund balance at end of fiscal year	<u>\$ 419,171</u>	<u>\$ 419,171</u>	<u>\$ 1,246,059</u>	<u>\$ 826,888</u>

*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Pollution Reduction Special Revenue Fund  
For the Year Ended June 30, 2024**

	<b>Budgeted Amount</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	\$ 7,650	\$ 7,650	\$ 13,971	\$ 6,321
Intergovernmental	74,000	74,000	76,347	
<b>Total revenues</b>	<u>81,650</u>	<u>81,650</u>	<u>90,318</u>	<u>6,321</u>
<b>Expenditures</b>				
Current:				
Public safety	2,000	2,000	-	2,000
<b>Total expenditures</b>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>79,650</u>	<u>79,650</u>	<u>90,318</u>	<u>10,668</u>
<b>Other financing sources (uses)</b>				
Transfers out	(220,000)	(295,000)	(21,059)	273,941
<b>Total other financing sources (uses)</b>	<u>(220,000)</u>	<u>(295,000)</u>	<u>(21,059)</u>	<u>273,941</u>
Net change in fund balance	(140,350)	(215,350)	69,259	284,609
Fund balance at beginning of fiscal year	<u>500,145</u>	<u>500,145</u>	<u>500,145</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 359,795</u>	<u>\$ 284,795</u>	<u>\$ 569,404</u>	<u>\$ 284,609</u>

*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – HOME Grants Special Revenue Fund  
For the Year Ended June 30, 2024**

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	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ 4,350	\$ 4,350	\$ 8,241	\$ 3,891
<b>Total revenues</b>	<u>4,350</u>	<u>4,350</u>	<u>8,241</u>	<u>3,891</u>
Net change in fund balance	4,350	4,350	8,241	3,891
Fund balance at beginning of fiscal year	<u>338,356</u>	<u>338,356</u>	<u>338,356</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 342,706</u>	<u>\$ 342,706</u>	<u>\$ 346,597</u>	<u>\$ 3,891</u>

*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Measure M2 Special Revenue Fund  
For the Year Ended June 30, 2024**

	<b>Budgeted Amount</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	\$ 47,750	\$ 47,750	\$ 100,337	\$ 52,587
Intergovernmental	1,690,130	1,690,130	1,595,457	(94,673)
<b>Total revenues</b>	<u>1,737,880</u>	<u>1,737,880</u>	<u>1,695,794</u>	<u>(42,086)</u>
<b>Other financing sources (uses)</b>				
Transfers out	(2,641,455)	(2,971,299)	(272,899)	2,698,400
<b>Total other financing sources (uses)</b>	<u>(2,641,455)</u>	<u>(2,971,299)</u>	<u>(272,899)</u>	<u>2,698,400</u>
Net change in fund balance	(903,575)	(1,233,419)	1,422,895	2,656,314
Fund balance at beginning of fiscal year	2,957,049	2,957,049	2,957,049	-
Fund balance at end of fiscal year	<u>\$ 2,053,474</u>	<u>\$ 1,723,630</u>	<u>\$ 4,379,944</u>	<u>\$ 2,656,314</u>

*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Community Development Block Grant Special Revenue Fund  
For the Year Ended June 30, 2024**

	<b>Budgeted Amount</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 532,285	\$ 532,285	\$ 332,128	\$ (200,157)
<b>Total revenues</b>	<u>532,285</u>	<u>532,285</u>	<u>332,128</u>	<u>(200,157)</u>
<b>Expenditures</b>				
Current:				
Community development	532,285	504,938	313,437	191,501
Debt service:				
Principal	-	27,347	-	27,347
<b>Total expenditures</b>	<u>532,285</u>	<u>532,285</u>	<u>313,437</u>	<u>218,848</u>
Net change in fund balance	-	-	18,691	18,691
Fund balance at beginning of fiscal year	<u>177,306</u>	<u>177,306</u>	<u>177,306</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 177,306</u>	<u>\$ 177,306</u>	<u>\$ 195,997</u>	<u>\$ 18,691</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  
For the Year Ended June 30, 2024**

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 2	\$ 2
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<b>Expenditures</b>				
Debt service:				
Principal	660,970	660,970	660,968	2
Interest	436,240	436,240	436,236	4
<b>Total expenditures</b>	<u>1,097,210</u>	<u>1,097,210</u>	<u>1,097,204</u>	<u>6</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,097,210)</u>	<u>(1,097,210)</u>	<u>(1,097,202)</u>	<u>8</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,097,210	1,097,210	1,097,202	(8)
<b>Total other financing sources (uses)</b>	<u>1,097,210</u>	<u>1,097,210</u>	<u>1,097,202</u>	<u>(8)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of fiscal year	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>

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*City of Fountain Valley*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Drainage Capital Projects Fund  
For the Year Ended June 30, 2024**

	<b>Budgeted Amount</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 1,000	\$ 1,000	\$ 4,507	\$ 3,507
<b>Total revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>4,507</b>	<b>3,507</b>
<b>Expenditures</b>				
Capital outlay	410,000	410,000	-	410,000
<b>Total expenditures</b>	<b>410,000</b>	<b>410,000</b>	<b>-</b>	<b>410,000</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(409,000)	(409,000)	4,507	413,507
<b>Other financing sources (uses)</b>				
Transfers in	410,000	410,000	-	(410,000)
<b>Total other financing sources (uses)</b>	<b>410,000</b>	<b>410,000</b>	<b>-</b>	<b>(410,000)</b>
Net change in fund balance	1,000	1,000	4,507	3,507
Fund balance at beginning of fiscal year	55,571	55,571	55,571	-
Fund balance at end of fiscal year	\$ 56,571	\$ 56,571	\$ 60,078	\$ 3,507

# City of Fountain Valley

## Combining Statement of Net Position Internal Service Funds June 30, 2024

	<u>Information Technology</u>	<u>Government Buildings</u>	<u>Fleet Management</u>
<b>Assets:</b>			
Current:			
Cash and investments	\$ 1,960,807	\$ 5,314,612	\$ 4,063,241
Accounts receivable	-	-	-
Inventory	-	-	12,590
Prepaid items	162,100	-	-
<b>Total current assets</b>	<u>2,122,907</u>	<u>5,314,612</u>	<u>4,075,831</u>
Noncurrent:			
Capital assets - net of accumulated depreciation	553,405	53,894	833,435
Total capital assets, net	<u>553,405</u>	<u>53,894</u>	<u>833,435</u>
<b>Total noncurrent assets</b>	<u>553,405</u>	<u>53,894</u>	<u>833,435</u>
<b>Total assets</b>	<u>2,676,312</u>	<u>5,368,506</u>	<u>4,909,266</u>
<b>Liabilities:</b>			
Current:			
Accounts payable	79,979	160,143	144,905
Long-term liabilities, current portion	245,216	-	-
<b>Total current liabilities</b>	<u>325,195</u>	<u>160,143</u>	<u>144,905</u>
Noncurrent:			
Long-term liabilities, net	139,173	-	-
<b>Total noncurrent liabilities</b>	<u>139,173</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>464,368</u>	<u>160,143</u>	<u>144,905</u>
<b>Net position:</b>			
Net investment in capital assets	169,016	53,894	833,435
Unrestricted	2,042,928	5,154,469	3,930,926
<b>Total net position</b>	<u>\$ 2,211,944</u>	<u>\$ 5,208,363</u>	<u>\$ 4,764,361</u>

