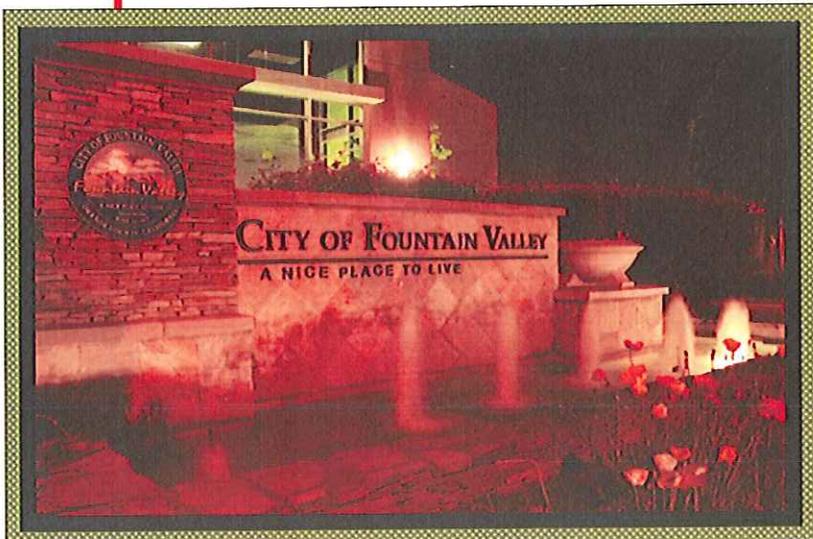
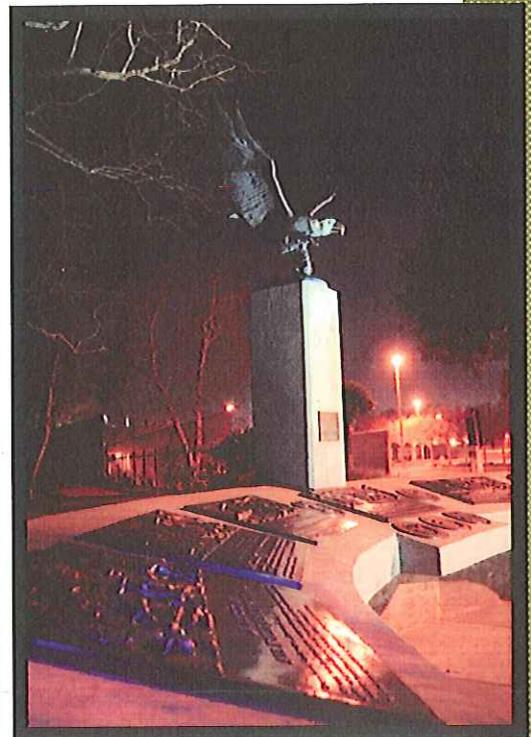


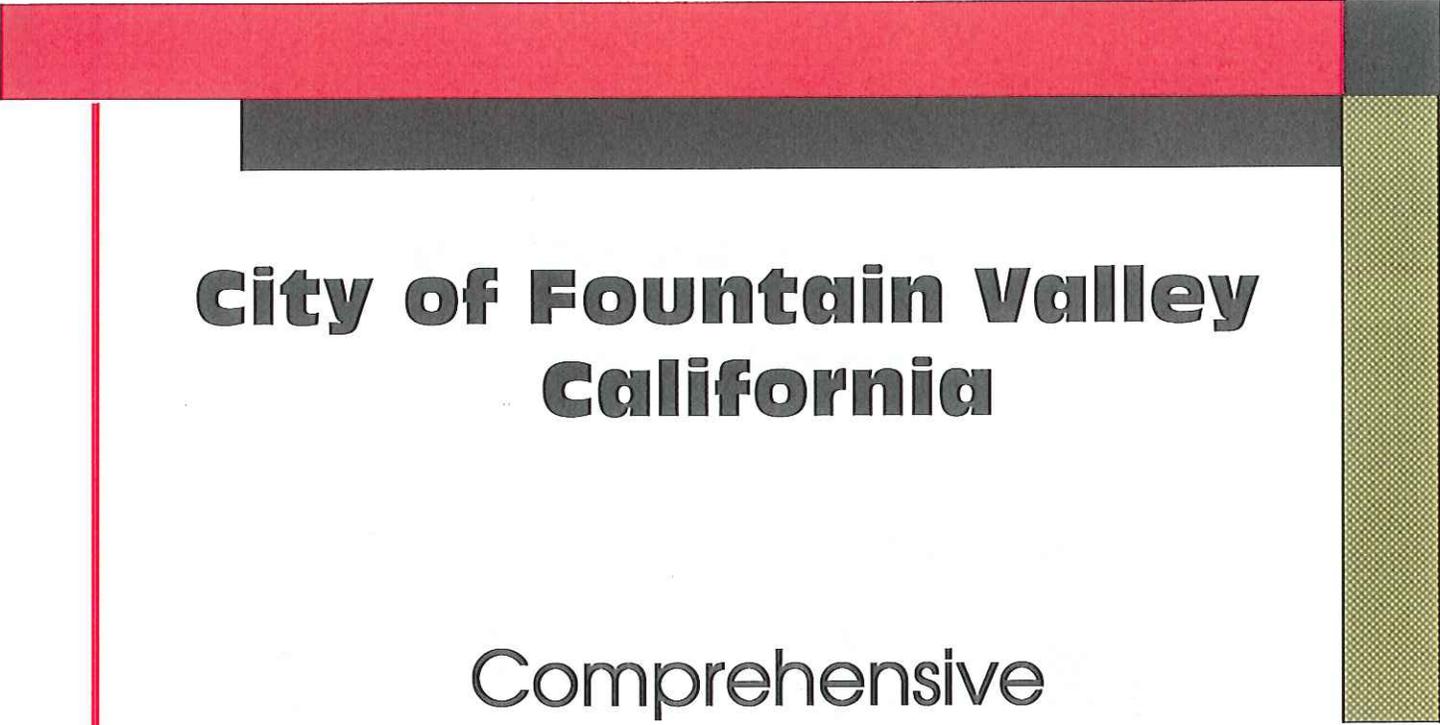
Comprehensive Annual  
Financial Report  
Fiscal Year Ended June 30, 2009

**City of Fountain Valley  
California**



*Photography by Monica Kerr*





**City of Fountain Valley  
California**

Comprehensive  
Annual Financial Report  
Fiscal Year Ended  
June 30, 2009

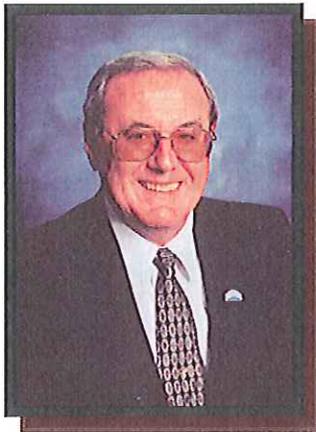
Prepared by the Finance Department

Sherri Holman

Acting Finance Director/City Treasurer

# City Council

## 2008-2009



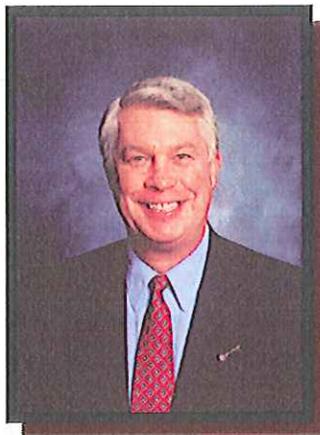
Guy Carrozzo  
Mayor



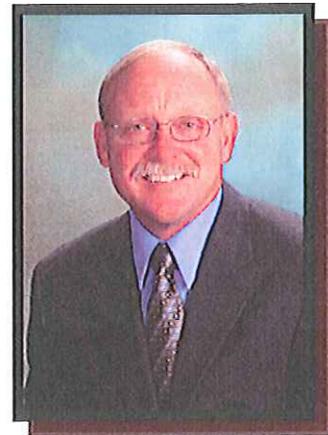
Larry R. Crandall  
Mayor Pro Tempore



Cheryl Brothers  
Council Member



John Collins  
Council Member



Steve Nagel  
Council Member

CITY OF FOUNTAIN VALLEY  
Comprehensive Annual Financial Report  
Year ended June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION:</u>	
Letter of Transmittal	V
List of Principal Officials	XII
Organizational Chart	XIII
 <u>FINANCIAL SECTION:</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
• Statement of Net Assets	12
• Statement of Activities	13
Fund Financial Statements:	
Governmental Funds:	
• Balance Sheet	15
• Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	16
• Statement of Revenues, Expenditures and Changes in Fund Balance	17
• Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Proprietary Fund:	
• Statement of Net Assets	19
• Statement of Revenues, Expenses and Changes in Fund Net Assets	20
• Statement of Cash Flows	21

CITY OF FOUNTAIN VALLEY  
Comprehensive Annual Financial Report  
Year ended June 30, 2009

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
Fiduciary Funds:	
• Statement of Fiduciary Net Assets	23
Notes to the Basic Financial Statements	24
Required Supplementary Information:	
Notes to the Required Supplementary Information	60
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
• General Fund	63
• Park Improvement Special Revenue Fund	64
Supplementary Schedules:	
Non-Major Governmental Funds:	
• Combining Balance Sheet	67
• Combining Statement of Revenues, Expenditures and Changes In Fund Balances	70
Major Fund Budgetary Comparison Schedules:	
• Industrial Redevelopment Area Debt Service Fund	73
• Industrial Redevelopment Area Capital Projects Fund	74
• Housing Set-Aside Capital Projects Fund	75
Non-Major Fund Budgetary Comparison Schedules:	
• Criminal Activities Special Revenue Fund	76
• Traffic Safety Special Revenue Fund	77
• Traffic Congestion Relief Special Revenue Fund	78
• Gas Tax Special Revenue Fund	79
• Traffic Improvement Special Revenue Fund	80

CITY OF FOUNTAIN VALLEY  
 Comprehensive Annual Financial Report  
 Year ended June 30, 2009

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
• Pollution Reduction Special Revenue Fund	81
• Solid Waste Special Revenue Fund	82
• HOME Grant Special Revenue Fund	83
• Community Development Block Grant Special Revenue Fund	84
• Fountain Valley Financing Authority Debt Service Fund	85
• City Center Redevelopment Area Debt Service Fund	86
• Drainage Capital Projects Fund	87
• Sewer Assessment Capital Projects Fund	88
• Fountain Valley Financing Authority Capital Projects Fund	89
• City Center Redevelopment Area Capital Projects Fund	90
 Agency Funds:	
Combining Statement of Assets and Liabilities	91
Combining Statement of Changes in Assets and Liabilities	92
 <u>STATISTICAL SECTION:</u>	
• Net Assets by component – Last Six Fiscal Years	93
• Changes in Net Assets – Last Six Fiscal Years	94
• Fund Balances of Governmental Funds – Last Six Fiscal Years	96
• Changes in Fund Balances of Governmental Funds – Last Six Fiscal Years	97
• Assessed Value and Estimated Actual Value of Taxable Property – Last Seven Fiscal Years	98
• Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	100
• Principal Property Tax Payers – Current Year and Nine Years Ago	102

CITY OF FOUNTAIN VALLEY  
Comprehensive Annual Financial Report  
Year ended June 30, 2009

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
• Property Tax Levies and Collections – Last Nine Fiscal Years	103
• Ratios of Outstanding Debt by Type – Last Seven Fiscal Years	104
• Ratio of General Bonded Debt Outstanding – Last Seven Fiscal Years	106
• Direct and Overlapping Debt	107
• Legal Debt Margin Information – Last Seven Fiscal Years	108
• Pledged-Revenue Coverage – Last Six Fiscal Years	110
• Demographic and Economic Statistics – Last Ten Calendar Years	111
• Principal Employers – Current Year and Nine Years Ago	112
• Full-time Equivalent City Employees by Department – Last Ten Fiscal Years	113
• Operating Indicators by Function – Last Ten Fiscal Years	114
• Capital Asset Statistics by Function – Last Ten Fiscal Years	116



## CITY OF FOUNTAIN VALLEY

---

10200 SLATER AVENUE • FOUNTAIN VALLEY, CA 92708-4736 • (714) 593-4400, FAX: (714) 593-4498

December 30, 2009

Honorable Mayor and City Council  
City of Fountain Valley  
Fountain Valley, California

Transmitted Through the City Manager:

The Comprehensive Annual Financial Report (CAFR) of the City of Fountain Valley for the fiscal year ended June 30, 2009, 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 consists of management's representation concerning the finances of the City of Fountain Valley. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management 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 financial statements in conformity with the 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 misstatement.