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<u>Capital Equipment</u>	<u>Self Insurance</u>	<u>Total</u>
\$ 1,440,302	\$ 3,403,919	\$ 16,182,881
-	250,000	250,000
-	-	12,590
-	-	162,100
<u>1,440,302</u>	<u>3,653,919</u>	<u>16,607,571</u>
<u>-</u>	<u>-</u>	<u>1,440,734</u>
<u>-</u>	<u>-</u>	<u>1,440,734</u>
<u>-</u>	<u>-</u>	<u>1,440,734</u>
<u>1,440,302</u>	<u>3,653,919</u>	<u>18,048,305</u>
37,291	100,563	522,881
-	-	245,216
<u>37,291</u>	<u>100,563</u>	<u>768,097</u>
<u>-</u>	<u>-</u>	<u>139,173</u>
<u>-</u>	<u>-</u>	<u>139,173</u>
<u>37,291</u>	<u>100,563</u>	<u>907,270</u>
-	-	1,056,345
1,403,011	3,553,356	16,084,690
<u>\$ 1,403,011</u>	<u>\$ 3,553,356</u>	<u>\$ 17,141,035</u>

# City of Fountain Valley

## Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the Year Ended June 30, 2024

	Information Technology	Government Buildings	Fleet Management
<b>Operating revenues</b>			
Charges for services	\$ 3,018,890	\$ 2,684,840	\$ 2,545,295
Miscellaneous	30,719	-	-
<b>Total operating revenues</b>	<u>3,049,609</u>	<u>2,684,840</u>	<u>2,545,295</u>
<b>Operating expenses:</b>			
Personnel services	602,779	489,731	451,169
Maintenance and operations	669,013	1,319,783	621,149
Equipment and software	1,059,851	43,540	102,275
Insurance premiums	-	-	-
Depreciation	384,820	4,835	76,624
<b>Total operating expenses</b>	<u>2,716,463</u>	<u>1,857,889</u>	<u>1,251,217</u>
Operating income	<u>333,146</u>	<u>826,951</u>	<u>1,294,078</u>
<b>Nonoperating revenue (expense):</b>			
Sale of assets	-	-	268
<b>Total non-operating revenue (expense)</b>	<u>-</u>	<u>-</u>	<u>268</u>
Income before transfers	<u>333,146</u>	<u>826,951</u>	<u>1,294,346</u>
<b>Transfers</b>			
Transfers in	-	-	365,000
<b>Total transfers</b>	<u>-</u>	<u>-</u>	<u>365,000</u>
Net change in net position	333,146	826,951	1,659,346
Net position - beginning of fiscal year, as previously reported	-	-	-
Adjustment - change in reporting entity	1,795,327	4,381,412	3,105,015
Adjustment - correction of error	83,471	-	-
Net position - beginning of year, as restated	<u>1,878,798</u>	<u>4,381,412</u>	<u>3,105,015</u>
<b>Net position - end of fiscal year</b>	<u>\$ 2,211,944</u>	<u>\$ 5,208,363</u>	<u>\$ 4,764,361</u>

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<b>Capital Equipment</b>	<b>Self Insurance</b>	<b>Total</b>
\$ 326,305	\$ 3,087,953	\$ 11,663,283
-	-	30,719
<u>326,305</u>	<u>3,087,953</u>	<u>11,694,002</u>
-	2,086,049	3,629,728
-	33,478	2,643,423
186,298	-	1,391,964
-	1,424,613	1,424,613
-	-	466,279
<u>186,298</u>	<u>3,544,140</u>	<u>9,556,007</u>
<u>140,007</u>	<u>(456,187)</u>	<u>2,137,995</u>
-	-	268
-	-	268
<u>140,007</u>	<u>(456,187)</u>	<u>2,138,263</u>
-	-	365,000
-	-	365,000
<u>140,007</u>	<u>(456,187)</u>	<u>2,503,263</u>
-	-	-
1,263,004	4,009,543	14,554,301
-	-	83,471
<u>1,263,004</u>	<u>4,009,543</u>	<u>14,637,772</u>
<u>\$ 1,403,011</u>	<u>\$ 3,553,356</u>	<u>\$ 17,141,035</u>

# City of Fountain Valley

## Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2024

	Information Technology	Government Buildings	Fleet Management
<b>Cash flows from operating activities:</b>			
Cash received from customers and users	\$ 3,049,609	\$ 2,684,840	\$ 2,545,295
Cash paid to suppliers for goods and services	(1,750,275)	(1,314,324)	(662,076)
Cash paid to employees for services	(602,779)	(489,731)	(451,169)
<b>Net cash provided by operating activities</b>	<u>696,555</u>	<u>880,785</u>	<u>1,432,050</u>
<b>Cash flows from noncapital activities:</b>			
Cash paid from other funds for advances	-	-	365,000
<b>Net cash used by noncapital activities</b>	<u>-</u>	<u>-</u>	<u>365,000</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(85,238)	(58,729)	(910,059)
Proceeds from sales of assets	-	-	268
Loan payment	(385,127)	-	-
<b>Net cash used by capital and related financing activities</b>	<u>(470,365)</u>	<u>(58,729)</u>	<u>(909,791)</u>
Net increase in cash and cash equivalents	226,190	822,056	887,259
Cash and cash equivalents at beginning of fiscal year	1,734,617	4,492,556	3,175,982
<b>Cash and cash equivalents at end of fiscal year</b>	<u>\$ 1,960,807</u>	<u>\$ 5,314,612</u>	<u>\$ 4,063,241</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ 333,146	\$ 826,951	\$ 1,294,078
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation	384,820	4,835	76,624
Decrease (increase) in receivables	-	-	-
Decrease (increase) in prepaid items	(24,695)	-	-
Increase (decrease) in accounts payable	3,284	48,999	61,348
Increase (decrease) in accrued claims payable	-	-	-
<b>Total adjustments</b>	<u>363,409</u>	<u>53,834</u>	<u>137,972</u>
<b>Net cash provided by operating activities</b>	<u>\$ 696,555</u>	<u>\$ 880,785</u>	<u>\$ 1,432,050</u>

<b>Capital Equipment</b>	<b>Self Insurance</b>	<b>Total</b>
\$ 339,235	\$ 2,837,953	\$ 11,456,932
(236,454)	(1,426,173)	(5,389,302)
-	(2,086,049)	(3,629,728)
<u>102,781</u>	<u>(674,269)</u>	<u>2,437,902</u>
-	-	365,000
-	-	<u>365,000</u>
-	-	(1,054,026)
-	-	268
-	-	<u>(385,127)</u>
-	-	<u>(1,438,885)</u>
102,781	(674,269)	1,364,017
<u>1,337,521</u>	<u>4,078,188</u>	<u>14,818,864</u>
<u>\$ 1,440,302</u>	<u>\$ 3,403,919</u>	<u>\$ 16,182,881</u>
<u>\$ 140,007</u>	<u>\$ (456,187)</u>	<u>\$ 2,137,995</u>
-	-	466,279
12,930	(250,000)	(237,070)
-	-	(24,695)
(50,156)	31,918	95,393
-	-	-
<u>(37,226)</u>	<u>(218,082)</u>	<u>299,907</u>
<u>\$ 102,781</u>	<u>\$ (674,269)</u>	<u>\$ 2,437,902</u>

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## STATISICAL SECTION

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# CITY OF FOUNTAIN VALLEY

## Description of Statistical Section Contents

June 30, 2024

This part of the City of Fountain Valley's annual comprehensive 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>
<b>Financial Trends</b> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	96
<b>Revenue Capacity</b> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	101
<b>Debt Capacity</b> - 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.	105
<b>Demographic and Economic Information</b> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	110
<b>Operating Information</b> - 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.	113