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.

## Management's Transmittal Letter

The City of Fountain Valley's financial statements have been audited by Mayer Hoffman McCann P.C., an independent 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, 2009 are free of material misstatement. In addition to meeting the requirements set forth in the Government Code, the audit was also designed to meet the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

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 unqualified opinion that the City of Fountain Valley's financial statements for the fiscal year ended June 30, 2009, 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.

In addition to meeting the requirements set forth in the Government Code, the audit was also designed to meet the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and United States Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

The independent audit of the financial statement of the City of Fountain Valley was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The City of Fountain Valley is required to have an annual single audit performed in conformity with the provisions of the OMB's Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including a schedule of federal financial assistance, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of finding and recommendations are included in a separately issued single audit report.

## Management's Transmittal Letter

GAAP requires that management provide a narrative introduction, overviews, 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 of Fountain Valley's MD& A can be found immediately following the report of the independent auditors.

### ***Reporting Entity***

The reporting entity's (the City of Fountain Valley) financial statements includes all funds of the City as well as its component units. Component units are legally separate entities for which the City is fully accountable. The financial activities of the Fountain Valley Agency for Community Development and the City of Fountain Valley Financing Authority have been reported as debt service and capital projects funds, as appropriated.

### ***Governmental Profile***

The City of Fountain Valley, incorporated June 13, 1957, has an estimated population of 58,309 and has a land area of 9.75 square miles. It is located in the northern tip of Orange County, California and is bordered by the cities of Santa Ana, Costa Mesa, Huntington Beach, and Westminster. The City is roughly 30 miles southeast of Los Angeles and 90 miles northwest of San Diego. The City has operated under a council-manager form of government since incorporation.

Policy making and legislative authority are vested in the City Council, which is comprised of five members elected at large, on a non-partisan basis, for staggered four-year terms of office. The Council is responsible, among other things, for passing ordinances, adopting the budget, appointing members to commissions and committees, and hiring the City Manager and 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.

As a full-service City, Fountain Valley offers its residents a complete range of municipal services that include; Public Safety in the form of police, fire protection, and building

safety; environmental services such as a water delivery system, sewer and storm drain maintenance; park and median landscaping; and repairs of streets and sidewalks; development services for land use planning, and zoning; housing and community development, redevelopment; a full range of recreation and cultural activities; as well as legislative, legal and general administrative support.

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.

The City's budget document is submitted annually to the City Council as a multi-year forecast. This long range perspective assists the Council in the difficult task of evaluating the effect that current year allocations will have over a prolonged period of time. The budget is assembled at a program or service level rather than the traditional department level. This allows the Council to focus on the individual services the community will receive for total dollars spent in a year.

### ***Budgetary Control***

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Annual budgets are legally adopted for all governmental funds on a basis consistent with generally accepted accounting principles, except for certain special revenue and debt service funds. Budgetary control for management purposes is maintained as authorized by the Council at the departmental program level within individual funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. This online real-time system allows each department to ascertain the budget status of a program or project prior to requesting a purchase order and purchase amounts are encumbered as each purchase order is issued to ensure that there are sufficient amounts available in an account prior to the purchase. Purchases that would result in an over-expenditure of the program bottom line are not released until additional appropriations or budget amendments are processed. At fiscal year end, all operating budget appropriations lapse and encumbrances are reported as reservations of fund balances at June 30, 2008. As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management of the City's operations.

***Economic Outlook & Highlights for the Future***

The City of Fountain Valley is a premier Orange County City that celebrated its fiftieth birthday in 2007. It has the reputation of being “*A Nice Place to Live*”, as the environment is designed to provide a residential oasis within the hectic sprawl of metropolitan Orange County. This ambiance is by design and we are mindful of the residential predominance when ascertaining the level of service that will be provided to the community each year.

Recognizing the long range effect that Proposition 13 placed on a predominately residential community in the early eighties, the City began directing its efforts toward creating a viable sales tax base. Faced with the limitations of little remaining developable land, it was understood that it was far too late to consider the construction of a regional commercial mall. However, as it was the emerging era of the big box retailer, Fountain Valley set about becoming the home for big box discount retailers. This strategy has served us well as companies such as Costco, Sam’s Club, La Curacao and Fry’s Electronics generally do well in spite of the gyrations that occur in an unpredictable economy, and sales tax has grown to be the single largest revenue source for general city operations. However, the current economic down turn has hit the entire nation hard and while our big box discount retailers have kept us from hitting the state wide 20% decline in sales tax revenues it is important to note that our sales tax revenues at the close of the 2008/09 fiscal year were down 17% when compared to fiscal year 2007/08.

***Debt Administration***

The City has always subscribed to a pay as you go philosophy even when it came to large capital projects, sometimes planning ten to fifteen years into the future to accumulate funding for building renovations, or capital improvements. However, with the last State fiscal crises looming on the horizon at the time we completed the design stage for two major projects, the expansion of Mile Square Park Recreation Center and the construction of a Senior/Community Center, a decision was made to explore the possibility of issuing debt as a hedge against losses that we could possibly suffer at the hands of the State Legislature. So, in a very favorable market, with interest rates at an all time low, the Council voted to issue debt to finance the projects and to pay for the financing with user fees and development fees that had, and would be collected for the new facilities. In July 2003, the Fountain Valley Improvement Authority issued \$13,270,000 Certificates of Participation rated AAA by Standard & Poor’s and AAA by Moody’s Investor Service.

## ***Housing & Economic Development***

Fountain Valley is a city that is 98% built out, which limits the type of development projects to infill, expansion or redevelopment. Nevertheless, because of the excellent opportunities afforded the residents Fountain Valley is an extremely desirable place to live, so every opportunity to create new residential infill is maximized and new housing projects are generally sold out during their construction phase.

*Residential Development:* In July 2007 the City Council approved the construction of fifty-five one and two story detached single family homes ranging in size from 2800 to 4200 sq. ft. each, this project was finished in 2008/09 and all homes have been sold. A second development of fifty-four detached single family homes in the 3000 to 4200 sq. ft. range that included a one acre neighborhood park was also approved by Council in 2007, all homes have been sold and the final two homes are scheduled to be completed in early 2010.

*Commercial Development:* Mitsubishi Materials USA Corporation has constructed a 53,000 square foot commercial building that will serve as their national headquarters, warehouse, and distribution center for their cutting tools and innovative materials. The company is estimated to produce approximately 60 new jobs with potential growth to 80 employees by 2015. Mitsubishi was granted their temporary CUP in November 2009 and is anticipated to be fully operational by early 2010.

*Mile Square Park Expansion:* Mile Square Park, the focal point of Fountain Valley, began construction on a park expansion project that was planned more than ten years ago when the City began negotiations with Orange County and the Department of the Navy to expand the city's 55 acres of the park to 80 acres. After many years of delays and set backs the park expansion was completed in December 2008 improvements include the addition of six softball fields, three dedicated soccer fields, with two soccer field overlays, a new centralized playground area, a large passive area for picnics and sports practice with an outdoor stage and over 500 new parking spaces. Also included in the project was the construction of new concession building with restrooms and a new maintenance facility.

*Orange Coast Memorial Medical Center:* Expansion of an existing hospital site began that involves the construction of a six story, 162,500 sq. ft. patient care pavilion including an ambulatory surgery center, radiation and oncology, cancer center laboratory, rehabilitation center, loading dock and administrative and medical offices with pedestrian walkway to connect to

## Management's Transmittal Letter

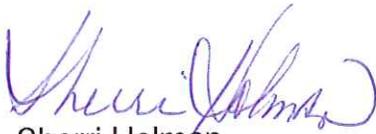
the second floor of the existing hospital. The plan also includes building a new 5,000 sq. ft. addition to the existing emergency department and provides emergency vehicle parking facilities. The project is in its final phases and expected to be fully functioning by January 2010.

### ***Acknowledgements***

The preparation of the Comprehensive Annual Financial Report is made possible by the dedicated efforts of the Finance Department staff. In addition, appreciation is extended to our independent auditors, Mayer, Hoffman McCann, for their expertise and advice in preparing this year's financial report. In closing, without the leadership of the City Manager and the vision of our City Council, the results of this report would not have been possible.

Every employee's commitment to the progressive approach to the financial operations of the City has allowed the citizens of this community to consistently receive a superior level of service while maintaining a sound financial base from which to operate.

Respectfully submitted,



Sherri Holman

Acting Finance Director/City Treasurer

## 2008-2009

### Mayor

Guy Carrozzo

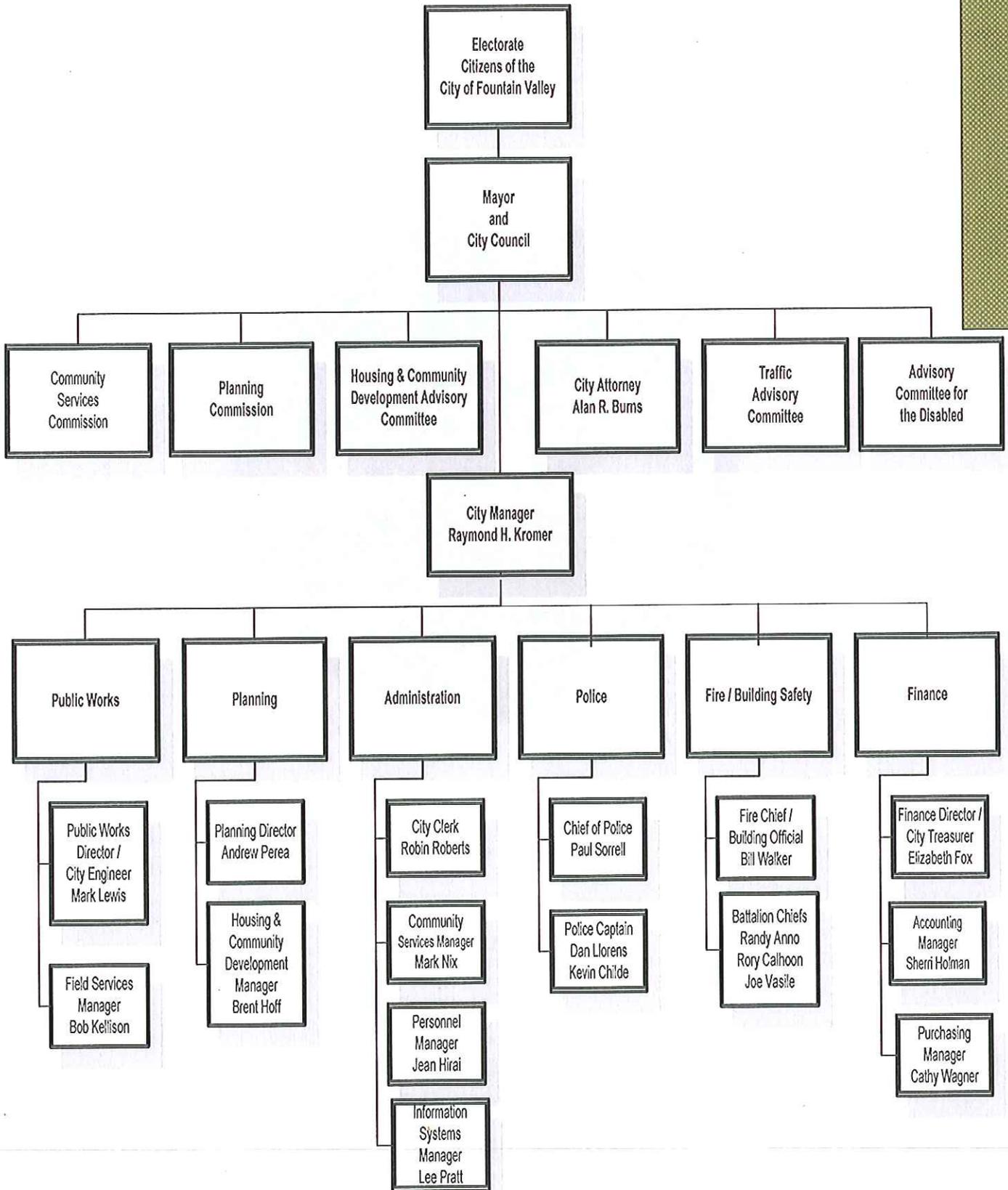
### Council Members

Larry R. Crandall	<b>Mayor Pro Tempore</b>
Steve Nagel	<b>Council Member</b>
Cheryl Brothers	<b>Council Member</b>
John Collins	<b>Council Member</b>

### City Officials

Raymond H. Kromer	<b>City Manager</b>
Alan R. Burns	<b>City Attorney</b>
Andrew E. Perea	<b>Planning Director</b>
Mark Lewis	<b>Director of Public Works &amp; City Engineer</b>
Paul Sorrell	<b>Chief of Police</b>
Bill Walker	<b>Fire Chief</b>
Elizabeth Fox	<b>Finance Director/City Treasurer</b>
Robert Kellison	<b>Field Services Manager</b>
Robin Roberts	<b>City Clerk</b>
Mark Nix	<b>Community Services Manager</b>
Jean Hirai	<b>Personnel Manager</b>
Dan Llorens	<b>Police Captain</b>
Kevin Childe	<b>Police Captain</b>
Randy Anno	<b>Battalion Chief</b>
Joe Vasile	<b>Battalion Chief</b>
Rory Calhoon	<b>Battalion Chief</b>
Sherri Holman	<b>Accounting Manager</b>
Lee Pratt	<b>Information Systems Manager</b>
Cathy Wagner	<b>Purchasing Manager</b>

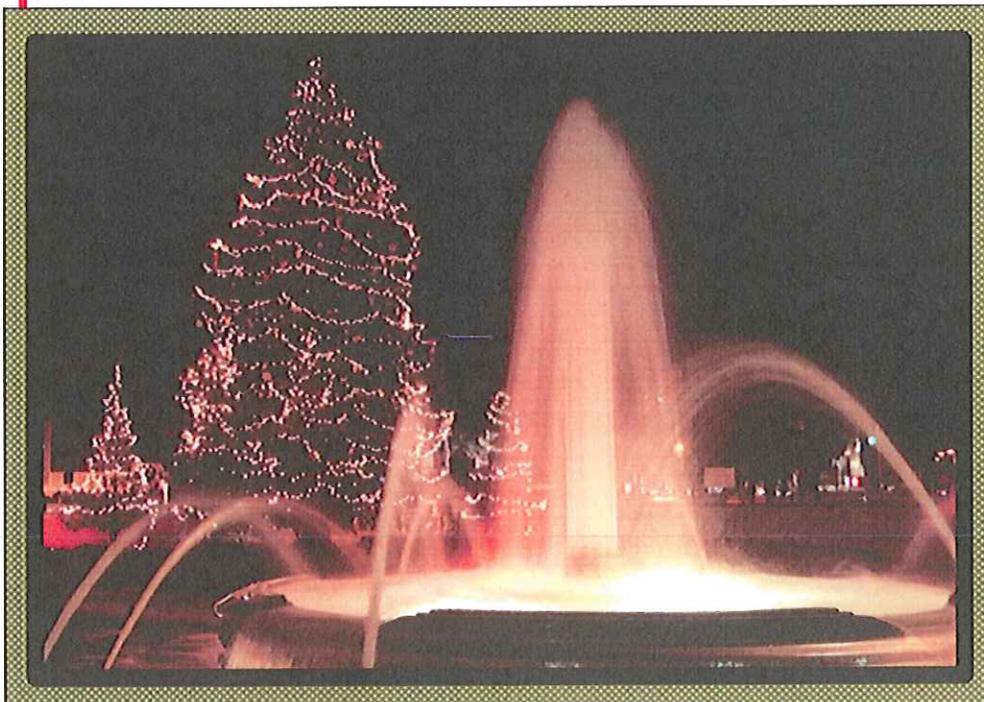
# Organization of the City





**City of Fountain Valley**

**Financial Section**



2008-2009





Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200  
Irvine, California 92612  
949-474-2020 ph  
949-263-5520 fx  
www.mhm-pc.com

City Council  
City of Fountain Valley  
Fountain Valley, California

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fountain Valley, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Fountain Valley. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Fountain Valley for the year ended June 30, 2008 and in our report dated February 27, 2009 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

As described further in note 13 to the financial statements, the City changed its method of accounting for postemployment benefits for fiscal years ending on or after June 30, 2009.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

City Council  
City of Fountain Valley  
Fountain Valley, California  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fountain Valley's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayer Hoffman McCann P.C.*

Irvine, California  
December 21, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fountain Valley (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Fountain Valley for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$185,288,341 (*net assets*). Of this amount, \$72,340,207 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$3,335,524. The increase from governmental activities totaled \$2,128,994, while business type activities increased by \$1,206,530.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$116,264,052 a decrease of \$2,586,862 from the prior year, of this amount \$1,102,610 was from current year activity while \$1,484,252 was due to a prior period adjustment to correctly reflect the year in which the Fountain Valley Agency for Community Development incurred expense for statutory pass-thru, and sales tax payment obligations. Approximately 36 percent of this amount, \$41,451,520 is unreserved but considered designated for future commitments and \$40,576,177 is available for spending at the government's discretion.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Fountain Valley'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 themselves.

#### Government-Wide Financial Statements

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

The *statement of net assets* presents information on all of the City of Fountain Valley's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 of Fountain Valley 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 and other charges. The business-type activity of the City is comprised of a Water Fund.

The *government-wide financial statements* include not only the City itself (known as the *primary government*), but also the legally separate Fountain Valley Agency for Community Development (Agency) and the Fountain Valley 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 on pages 12-14 of this report.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

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

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

The City of Fountain Valley maintains twenty-two 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, Park Improvement Fund, Industrial Redevelopment Area Debt Service Fund, Industrial Redevelopment Area and Housing Set-Aside Capital Projects Funds. Data from the remaining Non-major Governmental Funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. A budgetary comparison schedule has been provided for each of them to demonstrate compliance with this budget, except for the HOME Grant and the City Center Redevelopment Area Capital Projects Fund, as the City did not adopt annual budgets for these funds.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

### **Proprietary Funds**

An *Enterprise Fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Water Utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, which is considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 19-22 of this report.

## **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 23 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-58 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Fountain Valley. Required supplementary information can be found on pages 59-64 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to required supplementary information. Descriptions of the non-major governmental funds along with the combining and individual fund statements and schedules can be found on pages 65-72 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the City of Fountain Valley's case, assets exceeded liabilities by \$185,288,341 at the close of the fiscal year.

57 percent of the City's net assets reflect cash and investments and 43 percent is investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**  
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	130,443	132,918	10,535	12,162	141,308	145,080
Capital assets	91,240	87,444	10,077	7,162	101,317	94,606
Total Assets	<u>222,013</u>	<u>220,362</u>	<u>20,612</u>	<u>19,324</u>	<u>242,625</u>	<u>239,686</u>
Long-term liabilities outstanding	46,060	45,231	857	885	46,917	46,116
Other liabilities	8,652	8,475	1,768	1,653	10,420	10,133
Total Liabilities	<u>54,712</u>	<u>53,706</u>	<u>2,625</u>	<u>2,542</u>	<u>57,337</u>	<u>56,249</u>
Net Assets:						
Invested in capital assets, net of related debt	52,819	48,559	9,308	6,351	62,127	54,910
Restricted	50,821	50,197			50,821	50,197
Unrestricted	63,661	67,900	8,679	10,430	72,340	78,330
Total Net Assets	<u>167,301</u>	<u>166,656</u>	<u>17,987</u>	<u>16,781</u>	<u>185,288</u>	<u>183,437</u>

A portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors.