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# City of Fountain Valley

## Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Governmental activities:</b>										
Net Investment in Capital Assets	\$ 97,768,732	\$ 95,231,907	\$ 93,401,436	\$ 97,951,856	\$ 101,064,072	\$ 103,764,607	\$ 107,617,521	\$ 107,890,367	\$ 118,812,613	\$ 122,451,600
Restricted	19,856,331	24,307,690	26,763,094	35,436,520	33,994,978	29,866,794	28,451,630	29,865,667	27,459,109	46,854,171
Unrestricted (deficit)	(33,410,687)	(39,176,211)	(39,063,347)	(73,293,802)	(67,204,319)	(63,160,488)	(49,292,105)	(28,855,352)	(17,081,942)	(21,712,674)
<b>Total governmental activities net assets</b>	<b>\$ 84,214,376</b>	<b>\$ 80,363,386</b>	<b>\$ 81,101,183</b>	<b>\$ 60,094,574</b>	<b>\$ 67,854,731</b>	<b>\$ 70,470,913</b>	<b>\$ 86,777,046</b>	<b>\$ 108,900,682</b>	<b>\$ 129,189,780</b>	<b>\$ 147,593,097</b>
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$ 22,427,033	\$ 22,772,437	\$ 22,721,048	\$ 22,877,809	\$ 22,720,616	\$ 23,153,001	\$ 25,735,726	\$ 24,914,150	\$ 24,404,708	\$ 24,572,602
Restricted	9,720,189	-	-	-	-	-	-	-	-	-
Unrestricted	(3,417,051)	7,465,990	8,378,389	6,367,172	9,938,356	13,563,383	15,478,713	19,696,705	27,757,531	31,783,995
<b>Total business-type activity net assets</b>	<b>\$ 28,730,171</b>	<b>\$ 30,238,427</b>	<b>\$ 31,099,437</b>	<b>\$ 29,244,981</b>	<b>\$ 32,658,972</b>	<b>\$ 36,716,384</b>	<b>\$ 41,214,439</b>	<b>\$ 44,610,855</b>	<b>\$ 52,162,239</b>	<b>\$ 56,356,597</b>
<b>Primary government:</b>										
Net Investment in Capital Assets	\$ 120,195,765	\$ 118,004,344	\$ 116,122,484	\$ 120,829,665	\$ 123,784,688	\$ 126,917,608	\$ 133,353,247	\$ 132,804,517	\$ 143,217,321	\$ 147,024,202
Restricted	29,576,520	24,307,690	26,763,094	35,436,520	33,994,978	29,866,794	28,451,630	29,865,667	27,459,109	46,854,171
Unrestricted	(36,827,738)	(31,710,221)	(30,684,958)	(66,926,630)	(57,265,963)	(49,597,105)	(33,813,392)	(9,158,647)	10,675,589	10,071,321
<b>Total primary government net assets</b>	<b>\$ 112,944,547</b>	<b>\$ 110,601,813</b>	<b>\$ 112,200,620</b>	<b>\$ 89,339,555</b>	<b>\$ 100,513,703</b>	<b>\$ 107,187,297</b>	<b>\$ 127,991,485</b>	<b>\$ 153,511,537</b>	<b>\$ 181,352,019</b>	<b>\$ 203,949,694</b>

# 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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 3,394,812	\$ 4,060,614	\$ 3,490,836	\$ 5,355,236	\$ 6,367,611	\$ 5,465,753	\$ 5,496,861	\$ 7,138,620	\$ 4,113,134	\$ 15,634,174
Public safety	27,397,338	30,519,703	30,725,287	35,670,029	36,295,298	38,015,694	35,711,555	30,384,895	42,181,933	37,647,876
Transportation	8,270,272	7,228,722	9,956,544	8,613,423	11,109,470	12,176,938	11,972,499	12,598,733	9,633,255	7,191,749
Community development	5,068,347	4,962,051	4,986,214	5,306,588	5,159,303	5,237,500	6,637,024	6,638,725	5,480,927	6,248,000
Community services	2,602,832	2,770,264	3,090,014	3,424,384	3,728,605	3,164,169	2,807,876	3,735,705	2,925,694	4,259,013
Interest and other charges	334,168	600,774	332,056	640,767	549,006	499,535	477,206	452,983	425,387	393,715
<b>Total governmental activities expenses</b>	<b>\$ 47,067,769</b>	<b>\$ 50,142,128</b>	<b>\$ 52,580,951</b>	<b>\$ 59,010,427</b>	<b>\$ 63,209,293</b>	<b>\$ 64,559,589</b>	<b>\$ 63,103,021</b>	<b>\$ 60,949,661</b>	<b>\$ 64,760,330</b>	<b>\$ 71,374,527</b>
<b>Business-type activity:</b>										
Water	12,173,386	12,198,363	13,474,865	15,563,270	12,060,429	13,319,761	15,403,363	16,095,806	10,474,663	17,616,366
Sewer	1,050,288	1,187,547	1,586,054	1,621,912	1,265,982	990,369	1,184,187	1,369,997	1,025,684	1,839,256
Solid Waste	2,976,404	2,979,627	2,995,313	3,240,886	3,307,447	3,484,877	3,730,439	3,853,705	4,428,766	4,858,073
<b>Total business-type activity expenses</b>	<b>\$ 16,200,078</b>	<b>\$ 16,365,537</b>	<b>\$ 18,056,232</b>	<b>\$ 20,426,068</b>	<b>\$ 16,633,858</b>	<b>\$ 17,795,007</b>	<b>\$ 20,317,989</b>	<b>\$ 21,319,508</b>	<b>\$ 15,929,113</b>	<b>\$ 24,313,695</b>
<b>Total primary government expenses</b>	<b>\$ 63,267,847</b>	<b>\$ 66,507,665</b>	<b>\$ 70,637,183</b>	<b>\$ 79,436,495</b>	<b>\$ 79,843,151</b>	<b>\$ 82,354,596</b>	<b>\$ 83,421,010</b>	<b>\$ 82,269,169</b>	<b>\$ 80,689,443</b>	<b>\$ 95,688,222</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	1,541,214	1,485,945	1,322,154	1,263,170	1,709,408	1,584,928	4,444,160	3,027,505	1,275,650	3,258,353
Public safety	2,407,751	2,580,643	2,628,927	2,779,810	2,590,953	2,476,200	3,538,314	4,314,296	3,957,206	5,561,826
Transportation	-	-	-	-	-	44,865	-	-	-	-
Community development	1,798,307	1,857,165	1,990,806	1,992,671	1,922,787	1,961,130	2,908,827	3,073,777	3,310,491	3,243,172
Community services	2,031,969	1,335,765	1,406,686	1,316,668	1,991,614	782,464	297,772	855,376	1,044,724	1,439,014
Operating grants and contributions	3,844,012	3,342,815	4,632,452	4,403,294	6,664,738	5,406,933	6,564,949	13,553,937	6,645,582	6,762,548
Capital grants and contributions	-	-	-	-	46,100	-	1,131,106	704,835	1,935,254	1,268,710
<b>Total governmental activities program revenues</b>	<b>\$ 11,623,253</b>	<b>\$ 10,602,333</b>	<b>\$ 11,981,025</b>	<b>\$ 11,755,613</b>	<b>\$ 14,925,600</b>	<b>\$ 12,256,520</b>	<b>\$ 18,885,128</b>	<b>\$ 25,529,726</b>	<b>\$ 18,168,907</b>	<b>\$ 21,533,623</b>
<b>Business-type activities:</b>										
Charges for services:										
Water	13,104,591	12,723,158	13,818,022	15,820,684	16,240,470	17,483,253	19,418,208	19,988,530	18,922,198	19,180,215
Sewer	1,891,019	1,917,391	1,974,735	2,046,393	2,164,911	2,176,199	2,383,617	2,417,275	2,526,629	2,488,964
Solid Waste	3,226,183	3,275,267	3,236,804	3,253,768	3,389,777	3,541,474	3,752,561	3,913,741	4,499,999	4,887,771
Operating grants and contributions	-	-	-	-	-	-	-	-	62,321	-
Capital grants and contributions	-	-	-	-	189,259	47,311	98,539	71,183	-	24,175
<b>Total business-type activities program revenues</b>	<b>\$ 18,221,793</b>	<b>\$ 17,915,816</b>	<b>\$ 19,029,561</b>	<b>\$ 21,120,845</b>	<b>\$ 21,984,417</b>	<b>\$ 23,248,237</b>	<b>\$ 25,652,925</b>	<b>\$ 26,390,729</b>	<b>\$ 26,011,147</b>	<b>\$ 26,581,125</b>
<b>Total primary government program revenues</b>	<b>\$ 29,845,046</b>	<b>\$ 28,518,149</b>	<b>\$ 31,010,586</b>	<b>\$ 32,876,458</b>	<b>\$ 36,910,017</b>	<b>\$ 35,504,757</b>	<b>\$ 44,538,053</b>	<b>\$ 51,920,455</b>	<b>\$ 44,180,054</b>	<b>\$ 48,114,748</b>
<b>Net revenues (expenses):</b>										
Governmental activities	(35,444,516)	(39,539,795)	(40,599,926)	(47,254,814)	(48,283,693)	(52,303,069)	(44,217,893)	(35,419,935)	(46,591,423)	(49,840,904)
Business-type activities	2,021,715	1,550,279	973,329	694,777	5,350,559	5,453,230	5,334,936	5,071,221	10,082,034	2,267,430
<b>Total net revenues (expenses)</b>	<b>\$(33,422,801)</b>	<b>\$(37,989,516)</b>	<b>\$(39,626,597)</b>	<b>\$(46,560,037)</b>	<b>\$(42,933,134)</b>	<b>\$(46,849,839)</b>	<b>\$(38,882,957)</b>	<b>\$(30,348,714)</b>	<b>\$(36,509,389)</b>	<b>\$(47,573,474)</b>

\* Sewer Fund previously reported in governmental activities

# City of Fountain Valley

## Changes in Net Position – General Revenues Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General revenues and other changes in net position:</b>										
<b>Governmental activities:</b>										
Taxes:										
Property taxes	\$ 16,247,191	\$ 16,782,178	\$ 17,704,506	\$ 18,807,430	\$ 19,651,638	\$ 20,450,086	\$ 21,340,781	\$ 22,019,180	\$ 23,365,555	\$ 24,808,441
Sales taxes	11,556,673	12,963,883	12,284,030	12,369,585	13,559,781	12,254,561	14,006,993	16,091,255	16,504,276	15,638,648
Sales taxes - Measure HH	-	-	2,547,720	11,742,254	13,287,116	12,364,200	14,062,109	17,162,175	17,363,447	17,146,213
Franchise taxes	1,790,685	1,766,769	1,635,261	1,920,165	1,975,656	2,072,908	1,971,665	2,088,568	2,595,444	2,619,098
Other taxes	3,032,589	3,158,311	3,221,064	3,227,918	1,442,220	1,185,655	2,748,711	1,305,350	1,522,875	1,411,257
Revenue from other governmental agency	-	-	-	-	221,349	233,956	240,373	-	-	-
Investment income (loss)	547,066	729,762	118,500	516,705	1,830,759	2,034,377	1,873,429	(3,390,470)	1,648,971	5,172,048
Transfers	197,855	195,240	336,812	194,760	2,661,845	2,219,108	914,050	1,006,157	2,887,046	293,693
Gain on sale of property	465,509	26,696	3,427,663	-	1,284,231	1,871,361	5,318	156,276	-	-
Miscellaneous	87,486	9,320	62,167	20,172	129,255	233,039	371,820	1,105,080	992,907	558,720
Extraordinary gain	4,918,798	56,646	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 38,843,852</b>	<b>\$ 35,688,805</b>	<b>\$ 41,337,723</b>	<b>\$ 48,798,989</b>	<b>\$ 56,043,850</b>	<b>\$ 54,919,251</b>	<b>\$ 57,535,249</b>	<b>\$ 57,543,571</b>	<b>\$ 66,880,521</b>	<b>\$ 67,648,118</b>
<b>Business-type activities:</b>										
Investment income (loss)	126,889	153,217	184,868	(3,240)	725,277	823,290	8,169	(668,648)	356,396	1,470,543
Transfers	(197,855)	(195,240)	(336,812)	(194,760)	(2,661,845)	(2,219,108)	(914,050)	(1,006,157)	(2,887,046)	(293,693)
Miscellaneous	-	-	39,625	58,767	-	-	69,000	-	-	214,521
Extraordinary Gain (loss)	4,000,000	-	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>\$ 3,929,034</b>	<b>\$ (42,023)</b>	<b>\$ (112,319)</b>	<b>\$ (139,233)</b>	<b>\$ (1,936,568)</b>	<b>\$ (1,395,818)</b>	<b>\$ (836,881)</b>	<b>\$ (1,674,805)</b>	<b>\$ (2,530,650)</b>	<b>\$ 1,391,371</b>
<b>Total primary government</b>	<b>\$ 42,772,886</b>	<b>\$ 35,646,782</b>	<b>\$ 41,225,404</b>	<b>\$ 48,659,756</b>	<b>\$ 54,107,282</b>	<b>\$ 53,523,433</b>	<b>\$ 56,698,368</b>	<b>\$ 55,868,766</b>	<b>\$ 64,349,871</b>	<b>\$ 69,039,489</b>
<b>Changes in net position:</b>										
Governmental activities	3,399,336	(3,850,990)	737,797	1,544,175	7,760,157	2,616,182	13,317,356	22,123,636	20,289,098	17,807,214
Business-type activities	5,950,749	1,508,256	861,010	555,544	3,413,991	4,057,412	4,498,055	3,396,416	7,551,384	3,658,801
<b>Total primary government</b>	<b>\$ 9,350,085</b>	<b>\$ (2,342,734)</b>	<b>\$ 1,598,807</b>	<b>\$ 2,099,719</b>	<b>\$ 11,174,148</b>	<b>\$ 6,673,594</b>	<b>\$ 17,815,411</b>	<b>\$ 25,520,052</b>	<b>\$ 27,840,482</b>	<b>\$ 21,466,015</b>