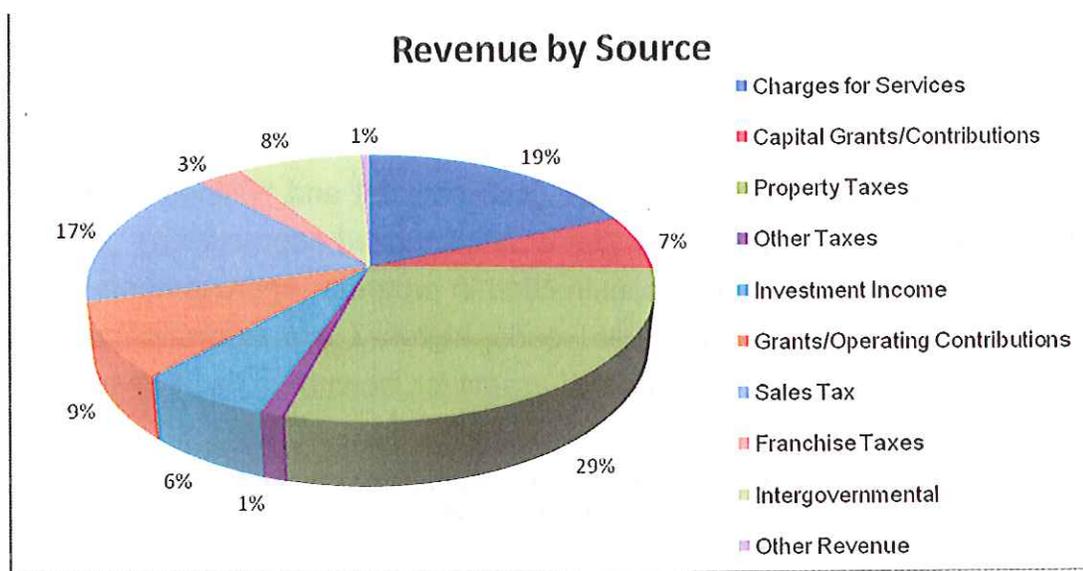
At the end of the 2009 fiscal year, the City of Fountain Valley is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

**Governmental Activities**

Governmental activities increased the City's net assets by \$2,128,994 thereby accounting for sixty four percent of the total growth in the net assets of the City. Key elements of this increase follow:

**CHANGES IN NET ASSETS**  
(In thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program Revenues:						
Charges for services	11,005	13,065	8,830	8,660	19,835	21,725
Operating grants and Contributions	5,357	4,967			5,357	4,967
Capital grants and Contributions	3,848	8,430			3,848	8,430
General Revenues:					0	0
Property taxes	16,691	19,078			16,691	19,078
Franchise taxes	1,789	1,468			1,789	1,468
Sales taxes	9,964	11,967			9,964	11,967
Other taxes	738	1,066			738	1,066
Revenues from other					0	0
Agencies	4,787	5,104			4,787	5,104
Other					0	0
Investment earnings	3,752	3,134	252	455	4,004	3,589
Assessments					0	0
Miscellaneous					0	0
Transfers	345	(68)	(345)	68	0	0
Gain/(Loss) on sale of property	3	197			3	197
<b>Total Revenues</b>	<u>58,279</u>	<u>68,408</u>	<u>8,737</u>	<u>9,183</u>	<u>67,016</u>	<u>77,591</u>
<b>Expenses:</b>						
General government	4,708	4,560			4,708	4,560
Public safety	26,816	24,643			26,816	24,643
Transportation	12,924	9,006			12,924	9,006
Community development	3,731	10,457			3,731	10,457
Culture and leisure	4,818	4,670			4,818	4,670
Interest and fiscal charges	3,153	3,445			3,153	3,445
Amortization expense					0	0
Water			7,530	8,947	7,530	8,947
<b>Total Expenses</b>	<u>56,150</u>	<u>56,781</u>	<u>7,530</u>	<u>8,947</u>	<u>63,680</u>	<u>65,728</u>
Increase in net assets	2,129	11,627	1,207	236	3,336	11,863
Net Assets - July 1	<u>165,172</u>	<u>155,029</u>	<u>16,781</u>	<u>16,545</u>	<u>181,953</u>	<u>171,574</u>
<b>Net Assets - June 30</b>	<u>167,301</u>	<u>166,656</u>	<u>17,988</u>	<u>16,781</u>	<u>185,289</u>	<u>183,437</u>



## FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

### Governmental Funds

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

As of the close of the 2009 fiscal year, the City's governmental funds reported combined ending fund balances of \$116,264,052 a decrease of \$2,586,862 from the prior year, of this amount \$1,102,610 was from current year activity while \$1,484,252 was due to a prior period adjustment to correctly reflect the year in which the Fountain Valley Agency for Community Development incurred expense for statutory pass-thru, and sales tax payment obligations. Approximately 35 percent of the total fund balance constitutes *unreserved and undesignated fund balance*, which is available for spending at the government's discretion within the guidelines of the fund types.

At the end of the current fiscal year, the unreserved designated fund balance in the general fund, the chief operating fund of the City, was \$41,451,520 and total fund balance was \$41,797,660. This constitutes a decrease of \$1,808,289 from the 2008 fiscal year. The key factors for this is the decrease in sales tax revenues and interest income coupled with increases personnel costs.

### Proprietary Funds

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

Unrestricted net assets of the Water Fund at the end of the year amounted to \$8,679,178. Other factors concerning the finances of the Water Fund have already been addressed in the discussion of the City's business-type activities.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$101,317,791 (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 7 percent.

#### CAPITAL ASSETS (net of accumulated depreciation) (In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	3,885	3,885	123	123	4,008	4,008
Vehicles and Equipment	2,384	2,043	31	30	2,415	2,073
Furniture and Fixtures	3	3			3	3
Buildings	10,466	8,546	2,882	3,155	13,348	11,701
Construction in Progress	712	15,550	2,731		3,443	15,550
Improvements other than Structures	527	565	4,310	3,853	4,837	4,418
Infrastructure	73,263	56,852			73,263	56,852
Total	91,240	87,444	10,077	7,161	101,317	94,605

Additional information on the City's capital assets can be found in the notes on pages 41-42 of this report.

### Long-Term Debt

At year-end, the City had total long term debt outstanding of \$49,305,429. Additional information on the City of Fountain Valley's debt can be found in notes to the financial statements on pages 43 through 47. The bonded debt of the City's is secured solely by tax increment.

#### LEASES, TAX ALLOCATION BONDS, AND NOTES (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Leases Payable	1,220	1,373			1,220	1,373
Tax Allocation Bonds	11,510	12,900			11,510	12,900
Notes Payable	19,262	18,910			19,262	18,910
Certificate of Participation	11,190	11,635			11,190	11,635
Other Post Employee Benefits	1,423				1,423	0
Compensated Absences	2,456	2,296	134	116	2,590	2,412
Claims Payable	1,342	297			1,342	297
Loans Payable			768	810	768	810
Total	48,403	47,411	902	926	49,305	48,337

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The unemployment rate for the area at June 30, 2009 was 9.3 percent which is a significant increase from the rate of 5.3 percent last year. Unemployment rate across the country all reflect substantial increases when compared to the previous year. As of June 30, 2009 California's unemployment rate was 11.6 percent, up 4.3 percent from last years rate of 7.3 percent. The national rate was at 9.5 percent, up 3.8 percent from last years rate of 5.7 percent.

Sales tax revenues, the City's single largest revenue source were down by 17 percent at June 30, 2009 when compared with last fiscal year. This decrease is not confined to just Fountain Valley, Orange County sales tax receipts were off by 20 percent and the state saw a decrease of 19.7 percent.

Interest rates affect all industries and local government is no exception. The amount of interest income the City can anticipate deriving from the investment of inactive funds in the next year depends on actions taken by the Federal Reserve Board. Currently rates are at historical lows and there seems to be no indication that the market will be returning to "normal" anytime in the near future.

Fountain Valley was one of only three cities in the county to see an increase in property value for the 2009/10 fiscal year. In a strange twist of fate the number of pre proposition 13 homes in the city actually worked to our advantage and helped us to realize a modest increase of 1.52 percent

All of these factors were considered in preparing the City's budget for the 2009-20010 fiscal year, as sales tax were budgeted to be down 1.9 million the 2008/09 fiscal year budget and property tax revenues were budgeted with modest increase of 2 percent.

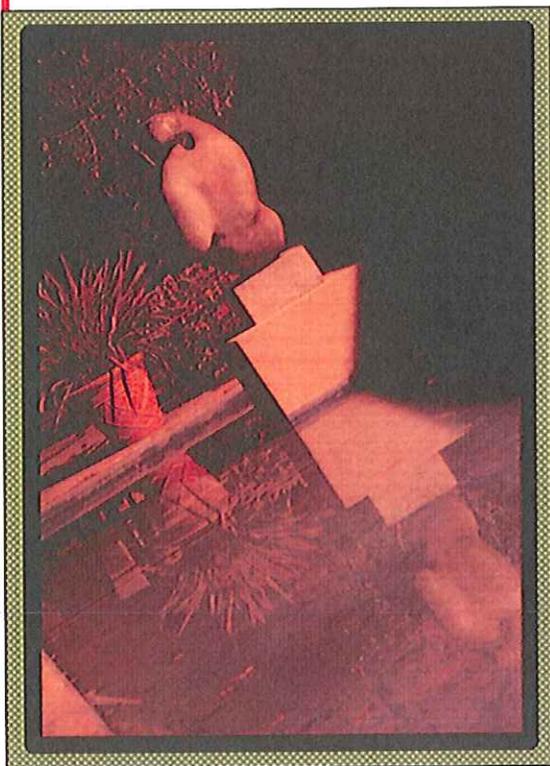
### **Requests for Information**

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



**City of Fountain Valley**

**Basic Financial  
Statements**



2008-2009



CITY OF FOUNTAIN VALLEY  
Statement of Net Assets  
June 30, 2009

	Governmental Activities	Business-Type Activities	Totals	
			2009	2008
<b>Assets:</b>				
Cash and investments (note 2)	\$ 110,345,552	9,841,978	120,187,530	126,384,765
Cash and investment with fiscal agent (note 2)	4,760,143	-	4,760,143	6,001,907
<b>Receivables:</b>				
Accounts	3,541,068	609,379	4,150,447	4,060,521
Accrued interest	439,887	-	439,887	714,124
Loans (note 14)	7,778,974	-	7,778,974	7,837,043
Internal balances	(84,070)	84,070	-	-
Inventories	80,081	-	80,081	81,309
Land held for resale	3,851,917	-	3,851,917	-
Prepaid expenses	59,520	-	59,520	595
<b>Capital assets (note 4):</b>				
Capital assets not depreciated	66,245,828	2,854,177	69,100,005	64,457,444
Other capital assets, net	24,994,266	7,222,520	32,216,786	30,148,701
<b>Total assets</b>	<b>222,013,166</b>	<b>20,612,124</b>	<b>242,625,290</b>	<b>239,686,409</b>
<b>Liabilities:</b>				
Accounts payable	4,709,623	1,470,400	6,180,023	6,525,559
Accrued wages payable	1,036,915	-	1,036,915	710,060
Accrued interest payable	562,657	-	562,657	636,166
Deposits payable	-	251,925	251,925	40,018
<b>Noncurrent liabilities (notes 5 to 10, and 13):</b>				
Due within one year	2,342,889	45,039	2,387,928	2,221,640
Due in more than one year	46,060,237	857,264	46,917,501	46,115,897
<b>Total liabilities</b>	<b>54,712,321</b>	<b>2,624,628</b>	<b>57,336,949</b>	<b>56,249,340</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	52,818,364	9,308,318	62,126,682	54,910,488
<b>Restricted for:</b>				
Low mod housing	22,980,277	-	22,980,277	21,202,157
Public safety	375,313	-	375,313	391,723
Public works	10,760,888	-	10,760,888	11,217,613
Debt service	-	-	-	-
Redevelopment agency	15,176,270	-	15,176,270	16,803,565
Community development	1,528,704	-	1,528,704	581,246
Unrestricted	63,661,029	8,679,178	72,340,207	78,330,277
<b>Total net assets</b>	<b>\$ 167,300,845</b>	<b>17,987,496</b>	<b>185,288,341</b>	<b>183,437,069</b>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

Statement of Activities  
Year ended June 30, 2009

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 4,708,164	1,841,010	593,029	-
Public safety	26,816,254	2,619,078	312,131	-
Transportation	12,923,795	-	3,584,078	3,847,667
Community development	3,730,625	2,386,267	795,111	-
Community services	4,818,069	4,158,532	72,532	-
Interest and other charges	3,152,506	-	-	-
Total governmental activities	<u>56,149,413</u>	<u>11,004,887</u>	<u>5,356,881</u>	<u>3,847,667</u>
Business-type activities:				
Water	<u>7,530,478</u>	<u>8,830,145</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>7,530,478</u>	<u>8,830,145</u>	<u>-</u>	<u>-</u>
	<u>\$ 63,679,891</u>	<u>19,835,032</u>	<u>5,356,881</u>	<u>3,847,667</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Franchise tax

Other taxes

Intergovernmental revenues, unrestricted

Investment income

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year, as restated (note 17)

Net assets at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Totals	
		2009	2008
(2,274,125)	-	(2,274,125)	754,896
(23,885,045)	-	(23,885,045)	(21,282,189)
(5,492,050)	-	(5,492,050)	(5,647,028)
(549,247)	-	(549,247)	910,782
(587,005)	-	(587,005)	(1,609,710)
(3,152,506)	-	(3,152,506)	(3,445,535)
(35,939,978)	-	(35,939,978)	(30,318,784)
-	1,299,667	1,299,667	(286,618)
-	1,299,667	1,299,667	(286,618)
(35,939,978)	1,299,667	(34,640,311)	(30,605,402)
16,690,555	-	16,690,555	19,077,590
9,964,534	-	9,964,534	11,967,435
1,789,533	-	1,789,533	1,467,613
737,630	-	737,630	1,065,886
4,787,550	-	4,787,550	5,104,203
3,751,641	251,659	4,003,300	3,588,915
2,733	-	2,733	196,553
344,796	(344,796)	-	-
38,068,972	(93,137)	37,975,835	42,468,195
2,128,994	1,206,530	3,335,524	11,862,793
165,171,851	16,780,966	181,952,817	171,574,276
\$ 167,300,845	17,987,496	185,288,341	183,437,069

CITY OF FOUNTAIN VALLEY  
Balance Sheet - Governmental Funds  
June 30, 2009

	General Fund	Special	Debt	Capital Projects Funds		Non-Major Governmental Funds	Total Governmental Funds	
		Revenue Fund	Service Fund	Industrial	Industrial		2009	2008
		Park Improvement	Industrial Redevelopment Area	Industrial Redevelopment Area	Housing Set-Aside			
<b>Assets:</b>								
Cash and investments	\$ 40,577,299	-	28,677,590	11,784,921	11,646,869	17,658,873	110,345,552	114,721,732
Cash and investments with fiscal agent	-	-	2,226,677	-	-	2,533,466	4,760,143	6,001,907
<b>Receivables:</b>								
Accounts	1,761,447	967,277	88,930	-	22,233	701,181	3,541,068	3,609,466
Accrued interest	205,389	-	-	234,498	-	-	439,887	714,124
Loans	-	-	-	-	7,461,636	317,338	7,778,974	7,837,043
Due from other funds (note 3)	969,893	940,871	-	525	-	236,837	2,148,126	1,052,552
Inventory	80,081	-	-	-	-	-	80,081	81,309
Land held for resale	-	-	-	-	3,851,917	-	3,851,917	-
Prepaid expenses	59,520	-	-	-	-	-	59,520	595
<b>Total assets</b>	<b>\$ 43,653,629</b>	<b>1,908,148</b>	<b>30,993,197</b>	<b>12,019,944</b>	<b>22,982,655</b>	<b>21,447,695</b>	<b>133,005,268</b>	<b>134,018,728</b>
<b>Liabilities and Fund Balance</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 817,236	214	1,649,654	285,697	2,378	1,954,444	4,709,623	4,949,397
Accrued wages payable	1,036,915	-	-	-	-	-	1,036,915	710,060
Due to other funds (note 3)	-	969,893	-	321,226	-	941,077	2,232,196	1,100,258
Deferred revenue	1,818	938,041	-	-	7,302,569	520,054	8,762,482	8,408,099
<b>Total liabilities</b>	<b>1,855,969</b>	<b>1,908,148</b>	<b>1,649,654</b>	<b>606,923</b>	<b>7,304,947</b>	<b>3,415,575</b>	<b>16,741,216</b>	<b>15,167,814</b>
<b>Fund balance:</b>								
<b>Reserved for:</b>								
Encumbrances	206,539	-	-	-	-	694,755	901,294	13,157,845
Inventory	80,081	-	-	-	-	-	80,081	81,309
Prepaid expenses	59,520	-	-	-	-	-	59,520	595
Land held for resale	-	-	-	-	3,851,917	-	3,851,917	-
Debt service requirements	-	-	29,343,543	-	-	-	29,343,543	27,411,640
<b>Unreserved:</b>								
<b>Designated, reported in</b>								
<b>General Fund:</b>								
Future capital	6,854,195	-	-	-	-	-	6,854,195	12,432,017
Employee benefits	4,904,689	-	-	-	-	-	4,904,689	4,538,428
Self insurance	3,770,368	-	-	-	-	-	3,770,368	3,651,783
Contingencies	25,922,268	-	-	-	-	-	25,922,268	22,525,375
<b>Undesignated, reported in:</b>								
Special revenue funds	-	-	-	-	-	5,482,130	5,482,130	(4,886,262)
Debt service funds	-	-	-	-	-	2,814,116	2,814,116	2,814,230
Capital projects funds	-	-	-	11,413,021	11,825,791	9,041,119	32,279,931	37,123,954
<b>Total fund balance</b>	<b>41,797,660</b>	<b>-</b>	<b>29,343,543</b>	<b>11,413,021</b>	<b>15,677,708</b>	<b>18,032,120</b>	<b>116,264,052</b>	<b>118,850,914</b>
<b>Total liabilities and fund balance</b>	<b>\$ 43,653,629</b>	<b>1,908,148</b>	<b>30,993,197</b>	<b>12,019,944</b>	<b>22,982,655</b>	<b>21,447,695</b>	<b>133,005,268</b>	<b>134,018,728</b>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY  
Governmental Funds

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets

June 30, 2009

	2009	2008
Fund balances of governmental funds	\$ 116,264,052	118,850,914
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.		
Capital assets	115,545,760	110,439,548
Accumulated depreciation	(24,305,666)	(22,995,212)
Long term debt and compensated absences that have not been included in the governmental fund activity:		
Long-term debt	(45,947,604)	(45,115,626)
Compensated absences	(2,455,522)	(2,295,454)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(562,657)	(636,166)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	8,762,482	8,408,099
Net assets of governmental activities	\$ 167,300,845	166,656,103

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year ended June 30, 2009

	Special Revenue Fund		Debt Service Fund	Capital Projects Funds		Non-Major Governmental Funds	Total Governmental Funds	
	General Fund	Park Improvement	Industrial Redevelopment Area	Industrial Redevelopment Area	Housing Set-Aside		2009	2008
<b>Revenues:</b>								
Taxes	\$ 21,251,946	-	7,170,291	-	1,792,573	-	30,214,810	32,068,803
Licenses and permits	1,798,630	-	-	-	-	-	1,798,630	1,904,415
Fines and penalties	457,132	-	-	-	-	414,541	871,673	919,127
Investment income	1,429,788	-	62,705	1,651,816	352,066	253,796	3,750,171	5,288,416
Rental income	978,415	-	-	-	-	-	978,415	894,371
Intergovernmental	4,488,542	-	-	-	-	7,900,883	12,389,425	15,394,421
Charges for services	3,901,846	-	-	-	-	4,410,812	8,312,658	9,109,895
Miscellaneous	1,162,871	477,427	-	-	173,622	66,084	1,880,004	4,118,932
<b>Total revenues</b>	<b>35,469,170</b>	<b>477,427</b>	<b>7,232,996</b>	<b>1,651,816</b>	<b>2,318,261</b>	<b>13,046,116</b>	<b>60,195,786</b>	<b>69,698,380</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	2,662,533	-	-	898,634	576,404	52,224	4,189,795	4,440,714
Public safety	25,142,930	-	-	-	-	257,153	25,400,083	24,899,666
Transportation	5,502,223	-	-	-	-	7,788,706	13,290,929	9,036,928
Community development	1,678,407	-	-	538,929	-	766,112	2,983,448	10,445,502
Community services	1,765,682	-	-	-	-	2,842,124	4,607,806	4,463,218
Capital outlay	248,791	4,421,344	-	-	-	67,130	4,737,265	15,774,107
<b>Debt service:</b>								
Principal	183,422	-	1,390,000	-	-	444,601	2,018,023	1,883,385
Interest	-	-	1,745,999	-	-	434,618	2,180,617	2,620,715
Pass-through payments	-	-	1,032,558	-	-	-	1,032,558	644,577
<b>Total expenditures</b>	<b>37,183,988</b>	<b>4,421,344</b>	<b>4,168,557</b>	<b>1,437,563</b>	<b>576,404</b>	<b>12,652,668</b>	<b>60,440,524</b>	<b>74,208,812</b>
Excess (deficiency) of revenues over (under) expenditures	(1,714,818)	(3,943,917)	3,064,439	214,253	1,741,857	393,448	(244,738)	(4,510,432)
<b>Other financing sources (uses):</b>								
Transfers in (note 14)	929,980	3,943,096	-	-	-	3,507,668	8,380,744	9,799,212
Transfers out (note 14)	(1,053,067)	-	-	(4,853,543)	-	(3,713,338)	(9,619,948)	(9,866,821)
Issuance of long term debt	29,616	-	351,716	-	-	-	381,332	457,541
<b>Total other financing sources (uses)</b>	<b>(93,471)</b>	<b>3,943,096</b>	<b>351,716</b>	<b>(4,853,543)</b>	<b>-</b>	<b>(205,670)</b>	<b>(857,872)</b>	<b>389,932</b>
<b>Net change in fund balances</b>	<b>(1,808,289)</b>	<b>(821)</b>	<b>3,416,155</b>	<b>(4,639,290)</b>	<b>1,741,857</b>	<b>187,778</b>	<b>(1,102,610)</b>	<b>(4,120,500)</b>
<b>Fund balances at beginning of year, as restated (note 17)</b>	<b>43,605,949</b>	<b>821</b>	<b>25,927,388</b>	<b>16,052,311</b>	<b>13,935,851</b>	<b>17,844,342</b>	<b>117,366,662</b>	<b>122,971,414</b>
<b>Fund balances at end of year</b>	<b>\$ 41,797,660</b>	<b>-</b>	<b>29,343,543</b>	<b>11,413,021</b>	<b>15,677,708</b>	<b>18,032,120</b>	<b>116,264,052</b>	<b>118,850,914</b>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