# City of Fountain Valley

## Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General fund:</b>										
Nonspendable	\$ 1,599,806	\$ 1,698,026	\$ 807,126	\$ 405,583	\$ 136,233	\$ 1,648,597	\$ 1,664,859	\$ 982,832	\$ 1,216,224	\$ 128,646
Restricted	4,714,142	4,555,926	4,430,934	8,364,256	13,360,125	15,222,812	15,924,621	13,911,169	18,512,690	19,605,786
Committed	-	-	-	13,000,000	14,200,000	13,700,000	15,578,000	18,426,000	18,426,000	18,426,000
Assigned	21,971,647	22,547,158	16,961,310	26,613,049	30,791,835	31,631,113	41,450,633	54,143,595	50,288,307	31,947,983
Unassigned	19,191,130	17,975,150	27,155,079	327,080	2,412	3,760	52,504	(679,481)	219,359	9,996,557
<b>Total general fund</b>	<b>\$ 47,476,725</b>	<b>\$ 46,776,260</b>	<b>\$ 49,354,449</b>	<b>\$ 48,709,968</b>	<b>\$ 58,490,605</b>	<b>\$ 62,206,282</b>	<b>\$ 74,670,617</b>	<b>\$ 86,784,115</b>	<b>\$ 88,662,580</b>	<b>\$ 80,104,972</b>
<b>All other governmental funds:</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	15,142,189	19,751,764	22,332,160	27,072,264	28,312,259	25,488,079	25,289,799	26,486,425	24,264,985	27,248,385
Assigned	161,316	127,402	(464,523)	149,668	-	38,522	22,951	60,954	55,571	60,078
Unassigned	-	-	-	-	(165,595)	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 15,303,505</b>	<b>\$ 19,879,166</b>	<b>\$ 21,867,637</b>	<b>\$ 27,221,932</b>	<b>\$ 28,146,664</b>	<b>\$ 25,526,601</b>	<b>\$ 25,312,750</b>	<b>\$ 26,547,379</b>	<b>\$ 24,320,556</b>	<b>\$ 27,308,463</b>

# 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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues:</b>										
Taxes	\$ 30,655,218	\$ 32,689,435	\$ 36,060,441	\$ 46,463,473	\$ 49,916,411	\$ 48,327,410	\$ 52,295,198	\$ 58,666,528	\$ 61,889,534	\$ 62,161,304
Licenses and permits	1,915,471	2,006,480	1,869,865	1,906,153	1,988,757	1,850,421	2,140,736	2,200,559	2,331,633	2,249,296
Fines and forfeitures (penalties)	705,372	643,936	564,786	619,096	651,129	616,823	645,037	678,489	503,600	458,155
Investment income (loss)	572,377	757,868	156,162	578,312	2,404,272	2,330,442	2,156,247	(3,027,937)	2,040,056	5,748,904
Revenue from use of money and property	1,203,964	1,094,844	1,255,618	1,167,468	1,145,604	1,042,561	688,239	959,121	1,150,302	1,178,485
Intergovernmental	3,758,497	2,920,345	4,130,922	3,990,316	5,789,190	5,376,671	7,622,971	13,471,387	7,948,261	7,361,553
Charges for services	4,285,172	4,335,669	4,866,961	4,553,747	2,805,579	2,502,673	5,452,583	6,934,339	5,171,318	8,930,409
Miscellaneous	2,021,825	1,371,496	8,316,814	1,351,792	2,322,432	1,038,301	4,499,999	1,439,608	1,235,361	981,297
<b>Total revenues</b>	<b>\$ 45,117,896</b>	<b>\$ 45,820,073</b>	<b>\$ 57,221,569</b>	<b>\$ 60,630,357</b>	<b>\$ 67,023,374</b>	<b>\$ 63,085,302</b>	<b>\$ 75,501,010</b>	<b>\$ 81,322,094</b>	<b>\$ 82,270,065</b>	<b>\$ 89,069,403</b>
<b>Expenditures</b>										
Current:										
General government	2,883,285	3,085,759	3,212,619	4,916,069	3,679,299	3,540,459	4,907,222	4,721,463	4,863,471	16,511,898
Public safety	25,333,018	27,618,810	28,550,818	31,934,793	32,536,436	35,862,528	35,894,663	40,889,387	42,194,093	36,839,856
Transportation	7,903,404	7,082,567	9,914,437	7,564,408	8,817,469	11,046,220	10,533,417	10,493,946	14,648,041	7,453,548
Community development	4,041,504	4,026,081	4,170,849	3,994,652	4,185,304	4,321,408	5,482,190	5,501,221	5,383,738	6,219,336
Community services	2,328,863	2,407,019	2,618,815	2,653,045	3,206,775	2,670,156	2,306,922	3,193,303	3,570,561	4,527,818
Capital outlay	2,085,519	839,613	6,382,540	10,324,969	6,266,831	6,966,245	3,316,790	2,550,120	13,003,189	6,346,194
Debt service:										
Principal retirement	644,547	659,275	430,000	470,398	1,046,105	1,138,981	1,214,205	1,294,603	1,781,677	1,514,758
Interest and fiscal charges	344,400	440,725	444,629	575,222	552,048	534,160	514,484	492,357	466,080	437,072
Costs of debt issuance	-	395,488	110,180	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	889,617	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 45,564,540</b>	<b>\$ 47,444,954</b>	<b>\$ 55,834,887</b>	<b>\$ 62,433,556</b>	<b>\$ 60,290,267</b>	<b>\$ 66,080,157</b>	<b>\$ 64,169,893</b>	<b>\$ 69,136,400</b>	<b>\$ 85,910,850</b>	<b>\$ 79,850,480</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (446,644)	\$ (1,624,881)	\$ 1,386,682	\$ (1,803,199)	\$ 6,733,107	\$ (2,994,855)	\$ 11,331,117	\$ 12,185,694	\$ (3,640,785)	\$ 9,218,923
<b>Other financing sources (uses):</b>										
Transfers in	3,225,390	17,012,787	7,011,672	5,985,246	7,933,565	12,680,545	5,363,530	4,607,793	8,504,676	10,363,807
Transfers out	(3,027,535)	(16,817,547)	(6,674,860)	(5,790,486)	(5,271,720)	(10,461,437)	(4,449,481)	(3,601,636)	(5,617,630)	(10,435,114)
Issuance of IT subscriptions <sup>(1)</sup>	-	-	-	-	-	-	-	-	405,381	17,265
Proceeds from sale of capital assets	-	-	-	-	1,310,417	1,871,361	5,318	156,276	-	-
Proceeds from issuance of bonds	-	28,890,000	2,843,166	-	-	-	-	-	-	-
Bond premium (discount)	-	580,162	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(6,785,383)	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 197,855</b>	<b>\$ 22,880,019</b>	<b>\$ 3,179,978</b>	<b>\$ 194,760</b>	<b>\$ 3,972,262</b>	<b>\$ 4,090,469</b>	<b>\$ 919,367</b>	<b>\$ 1,162,433</b>	<b>\$ 3,292,427</b>	<b>\$ (54,042)</b>
Net change in fund balances, before extraordinary/special item	(248,789)	21,255,138	4,566,660	(1,608,439)	10,705,369	1,095,614	12,250,484	13,348,127	(348,358)	9,164,881
Special Item										
Payment of defined benefit pension plan side fund	-	(17,436,588)	-	-	-	-	-	-	-	-
Extraordinary gain (loss)	4,918,798	56,646	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 4,670,009</b>	<b>\$ 3,875,196</b>	<b>\$ 4,566,660</b>	<b>\$ (1,608,439)</b>	<b>\$ 10,705,369</b>	<b>\$ 1,095,614</b>	<b>\$ 12,250,484</b>	<b>\$ 13,348,127</b>	<b>\$ (348,358)</b>	<b>\$ 9,164,881</b>
<b>Debt service as a percentage of noncapital expenditures</b>	2.26%	2.35%	1.64%	1.97%	2.93%	2.83%	2.82%	2.68%	3.11%	2.63%

<sup>(1)</sup> Note: Issuance of IT subscriptions is a new line-item as of June 2023, due to the implementation of GASB 96.