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

Year ended June 30, 2009

	<u>2009</u>	<u>2008</u>
Net changes in fund balances - total governmental funds	\$ (1,102,610)	(4,120,500)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>		
Capital outlay	5,259,295	16,392,576
Depreciation expense	(1,463,537)	(783,805)
Proceeds from the issuance of notes is reported as other financing sources in governmental funds. The issuance of notes payable increases liabilities in the statement of net assets, but does not result in an increase in net assets in the statement of activities.	(381,332)	(457,541)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	2,018,023	1,883,385
The statement of net assets includes accrued interest on long term debt.	73,509	70,149
To record as an expense (reduction of expense) the net change in claims and judgments payable in the statement of activities.	(1,045,398)	(894,969)
To record as an expense (reduction of expense) the net change in compensated absences in the statement of activities.	(160,068)	116,177
To record as an expense the net change in other post employment benefits in the statement of activities.	(1,423,271)	-
Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting.	<u>354,383</u>	<u>(578,469)</u>
Change in net assets of governmental activities	<u>\$ 2,128,994</u>	<u>11,627,003</u>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY  
Statement of Net Assets - Proprietary Fund  
June 30, 2009

	Water Utility	
	2009	2008
<u>Assets</u>		
Cash and investments	\$ 9,841,978	11,663,033
Accounts receivable	609,379	498,761
Due from other funds (note 3)	84,070	-
Capital assets:		
Capital assets not depreciated	2,854,177	123,076
Other capital assets, net	7,222,520	7,038,733
Total assets	20,612,124	19,323,603
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	1,470,400	1,576,162
Deposits payable	251,925	40,018
Non-current liabilities:		
Due within one year	45,039	41,997
Due beyond one year	857,264	884,460
Total liabilities	2,624,628	2,542,637
Net assets:		
Invested in capital assets, net of related debt	9,308,318	6,351,432
Unrestricted	8,679,178	10,429,534
Total net assets	\$ 17,987,496	16,780,966

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY  
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund  
Year ended June 30, 2009

	Water Utility	
	2009	2008
Operating revenues:		
Charges for services	\$ 8,816,896	8,659,520
Miscellaneous	13,249	432
Total operating revenues	8,830,145	8,659,952
Operating expenses:		
Utility administration	252,615	1,138,823
Pumping and maintenance	653,161	690,254
Water treatment	7,688,083	6,617,704
Depreciation	492,256	470,006
Total operating expenses	9,086,115	8,916,787
Operating income (loss)	(255,970)	(256,835)
Nonoperating revenues (expenses):		
Investment income	251,659	454,799
Interest	(28,363)	(29,783)
Total nonoperating revenues (expenses)	223,296	425,016
Income (loss) before transfers and capital contributions	(32,674)	168,181
Transfers in (note 13)	1,495,582	132,609
Transfers out (note 13)	(256,378)	(65,000)
Change in net assets	1,206,530	235,790
Net assets at beginning of year	16,780,966	16,545,176
Net assets at end of year	\$ 17,987,496	16,780,966

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY  
Statement of Cash Flows - Proprietary Fund  
Year ended June 30, 2009

	Water Utility	
	2009	2008
Cash flows from operating activities:		
Cash received from customers	\$ 8,883,728	8,798,949
Cash payments to suppliers for goods and services	(6,806,948)	(6,422,217)
Cash payments to employees for services	<u>(1,874,829)</u>	<u>(1,747,822)</u>
Net cash provided by (used for) operating activities	<u>201,951</u>	<u>628,910</u>
Cash flows from noncapital financing activities:		
Cash paid to other funds	(292,742)	(112,706)
Cash received from other funds	<u>1,495,582</u>	<u>132,609</u>
Net cash provided by (used for) noncapital financing activities	<u>1,202,840</u>	<u>19,903</u>
Cash flows from capital and related financing activities:		
Cash paid for acquisition and construction of capital assets	(3,407,144)	(29,800)
Interest paid on debt	(28,363)	(29,783)
Principal paid on debt	<u>(41,998)</u>	<u>(40,578)</u>
Net cash provided by (used for) capital and related financing activities	<u>(3,477,505)</u>	<u>(100,161)</u>
Cash flows from investing activities:		
Interest received on investments	<u>251,659</u>	<u>526,590</u>
Net cash provided by (used for) investing activities	<u>251,659</u>	<u>526,590</u>
Net increase (decrease) in cash and cash equivalents	(1,821,055)	1,075,242
Cash and cash equivalents at beginning of year	<u>11,663,033</u>	<u>10,587,791</u>
Cash and cash equivalents at end of year	<u>\$ 9,841,978</u>	<u>11,663,033</u>

CITY OF FOUNTAIN VALLEY  
Statement of Cash Flows - Proprietary Fund  
(Continued)

	Water Enterprise	
	2009	2008
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (255,970)	(256,835)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	492,256	470,006
(Increase) decrease in accounts receivable	(158,324)	128,222
(Increase) decrease in due from other governments	-	8,087
Increase (decrease) in accounts payable	(105,762)	258,772
Increase (decrease) in deposits payable	211,907	2,688
Increase (decrease) in compensated absences	17,844	17,970
Total adjustments	457,921	885,745
Net cash provided by (used for) operating activities	\$ 201,951	628,910

There were no noncash investing and financing activities during the year ended June 30, 2009.

See accompanying notes to the basic financial statements.

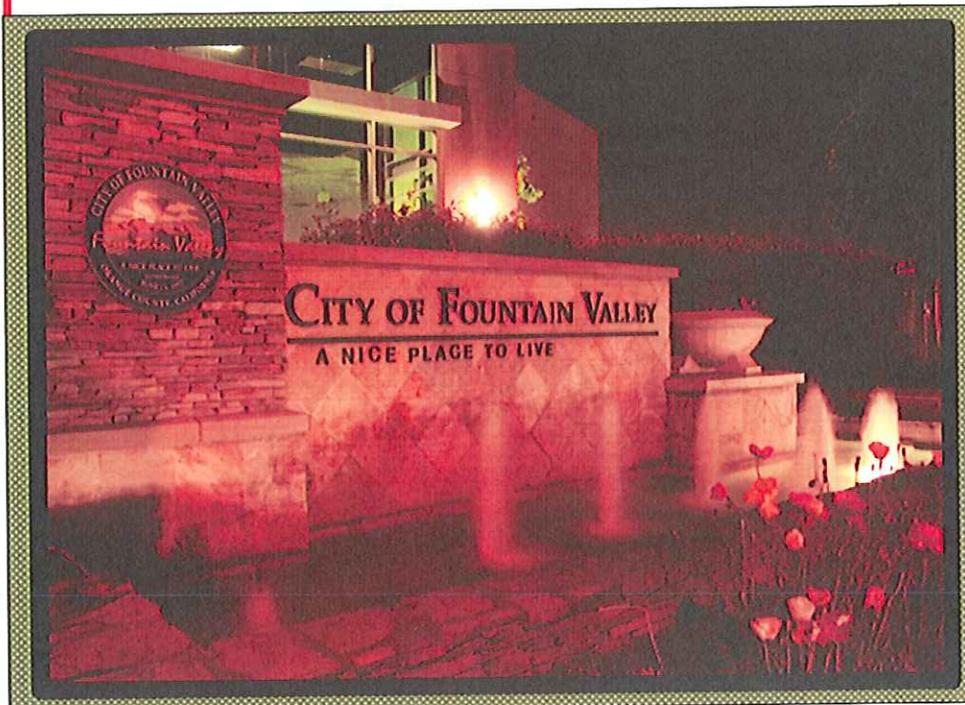
CITY OF FOUNTAIN VALLEY  
Statement of Fiduciary Net Assets  
June 30, 2009

	Agency Funds	
	2009	2008
<u>Assets</u>		
Cash and investments (note 2)	\$ 1,137,714	1,077,908
Total assets	\$ 1,137,714	<u>1,077,908</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Deposits payable	\$ 1,137,714	1,077,908
Total liabilities	\$ 1,137,714	<u>1,077,908</u>

See accompanying notes to the basic financial statements.

**City of Fountain Valley**

**Notes to the Basic  
Financial Statements**



2008-2009



CITY OF FOUNTAIN VALLEY

Notes to the Basic Financial Statements

Year ended June 30, 2009

(1) Summary of Significant Accounting Policies

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

(a) 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 of Fountain Valley'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. Therefore, the component units of the City discussed below are presented blended within the financial statements of the City.

The Fountain Valley Agency for Community Development (Agency) was established in August, 1975 pursuant to California Community Redevelopment laws. The Agency has established two project areas for the purposes of creating a high-quality industrial area and a high-quality civic center within the City. Complete financial statements for the Agency can be obtained at City of Fountain Valley, Finance Department, 10200 Slater Avenue P.O. Box 8030, Fountain Valley, CA 92728-8030.

The Fountain Valley Financing Authority (Authority) was established in April, 2003, for the purpose of issuing tax exempt obligations and retaining the services of a land counsel and financial advisor. Separate financial statements are not prepared for this blended component unit.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus

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

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

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). Governmental activities include governmental funds and proprietary internal service funds. Business-type activities include proprietary enterprise funds. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

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. *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, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Government-wide Financial Statements, (Continued)

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not 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 expenditures. The issuance of long-term debt is recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

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, liabilities, fund equity, 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.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about the major fund individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

## CITY OF FOUNTAIN VALLEY

### Notes to the Basic Financial Statements

(Continued)

#### (1) Summary of Significant Accounting Policies, (Continued)

##### Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 90 days.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) 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 net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets.

Revenues, expenses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that is not received within 90 days after the fiscal year end to meet the "available" criteria of revenue recognition. In the past, the industry practice for grants was to recognize revenue in the fiscal year in which the related expense was incurred.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Governmental Funds, (Continued)

Therefore recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

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. Other revenue items are considered to be measurable and available when cash is received by the government.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The issuance of long-term debt is recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary and Fiduciary Funds

The City's enterprise fund is a proprietary fund. In the fund financial statements, the proprietary fund is presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary fund is presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity is included on the balance sheet. The proprietary fund type operating statement presents increases (revenues) and decreases (expenses) in total net assets.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Proprietary and Fiduciary Funds, (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as expenditures. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

(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.

Park Improvement Fund To account for the expansion and renovation of the City's recreation center and other park facilities next to Mile Square Regional Park.

Industrial Redevelopment Debt Service Fund This debt service fund is used to account for tax increment revenue and interest income related to the Industrial Project Area. These funds are used for repayment of principal and interest on the indebtedness of the Agency.

Industrial Redevelopment Capital Projects Fund This capital projects fund is used to account for the construction of all capital projects located in the Industrial Project Area and financed by the Redevelopment Agency.

Housing Set-Aside Capital Projects Fund This capital projects fund is used to account for the receipt and disbursement of monies used for the construction of major capital facilities for housing which generally require more than one budgetary cycle to complete. This project is funded by fees, assessments, and federal and state grants.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(c) Fund Classifications, (Continued)

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

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.

(d) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the fund balance, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(e) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

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

(f) Cash Equivalents

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

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(f) Cash Equivalents, (Continued)

funds' share in the cash and investment pool of the City of Fountain Valley. Certain restricted assets and deposits of proprietary funds consist of investments which are not considered to be cash equivalents as defined above and therefore excluded from the statements of cash flows.

(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) 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 90 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 11 Second Installment - April 11

(i) 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 General fund.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(j) Employee Leave Benefits

In accordance with GASB Statement No. 16, 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.

Under GASB Statement No. 16, 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.

(k) Capital Assets

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

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

CITY OF FOUNTAIN VALLEY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(k) Capital Assets, (Continued)

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 assets. 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

The following schedule shows the minimum threshold at which the various types of asset purchases are capitalized:

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

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the government-wide statement of net assets. The City has elected to use the depreciation approach using the straight-line depreciation method for some of the infrastructure assets and the modified approach for others, in which the City agrees to maintain those assets at a specified level of maintenance. Those assets reported using the depreciation method are traffic signals, sewers, and storm drains. Those assets reported using the modified approach are arterial pavement, local pavement, curbs and gutters and sidewalks.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(l) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, during the reporting period. Actual results could differ from those estimates.

(m) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year financial statements, from which the selected financial data was derived.

(2) Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$120,187,530
Cash and investments with fiscal agent	4,760,143
Fiduciary funds:	
Cash and investments	<u>1,137,714</u>
Total cash and investments	<u>\$126,085,387</u>

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 13,675
Deposits with financial institutions	5,054,941
Investments	<u>121,016,771</u>
Total cash and investments	<u>\$126,085,387</u>

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements

(Continued)

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

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment in One Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	40%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	None	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

\*Based on state law requirements or investment policy requirements, whichever is more restrictive.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptances	30 days
Commercial Paper	180 days
Money Market Mutual Funds	None
Investment Contracts	None
Local Agency Bonds	None
Corporate Notes	None
Medium Term Notes	None
Repurchase Agreements	None
Financial Futures / Option Contracts	None
California Arbitrage Management Pool	None
Negotiable Certificate of Deposits	None
Local Agency Investment Fund (LAIF)	None

Disclosures Relating to 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 shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk, (Continued)

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
Local Agency Investment Fund	\$ 78,102,105	78,102,105	-	-	-
Corporate notes	6,083,520	-	2,049,080	4,034,440	-
Federal agency securities	30,032,882	2,002,500	8,122,480	19,907,902	-
Money market funds	2,038,121	2,038,121	-	-	-
Held by Fiscal agent:					
Local Agency Investment Fund	1,967,305	1,967,305	-	-	-
Federal agency securities	259,372	259,372	-	-	-
Money market funds	<u>2,533,466</u>	<u>2,533,466</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$121,016,771</u></b>	<b><u>86,902,869</u></b>	<b><u>10,171,560</u></b>	<b><u>23,942,342</u></b>	<b><u>-</u></b>

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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 below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>AA</u>	<u>Not Rated</u>
Local Agency Investment Fund	\$ 78,102,105	N/A	-	-	78,102,105
Corporate notes	6,083,520	A	-	6,083,520	-
Federal agency securities	30,032,882	N/A	30,032,882	-	-
Money market funds	2,038,121	A	2,038,121	-	-
Held by Fiscal agent:					
Local Agency Investment Fund	1,967,305	N/A	-	-	1,967,305
Federal agency securities	259,372	N/A	259,372	-	-
Money market funds	<u>2,533,466</u>	AAA	<u>2,533,466</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>\$121,016,771</b>		<b><u>34,863,841</u></b>	<b><u>6,083,520</u></b>	<b><u>80,069,410</u></b>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$ 8,139,360
Federal National Mortgage Association	Federal agency securities	12,866,232
Federal Home Loan Mortgage Corporation	Federal agency securities	9,027,290

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market 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.

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 reporting government.

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 (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(3) Due From and To Other Funds

Interfund receivable and payable balances at June 30, 2009 are as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Non-Major Governmental Funds	Industrial Redevelopment Area Capital Project Fund	\$ 236,837 (a)
Park Improvement Special Revenue Fund	Industrial Redevelopment Area Capital Project Fund	319 (b)
Water Enterprise Fund	Industrial Redevelopment Area Capital Project Fund	84,070 (a)
Industrial Redevelopment Area Capital Project Fund	Non-Major Governmental Funds	525 (a)
Park Improvement Special Revenue Fund	Non-Major Governmental Funds	940,552 (b)
General Fund	Park Improvement Special Revenue Fund	<u>969,893 (b)</u>
Total		<u>\$2,232,196</u>

(a) Interfund balances are the result of expenses incurred by the Fountain Valley Agency for Community Development for its contribution to capital projects in other funds, but that had not been paid by June 30, 2009.

(b) Interfund balances are the result of short-term borrowings to cover negative cash balances and operating shortages at June 30, 2009.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Governmental activities:				
Buildings	\$15,005,154	2,269,100	-	17,274,254
Improvements	752,560	-	-	752,560
Vehicles and equipment	5,855,399	859,665	(161,233)	6,553,831
Furniture and fixtures	6,572	-	-	6,572
Infrastructure	<u>24,485,495</u>	<u>227,220</u>	<u>-</u>	<u>24,712,715</u>
Subtotal	<u>46,105,180</u>	<u>3,355,985</u>	<u>(161,223)</u>	<u>49,299,932</u>
Less accumulated depreciation:				
Buildings	(6,458,944)	(349,019)	-	(6,807,963)
Improvements	(188,140)	(37,628)	-	(225,768)
Vehicles and equipment	(3,812,365)	(510,451)	153,082	(4,169,734)
Furniture and fixtures	(3,287)	(548)	-	(3,835)
Infrastructure	<u>(12,532,476)</u>	<u>(565,891)</u>	<u>-</u>	<u>(13,098,367)</u>
Total accumulated depreciation	<u>(22,995,212)</u>	<u>(1,463,537)</u>	<u>153,082</u>	<u>(24,305,666)</u>
Net depreciable assets	<u>23,109,968</u>	<u>1,892,448</u>	<u>(8,151)</u>	<u>24,994,266</u>
Capital assets not depreciated:				
Infrastructure	44,899,242	16,749,160	-	61,648,403
Land	3,885,105	-	-	3,885,105
Construction in progress	<u>15,550,021</u>	<u>5,089,573</u>	<u>(19,927,274)</u>	<u>712,320</u>
	<u>64,334,368</u>	<u>21,838,733</u>	<u>(19,927,274)</u>	<u>66,245,828</u>
Capital assets, net	<u>\$87,444,336</u>	<u>23,731,181</u>	<u>(19,935,415)</u>	<u>91,240,094</u>

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(4) Capital Assets, (Continued)

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

General government	\$ 104,524
Transportation	2,156
Public safety	274,762
Community development	853,948
Community services	<u>228,147</u>
	<u>\$1,463,537</u>

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Business-type activities:				
Buildings	\$ 8,241,482	-	-	8,241,482
Improvements other than buildings	10,501,010	670,731	-	11,171,741
Machinery and equipment	<u>42,465</u>	<u>5,312</u>	<u>-</u>	<u>47,777</u>
Total cost of depreciable assets	<u>18,784,957</u>	<u>676,043</u>	<u>-</u>	<u>19,461,000</u>
Less accumulated depreciation:				
Buildings	(5,086,042)	(272,905)	-	(5,358,947)
Improvements other than buildings	(6,647,858)	(214,574)	-	(6,862,432)
Machinery and equipment	<u>(12,324)</u>	<u>(4,777)</u>	<u>-</u>	<u>(17,101)</u>
Total accumulated depreciation	<u>(11,746,224)</u>	<u>(492,256)</u>	<u>-</u>	<u>(12,238,480)</u>
Net depreciable assets	7,038,733	183,787	-	7,222,520
Capital assets not depreciated:				
Land	123,076	-	-	123,076
Construction in progress	<u>-</u>	<u>2,731,101</u>	<u>-</u>	<u>2,731,101</u>
Capital assets, net	<u>\$ 7,161,809</u>	<u>2,914,888</u>	<u>-</u>	<u>10,076,697</u>

Depreciation expense in the amount of \$492,256 was charged to the water utility fund.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 (including unamortized discounts and refunding costs) are as follows:

Governmental activities:	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009	Due within one year	Due in more than one year
Compensated absences payable	\$ 2,295,454	173,294	(13,226)	2,455,522	14,149	2,441,373
Claims and judgments	297,062	1,278,578	(233,180)	1,342,460	233,180	1,109,280
Other post employment benefits	-	2,446,000	(1,022,729)	1,423,271	-	1,423,271
Capital lease obligations	1,373,218	29,616	(183,023)	1,219,811	190,560	1,029,251
Notes payable	18,910,346	351,716	-	19,262,062	-	19,262,062
1998 Tax Allocation Bonds	12,900,000	-	(1,390,000)	11,510,000	1,445,000	10,065,000
2003 Certificates of Participation	<u>11,635,000</u>	<u>-</u>	<u>(445,000)</u>	<u>11,190,000</u>	<u>460,000</u>	<u>10,730,000</u>
Total governmental long-term liabilities	<u>\$47,411,080</u>	<u>4,279,204</u>	<u>(3,287,158)</u>	<u>48,403,126</u>	<u>2,342,889</u>	<u>46,060,237</u>

Governmental compensated absences are generally liquidated by the general fund.

Changes in long-term liabilities for business-type activities for the year ended June 30, 2009 are as follows:

Business-type activities:	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009	Due within one year	Due in more than one year
Compensated absences payable	\$116,080	19,206	(1,362)	133,924	1,571	132,353
Notes payable	<u>810,377</u>	<u>-</u>	<u>(41,998)</u>	<u>768,379</u>	<u>43,468</u>	<u>724,911</u>
Business-type long-term liabilities	<u>\$926,457</u>	<u>19,206</u>	<u>(43,360)</u>	<u>902,303</u>	<u>45,039</u>	<u>857,264</u>

Business-type compensated absences are generally liquidated by the water fund.

CITY OF FOUNTAIN VALLEY

Notes to the Basic Financial Statements

(Continued)

(6) Notes Payable

Governmental activities:

The Industrial Project Area has an outstanding note payable to Price Company in the amount of \$19,262,062 bearing interest at the prime rate charged by Bank of America NT. The note is part of a development agreement that is vital to the best interest of the City of Fountain Valley and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements. The interest rate is adjusted annually on the anniversary date of the note year to the prime rate of interest per annum charged by Bank of America. The note will be repaid from property tax increment revenues. Interest payments are due quarterly beginning the third month after the first anniversary date of the opening of the store in November 1989. The term of this note is twenty-one years or until accrued interest and principal are paid in full, whichever occurs first.