# City of Fountain Valley

## Assessed Value of Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year Ended June 30,	City		Taxable Assessed Value	Total Direct Tax Rate <sup>(1)</sup>
	Secured	Unsecured		
2015	\$ 7,694,438,312	\$ 334,834,388	\$ 8,029,272,700	0.13177
2016	8,142,567,704	240,473,501	8,383,041,205	0.17172
2017	8,444,874,157	238,403,442	8,683,277,599	0.13173
2018	8,843,461,588	269,238,862	9,112,700,450	0.13173
2019	9,282,526,512	293,682,416	9,576,208,928	0.13550
2020	9,796,913,673	316,787,979	10,113,701,652	0.13505
2021	10,182,790,098	332,988,158	10,515,778,256	0.13491
2022	10,395,996,372	332,366,455	10,728,362,827	0.13488
2023	11,142,057,244	376,665,339	11,518,722,583	0.13468
2024	11,894,609,167	414,100,716	12,308,709,883	0.13461

Notes:

Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum 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 when it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property. The assessed valuation data shown above represents the only data currently available with respect to the 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: HdL, Coren & Cone, prepared on 7/18/2024

# City of Fountain Valley

## Direct and Overlapping Property Tax Rates (Rate per \$100 of assessed value) Last Ten Fiscal Years

Agency	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fountain Valley Elementary General Fund	0.29490	0.29490	0.29490	0.29490	0.29490	0.29490	0.29490	0.29490	0.29490	0.29490
Huntington Beach Union High General Fund	0.19230	0.19230	0.19230	0.19230	0.19230	0.19230	0.19230	0.19230	0.19230	0.19230
Educational Revenue Augmentation Fund	0.15300	0.15300	0.15300	0.15300	0.15300	0.15300	0.15300	0.15300	0.15300	0.15300
Fountain Valley General Fund	0.12870	0.12870	0.12870	0.12870	0.12870	0.12870	0.12870	0.12870	0.12870	0.12870
Coast Community College General Fund	0.08120	0.08120	0.08120	0.08120	0.08120	0.08120	0.08120	0.08120	0.08120	0.08120
Orange County General Fund	0.05200	0.05200	0.05200	0.05200	0.05200	0.05200	0.05200	0.05200	0.05200	0.05200
O.C. Sanitation #3 Operating	0.03160	0.03160	0.03160	0.03160	0.03160	0.03160	0.03160	0.03160	0.03160	0.03160
Orange County Flood Control District	0.01667	0.01667	0.01667	0.01667	0.01667	0.01667	0.01667	0.01667	0.01667	0.01667
Orange County Public Library	0.01405	0.01405	0.01405	0.01405	0.01405	0.01405	0.01405	0.01405	0.01405	0.01405
O.C. Harbors Beaches & Park Csa 26	0.01288	0.01288	0.01288	0.01288	0.01288	0.01288	0.01288	0.01288	0.01288	0.01288
O.C. Dept. of Education - General Fund	0.01199	0.01199	0.01199	0.01199	0.01199	0.01199	0.01199	0.01199	0.01199	0.01199
Orange County Water District	0.00739	0.00739	0.00739	0.00739	0.00739	0.00739	0.00739	0.00739	0.00739	0.00739
Orange County Transit Authority	0.00237	0.00237	0.00237	0.00237	0.00237	0.00237	0.00237	0.00237	0.00237	0.00237
Orange County Vector Control District	0.00084	0.00084	0.00084	0.00084	0.00084	0.00084	0.00084	0.00084	0.00084	0.00084
Orange County Water District Water Reserve	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011
<b>Basic Levy<sup>(1)</sup></b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>
<b>Overlapping Rates:</b>										
Coast Community College	0.03015	0.03092	0.03116	0.03145	0.03052	0.03100	0.03181	0.03119	0.03102	0.02850
Fountain Valley School District	0.00000	0.00000	0.00000	0.02916	0.02609	0.02611	0.02723	0.02356	0.02396	0.02182
Garden Grove Unified School District	0.04148	0.04656	0.04487	0.07454	0.06848	0.06922	0.06956	0.00000	0.00000	0.00000
Garden Grove USD	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.06929	0.06329	0.06719
Garden Grove USD 2016 Series 2021	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00479	0.00000	0.00000
Huntington Beach High School District	0.02647	0.02560	0.02543	0.02403	0.02388	0.02326	0.02351	0.02260	0.02234	0.02042
Metro Water District of Orange County	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Ocean View School District	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02796	0.02722	0.02511
Ocean View SD 2016, Series 2017A	0.00000	0.00000	0.00000	0.02703	0.02404	0.02800	0.01201	0.00000	0.00000	0.00000
Ocean View SD 2016, Series 2020B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01344	0.00000	0.00000	0.00000
Rancho Santiago Community College	0.05078	0.05039	0.04945	0.05088	0.04537	0.05178	0.04520	0.04289	0.04691	0.04555
<b>Total Overlapping Rates</b>	<b>0.15238</b>	<b>0.15697</b>	<b>0.15441</b>	<b>0.24059</b>	<b>0.22188</b>	<b>0.23287</b>	<b>0.22626</b>	<b>0.22578</b>	<b>0.21824</b>	<b>0.21209</b>
<b>Total Direct &amp; Overlapping<sup>(2)</sup> Tax Rates</b>	<b>1.15238</b>	<b>1.15697</b>	<b>1.15441</b>	<b>1.24059</b>	<b>1.22188</b>	<b>1.23287</b>	<b>1.22626</b>	<b>1.22578</b>	<b>1.21824</b>	<b>1.21209</b>
<b>City's Share of 1% Levy Per Prop 15<sup>(3)</sup></b>	<b>0.12872</b>	<b>0.12872</b>	<b>0.12872</b>	<b>0.12872</b>	<b>0.12872</b>	<b>0.12872</b>	<b>0.12872</b>	<b>0.12872</b>	<b>0.12872</b>	<b>0.12872</b>
<b>Total Direct Rate<sup>(4)</sup></b>	<b>0.13177</b>	<b>0.13172</b>	<b>0.13173</b>	<b>0.13173</b>	<b>0.13533</b>	<b>0.13505</b>	<b>0.13491</b>	<b>0.13488</b>	<b>0.13468</b>	<b>0.13461</b>

Notes:

<sup>(1)</sup> In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

<sup>(2)</sup> Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

<sup>(3)</sup> City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

<sup>(4)</sup> Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

# City of Fountain Valley

## Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer (Parcels)	2024		2015	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
1) Orange Coast Memorial Medical Center (9)	\$ 291,705,381	2.37%	\$ 185,019,399	2.30%
2) Hyundai Motor America (1)	206,396,346	1.68%	161,279,123	2.01%
3) Bexaew the Havens LP (2)	124,681,222	1.01%		0.00%
4) Regents The (7)	107,854,577	0.88%		0.00%
5) JKS-CMFV LLC (17)	92,336,343	0.75%	72,984,149	0.91%
6) Corte Bella Fee Ower (2)	90,245,908	0.73%		0.00%
7) Yakult USA Inc (1)	26,041,834	0.21%	16,972,485	0.21%
8) Vermeulen Properties 6 LLC (13)	73,272,002	0.60%	39,840,824	0.50%
9) Fountain Valley Regional Hospital (5)	67,933,678	0.55%	156,448,031	1.95%
10) Euclid and Heil FV Owner LLC (1)	66,300,000	0.54%		0.00%
	<b>\$ 1,146,767,291</b>	<b>9.32%</b>	<b>\$ 632,544,011</b>	<b>7.88%</b>

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

Source: HdL, Coren & Cone, prepared on 7/18/2024

# 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 <sup>(2)</sup>	Total Collections to Date	
		Amount(1)	Percent of Levy		Amount	Percent of Levy
2015	\$ 9,757,887	\$ 9,652,108	98.92%	\$ 3,039	\$ 9,655,147	98.95%
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%
2021	12,756,006	12,612,713	98.88%	51,500	12,664,213	99.28%
2022	13,110,041	12,930,762	98.63%	52,005	12,982,767	99.03%
2023	14,256,951	14,043,987	98.51%	64,638	14,108,625	98.96%
2024	14,470,305	14,322,579	98.98%	68,754	14,391,333	99.45%

Notes:

<sup>(1)</sup> The amounts presented include City property taxes only.

<sup>(2)</sup> 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.

Source: Orange County Assessor's Office

# City of Fountain Valley

## Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income	Debt per Capita <sup>(6)</sup>
	Leases & Subscriptions Payable	Certificates of Participation(1)	Taxable Pension Obligation Bonds(3)	Lease Revenue Bonds <sup>(4)(5)</sup>	Total Governmental Activities	Loans Payable	Revenue Bonds <sup>(2)</sup>	Total Business-type Activities			
2015	\$ 109,275	\$ 8,225,000	\$ -	\$ -	\$8,334,275	\$ -	\$ 15,188,452	\$ 15,188,452	\$ 23,522,727	1.21%	\$ 415
2016	-	-	15,661,765	13,807,919	29,469,684	-	14,611,443	14,611,443	44,081,127	2.26%	777
2017	-	-	15,679,151	16,176,187	31,855,338	-	14,041,771	14,041,771	45,897,109	2.27%	806
2018	-	-	15,696,538	15,660,893	31,357,431	-	13,457,099	13,457,099	44,814,530	2.15%	791
2019	-	-	15,203,923	15,079,889	30,283,812	-	12,847,425	12,847,425	43,131,237	2.01%	772
2020	-	-	14,651,309	14,466,011	29,117,320	-	12,217,751	12,217,751	41,335,071	1.82%	752
2021	-	-	14,038,695	13,836,909	27,875,604	-	11,563,077	11,563,077	39,438,681	1.79%	697
2022	811,867	-	13,366,081	13,187,409	27,365,357	-	10,888,405	10,888,405	38,253,762	1.62%	671
2023	835,764	-	12,618,467	12,507,318	25,961,549	-	10,183,732	10,183,732	36,145,281	1.53%	634
2024	403,952	-	11,795,853	11,801,452	24,001,257	-	9,514,059	9,514,059	33,515,316	1.27%	595

<sup>(1)</sup> On July 9, 2003, the City issued 2003 Certificates of Participation in the amount of \$13,270,000.

<sup>(2)</sup> On December 17, 2014, the City issued 2014A Revenue Bonds in the amount of \$13,695,000.

<sup>(3)</sup> On September 2, 2015, the City issued 2015A Taxable Pension Obligation Bonds in the amount of \$15,995,000.

<sup>(4)</sup> On February 10, 2016, the City issued 2016A Lease Revenue Bonds in the amount of \$12,895,000.

<sup>(5)</sup> On January 7, 2017, the City issued 2017 Clean Renewable Energy Bonds in the amount of \$2,843,166.

<sup>(6)</sup> 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.

## City of Fountain Valley

### Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Ended June 30,	Certificates of Participation	Taxable Pension Obligation Bonds	Lease Revenue Bonds	Total	Percent of Assessed Value <sup>(1)</sup>	Per Capita
2015	\$ 8,225,000	\$ -	\$ -	\$ 8,225,000	0.10%	\$ 145
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%	560
2018	-	15,696,538	15,660,893	31,357,431	0.34%	554
2019	-	15,203,923	15,079,889	30,283,812	0.32%	542
2020	-	14,651,309	14,466,011	29,117,320	0.29%	530
2021	-	14,038,695	13,836,909	27,875,604	0.27%	493
2022	-	13,366,081	13,187,409	26,553,490	0.25%	466
2023	-	12,618,467	12,507,318	25,125,785	0.22%	441
2024	-	11,795,853	11,801,452	23,597,305	0.19%	419

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

<sup>(1)</sup> 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 As of June 30, 2024

2023-2024 City Assessed Valuation

Total Assessed Valuation:

\$ 12,301,591,039

	Total Debt June 30, 2024	Percentage Applicable(1)	City's Share of Debt June 30, 2024
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	\$ 18,210,000	0.318%	\$ 57,908
Coast Community College District	886,956,084	6.519%	57,820,667
Rancho Santiago Community College District	154,276,441	0.334%	515,283
Rancho Santiago Community College District SFID No. 1	144,765,000	0.626%	906,229
Garden Grove Unified School District	517,805,000	10.900%	56,440,745
Huntington Beach Union High School District	137,329,998	12.148%	16,682,848
Fountain Valley School District	56,860,000	73.313%	41,685,772
Ocean View School District Certificates of Participation	150,895,000	0.925%	1,395,779
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b><u>\$ 175,505,231</u></b>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Orange County General Fund Obligations	\$ 440,385,000	1.598%	\$ 7,037,352
Orange County Board of Education Certificates of Participation	10,030,000	1.598%	160,279
Coast Community College District Certificates of Participation	1,075,000	6.519%	70,079
Coast Community College District Pension Obligation Bonds	925,000	6.519%	60,301
Huntington Beach Union High School District Certificates of Participation	51,436,090	12.148%	6,248,456
Ocean View School District Certificates of Participation	12,725,000	0.925%	117,706
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b><u>\$ 13,694,174</u></b>
<b><u>DIRECT GENERAL FUND DEBT</u></b>			
City of Fountain Valley General Fund Obligations	11,651,662	100.000%	11,651,662
City of Fountain Valley Pension Obligation Bonds	11,990,000	100.000%	11,990,000
<b>TOTAL DIRECT DEBT</b>			<b><u>\$ 23,641,662</u></b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 189,199,405</b>
<b>COMBINED TOTAL DIRECT AND OVERLAPPING DEBT<sup>(2)</sup></b>			<b>\$ 212,841,067 <sup>(2)</sup></b>

(1) The 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 2023-24 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt..... 1.43%  
**Total Direct Debt (\$23,237,710)..... 0.19%**  
 Combined Total Debt..... 1.73%

Source: California Municipal Statistics, Inc., dated August 15, 2024

# City of Fountain Valley

## Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assessed valuation	\$ 7,994,583,167	\$ 8,391,505,862	\$ 8,682,569,021	\$ 9,112,408,153	\$ 9,591,156,528	\$ 10,150,637,700	\$ 10,514,690,981	\$ 10,727,588,631	\$ 11,516,761,029	\$ 12,301,591,039
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	0	25%	25%
Adjusted assessed valuation	1,998,645,792	2,097,876,466	2,170,642,255	2,278,102,038	2,397,789,132	2,537,659,425	2,628,672,745	2,681,897,158	2,879,190,257	3,075,397,760
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	299,796,869	314,681,470	325,596,338	341,715,306.0%	359,668,370	380,648,914	394,300,912	402,284,574	431,878,539	461,309,664
Total net debt applicable to limitation: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 299,796,869	\$ 314,681,470	\$ 325,596,338	\$ 341,715,153	\$ 359,668,370	\$ 380,648,914	\$ 394,300,912	402,284,574	\$ 431,878,539	\$ 461,309,664
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	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

Source: [http://acweb1.ocgov.com/ac/bxldr\\_Civica/av/AssessedValuations1\\_egov.asp?title=0280](http://acweb1.ocgov.com/ac/bxldr_Civica/av/AssessedValuations1_egov.asp?title=0280)

# City of Fountain Valley

## Pledged Revenue Coverage Last Ten Fiscal Years

### Series 2014A Revenue Bonds

Fiscal Year Ended June 30,	Operating Revenues <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2015	\$13,424,147	\$11,314,798	\$ 2,109,349	\$ 465,000	\$ 299,531	\$ 764,531	275.9%
2017	\$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	\$ 555,000	\$ 494,831	\$ 1,049,831	456.3%
2021	19,432,555	13,335,179	6,097,376	\$ 580,000	\$ 472,631	1,052,631	579.3%
2022	19,507,971	14,537,706	4,970,265	600,000	449,431	1,049,431	473.6%
2023	19,165,142	8,948,063	10,217,079	630,000	425,431	1,055,431	968.0%
2024	20,462,653	16,356,187	4,106,466	595,000	393,931	988,931	415.2%

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 Fiscal Years**

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<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2014	56,690	\$ 1,903,877	\$ 33,584	5.4%
2015	56,714	1,940,507	34,215	4.4%
2016	56,709	1,947,214	34,336	3.9%
2017	56,920	2,023,830	35,555	3.4%
2018	56,652	2,087,077	36,840	3.0%
2019	55,878	2,150,520	38,485	2.8%
2020	54,953	2,276,596	41,428	9.3%
2021	56,564	2,206,548	39,009	6.1%
2022	56,987	2,363,225	41,469	3.3%
2023	56,333	2,645,274	46,957	3.6%

Source: HdL, Coren & Cone, prepared on 7/18/2024

## City of Fountain Valley

### Principal Employers Current and Nine Years Ago

Employer	2024		2015	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Antech Diagnostic Inc.	1,698	6.50%	325	1.41%
Fountain Valley Regional Hospital	1,518	5.81%	1734	7.50%
Orange Coast Memorial Medical	1,344	5.14%	997	4.31%
Memorial Health Services	999	3.82%	1122	4.85%
Hyundai Motor America, Inc.	749	2.87%	1304	5.64%
Kingston Technology Company	588	2.25%	685	2.96%
Memorial Care Medical Foundation	533	2.04%	-	-
Costco Wholesale #411	400	1.53%	318	1.38%
Surefire, LLC	323	1.24%	393	1.70%
Hyundai Autoever America	271	1.04%	160	0.69%
Mobis Parts America, LLC	258	0.99%	-	-
Spec Services, Inc.	238	0.91%	228	0.99%
Interconnect Solutions Company	185	0.71%	-	-
Yakult U.S.A Inc.	151	0.58%	-	-
Fountain Valley Post Acute	150	0.57%	-	-
VCA West Coast Specialty & Emergency Anirr	143	0.55%	-	-
Metalcrafters Transaparencies and Composite	143	0.55%	-	-
	<u>9,691</u>	<u>37.08%</u>	<u>7,266</u>	<u>31.43%</u>
Total Employment	26,137			

Source: HdL, Coren & Cone, prepared on 6/25/2024

# City of Fountain Valley

## Full-Time Equivalent City Government Employees by Function Last Ten Fiscal Years

Department	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Administration	3.00	2.00	1.00	3.00	3.00	3.50	3.00	3.00	4.00	4.00
City clerk	2.00	2.00	2.00	1.00	1.00	1.00	*	*	*	*
Finance	10.75	10.75	9.80	9.75	9.75	9.75	9.75	7.75	10.75	10.75
Information services	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	5.00
Human resources	4.00	4.00	3.00	4.00	4.00	4.75	3.75	3.00	6.00	6.00
Community development	7.00	7.00	6.00	6.00	7.00	8.00	8.00	13.00	14.50	14.00
Public works	9.00	9.00	8.00	9.00	8.00	13.00	9.00	8.00	8.00	10.00
Field services	28.00	23.00	22.00	24.75	26.75	24.00	20.75	21.75	22.75	24.75
Fire	42.00	42.00	39.00	45.00	45.00	46.00	43.00	43.00	42.00	45.00
Police	83.00	82.00	72.50	79.00	79.00	87.00	78.00	80.00	78.00	73.50
Community services	6.00	6.00	6.00	6.00	6.00	6.00	4.00	6.00	7.00	7.00
Utilities (W&S)	22.00	20.00	19.00	18.00	19.00	22.00	19.00	18.00	18.00	18.00
<b>Total</b>	<b>220.75</b>	<b>211.75</b>	<b>192.30</b>	<b>209.50</b>	<b>212.50</b>	<b>229.00</b>	<b>201.25</b>	<b>206.50</b>	<b>214.00</b>	<b>218.00</b>

\*Note: City Clerk position reclassified into Administration count, as of June 2021.

Source: City of Fountain Valley, Human Resources: Authorized List for Full-Time Employees, June 2024

# City of Fountain Valley

## Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Police:</b>										
Arrests	\$ 1,423	\$ 1,616	\$ 1,475	1,460	1,800	1,783	1,524	1,241	1,321	1,611
Parking citations issued	6,789	6,604	8,246	6,649	7,569	5,627	9,880	8,209	5,194	6,083
<b>Fire:</b>										
Number of emergency cal	4,638	5,359	5,488	5,660	5,401	5,401	5,360	5,912	6,137	6,319
Inspections	5,973	7,627	8,156	10,260	4,147	2,115	813	504	747	940
<b>Public works:</b>										
Street resurfacing (miles)	9	8	7	4	6	7	5	5	5	2
<b>Parks and recreation:</b>										
Number of recreation clas	334	447	502	767	1,003	715	371	357	287	415
Number of class participa	3,162	3,968	3,988	4,432	5,036	3,502	985	2,078	2,090	2,527
Number of facility rentals	3,768	1,565	2,673	2,235	2,343	1,825	448*	770	1,597	1,830
<b>Water:</b>										
New connections	1,253	1,310	1,298	402	430	411	423	410	430	427
Average daily consumption (thousands of gallons)	7,395	6,630	6,937	7,367	8,387	7,228	7,794	8,705	7,627	7,688

**Notes:**

New connections are all new customers connected

\*Number of rentals & recreation classes low due to the Corona Virus Pandemic of 20-21

Source: City of Fountain Valley

# City of Fountain Valley

## Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police: Stations	1	1	1	1	1	1	1	1	1	1
Fire: Fire stations	2	2	2	2	2	2	2	2	2	2
Public works: Street (miles)	165	165	165	165	165	165	165	165	165	165
Streetlights**	N/A	N/A	N/A	N/A	3,200	3,200	3,614	3,614	3,614	3,634
Traffic signals	54	54	54	54	54	55	55	55	55	58
Parks and recreation: Parks	19	19	19	19	19	19	19	19	20	20
Community centers	2	2	2	2	2	2	2	2	2	2
Water: Water mains (miles)	202	202	209	209	209	209	209	209	217	217
Maximum daily capacity (thousands of gallo	16,700,000	11,500,000	12,000,000	12,060,000	11,404,785	10,427,232	13,131,795	11,958,732	12,102,106	13,580,000

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

Source: City of Fountain Valley



**City of Fountain Valley**  
10200 Slater Avenue  
Fountain Valley, CA 92708  
[www.fountainvalley.gov](http://www.fountainvalley.gov)