Business-type activities:

The Water Utility Fund of the City entered into an agreement with the Orange County Water District (OCWD) in a joint effort to improve water supply facilities. This agreement is for the construction of a groundwater production well, including a pump, motor and ancillary surface facilities, in the City of Fountain Valley. At June 30, 2009 the amount outstanding on the loan is \$768,379. During the construction phase of the project the City will make annual interest payments at an interest rate of 3.5% on the advanced funds. The interest rate is 3.5% with annual principal and interest payments beginning July 1, 2003. The annual requirements to amortize the loan, as of June 30, 2009 are as follows:

Year Ending June 30,	Loans Payable OCWD	
	Principal	Interest
2010	\$ 43,468	26,893
2011	44,989	25,372
2012	46,564	23,797
2013	48,193	22,168
2014	49,880	20,481
2015	51,626	18,735
2016	53,433	16,928
2017	55,303	15,058
2018	57,239	13,122
2019	59,242	11,119
2020	61,315	9,046
2021	63,462	6,899
2022	65,683	4,678
2023	<u>67,982</u>	<u>2,379</u>
Total	\$768,379	216,675

CITY OF FOUNTAIN VALLEY

Notes to the Basic Financial Statements

(Continued)

(7) Obligations Under Capital Leases

The City of Fountain Valley has entered into various capital lease agreements for copying equipment and fire trucks. The future minimum lease payments are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2010	\$ 251,761
2011	251,761
2012	247,558
2013	231,750
2014	231,750
2015	114,935
2016	<u>114,935</u>
Subtotal	<u>1,444,450</u>
Less: amount representing interest	<u>(224,639)</u>
Total	<u>\$1,219,811</u>

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements

(Continued)

(8) Bonds Payable

Governmental activities:

1998 Tax Allocation Bonds:

On November 1, 1998 the Fountain Valley Agency for Community Development issued \$24,225,000 1998 Tax Allocation Refunding Bonds (Industrial Redevelopment Project Area) for the purpose of refunding all of the Agency's Industrial Area Redevelopment Project Tax Allocation Bonds, Issue of 1985 in the amount of \$24,270,000. Interest rates vary from 3.80% to 4.70%. 1998 Bonds maturing on or before January 1, 2008, are not subject to optional redemption prior to their respective maturing dates. The 1998 Bonds maturing on or after January 1, 2009 are subject to redemption as a whole or in part on any date on or after January 1, 2008 at prices ranging from 100% to 101% of the principal amount of the bond together with accrued interest thereon to the date of redemption.

The required reserve for the Tax Allocation Bonds is \$2,030,000 and as of June 30, 2009 the reserve was fully funded. The amount of bonds outstanding at June 30, 2009 is \$11,510,000.

Annual requirements to amortize outstanding bonds as of June 30, 2009 are as follows:

Fiscal Year Ending June 30	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,445,000	518,773
2011	1,510,000	457,310
2012	1,570,000	392,380
2013	1,640,000	323,300
2014	1,715,000	249,500
2015	1,775,000	170,610
2016	<u>1,855,000</u>	<u>87,185</u>
Total	<u>\$11,510,000</u>	<u>2,199,058</u>

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements

(Continued)

(9) Certificates of Participation

2003 Multiple Capital Facilities

On July 9, 2003, the City issued 2003 Certificates of Participation in the amount of \$13,270,000. The Certificates were being issued for the purpose of financing the acquisition, construction and equipping of certain improvements to City park facilities at the western portion of "Mile Square Park," a senior community center, and miscellaneous capital improvements to the City's Civic Center complex and other existing City facilities. The Term Certificates of \$2,435,000 are due September 1, 2026 with an interest rate of 4.5%. The Certificates bear interest ranging from 2.00% to 4.125%, payable semiannually on March 1 and September 1, commencing March 1, 2004.

Future requirements to amortize outstanding certificates of participation as of June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 460,000	423,861
2011	470,000	411,061
2012	485,000	396,736
2013	500,000	381,711
2014	515,000	363,661
2015	535,000	344,400
2016	550,000	325,814
2017	570,000	305,929
2018	590,000	284,606
2019	615,000	260,859
2020	640,000	235,375
2021	665,000	209,275
2022	690,000	182,175
2023	720,000	153,975
2024	750,000	124,575
2025	775,000	92,137
2026	810,000	56,475
2027	850,000	19,125
Totals	<u>\$11,190,000</u>	<u>4,571,750</u>

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(10) Claims and Judgments

Self-Insurance:

At June 30, 2009, the City was self-insured for workers' compensation, employee long-term disability insurance and general liability. Additionally, the City has purchased coverage for individual workers' compensation claims in excess of \$500,000 for general employees and \$1,000,000 for public safety. The City's general and auto liability self-insurance retention is \$25,000, and the balance extending to \$50,000,000 is covered by the use of pooling maintained through the California Joint Powers Insurance Authority (CJPIA). The City also purchases commercial insurance for other risks of loss, including property loss, fidelity and vehicle physical damage.

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement:

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

Self-Insurance Programs of the Authority:

General Liability Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby the Authority is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

CITY OF FOUNTAIN VALLEY

Notes to the Basic Financial Statements

(Continued)

(10) Claims and Judgments, (Continued)

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

Workers Compensation The City has purchased Workers' Compensation Insurance with Safety National Casualty Corporation. Under this policy the maximum limit of indemnity per occurrence is set at the Statutory limits. The City retains \$1,000,000 per occurrence for public safety worker claims and \$500,000 for all others.

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from the prior year.

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2008 and 2009 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2007-08	819,899	218,069	(740,906)	297,062
2008-09	297,062	1,278,578	(233,180)	1,342,460

(11) Defined Benefit Pension Plan (PERS)

The City of Fountain Valley contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan for miscellaneous employees and a cost-sharing multiple employer public employee defined benefit pension plan for safety employees. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial reports may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Participants in the miscellaneous plan are required to contribute 8% of the of their annual covered salary, the City makes 4.36% of the contribution while the employee contributes 3.644%. Safety participants are required to contribute 12% of their annual covered salary, the City contributes 9% and the employee makes the remaining 3% contribution. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups.

CITY OF FOUNTAIN VALLEY

Notes to the Basic Financial Statements

(Continued)

(11) Defined Benefit Pension Plan (PERS), (Continued)

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2008 to June 30, 2009.

A summary of principle assumptions and methods used to determine the ARC is shown below.

	<u>Miscellaneous Plan - Individual</u>	<u>Safety Plan - Pool</u>
Valuation Date	June 30, 2006	June 30, 2006
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	21 Years as of the Valuation Date	17 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

CITY OF FOUNTAIN VALLEY

Notes to the Basic Financial Statements

(Continued)

(11) Defined Benefit Pension Plan (PERS), (Continued)

The City of Fountain Valley has an individual plan for miscellaneous employees. The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll for the miscellaneous plan.

The safety employees of the City are included in the CalPERS risk pool which was created for groups of fewer than 100 active members.

*Required Supplementary Information – Miscellaneous Plan*

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (UAAL)/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/06	\$50,915,406	45,022,811	5,892,595	93.5%	7,733,076	76.2%
6/30/07	55,231,746	48,865,530	6,366,216	102.3%	7,590,140	83.9%
6/30/08	59,476,844	52,173,133	7,303,711	89.3%	8,450,726	86.4%

*Annual Pension Cost (Miscellaneous)*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	13.225%	\$1,066,946	100%	-
6/30/08	12.970%	1,063,732	100%	-
6/30/09	13.906%	1,255,614	100%	-

*Annual Pension Cost (Safety)*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	22.951%	\$2,145,579	100%	-
6/30/08	24.208%	2,123,215	100%	-
6/30/09	22.198%	2,189,092	100%	-

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements

(Continued)

(12) Defined Contribution Pension Plan (PARS)

As of January 1, 1992, the City of Fountain Valley implemented a defined contribution pension Plan (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%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2009, the City's payroll covered by the plan was \$481,009 and the City made employer contributions of \$18,037 (3.75% of current covered payroll).

(13) Other Post Employment Benefits

*Plan Description:* The City administers a single-employer defined benefit plan which provides health care benefits to eligible retirees any qualified family members. 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.

*Eligibility:* Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at January 1, 2008, the date of the latest actuarial valuation:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Retirees and beneficiaries receiving benefits	82	77	159
Active plan members	<u>48</u>	<u>23</u>	<u>71</u>
Total	<u>130</u>	<u>100</u>	<u>230</u>

CITY OF FOUNTAIN VALLEY

Notes to the Basic Financial Statements

(Continued)

(13) Other Post Employment Benefits (Continued)

*City's Funding Policy:* The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2008-09, the City contributed \$1,022,729 to the plan for current premiums.

The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Annual required contribution	\$887,000	1,559,000	2,446,000
Interest on net OPEB obligation	-	-	-
Adjustments to annual required contributions	<u>-</u>	<u>-</u>	<u>-</u>
Annual OPEB cost (expense)	887,000	1,559,000	2,446,000
Contributions made (including premiums paid)	<u>(536,217)</u>	<u>(486,512)</u>	<u>(1,022,729)</u>
Increase in net OPEB obligation	350,783	1,072,488	1,423,271
Net OPEB obligation-beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB obligation-end of year	<u>\$350,783</u>	<u>1,072,488</u>	<u>1,423,271</u>

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(13) Other Post Employment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/07	N/A	N/A	N/A
6/30/08	N/A	N/A	N/A
6/30/09	\$2,446,000	41.8%	\$1,423,271

*Funded Status and Funding Progress.* The funded status of the plan as of January 1, 2008, is presented below.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements

(Continued)

(13) Other Post Employment Benefits (Continued)

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Actuarial Cost Method. The actuarial assumptions included a 4.5 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate established as follows for Non-Medicare/Medicare and HMO/PPO: Between 9.7 and 10.9 percent initially, reduced to between 9.05 and 10.10 percent from the second year to the seventh, and a rate of 4.5 percent thereafter. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year.

SCHEDULE OF FUNDING PROGRESS (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/07	N/A	N/A	N/A	N/A	N/A	N/A
6/30/08	N/A	N/A	N/A	N/A	N/A	N/A
6/30/09	\$0	33,544	33,544	0%	17,431	192.44%

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements

(Continued)

(14) Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 929,980
Park Improvement Fund	Non-Major Governmental Funds	2,116,519 (a)
Water Utility Fund	Non-Major Governmental Funds	133,150
Non-Major Governmental Funds	General Fund	1,053,067 (b)
Non-Major Governmental Funds	Water Utility Fund	256,378
Non-Major Governmental Funds	Non-Major Governmental Funds	533,689
	Industrial Redevelopment Area	
Park Improvement Fund	Capital Projects Fund	1,826,577 (c)
	Industrial Redevelopment Area	
Water Utility Fund	Capital Projects Fund	1,362,432 (d)
	Industrial Redevelopment Area	
Non-Major Governmental Funds	Capital Projects Fund	<u>1,664,534 (e)</u>
	Total	<u>\$9,876,326</u>

- (a) Transfer from the Fountain Valley Financing Authority Capital Projects Fund (COP funds) for Mile Square Park improvements.
- (b) \$851,415 of the \$1,053,067 are transfers from the Fountain Valley Financing Authority Debt Service Fund for COP debt service payments.
- (c) Transfer from the Industrial Redevelopment Area Capital Projects Fund for Mile Square Park improvements.
- (d) Transfer from the Industrial Redevelopment Area Capital Projects Fund for the construction of Well Site #9 and rehabilitation of Reservoir #1.
- (e) Transfer from the Industrial Redevelopment Area Capital Projects Fund for the Industrial Area street rehabilitation, Slater/Newhope street widening, Street resurfacing at the Talbert-Ward/Santa Ana Riverbed, and Street resurfacing at Ellis-Bushard/I405.

CITY OF FOUNTAIN VALLEY

Notes to the Basic Financial Statements

(Continued)

(15) Loans Receivable

The City has outstanding rehabilitation and first time home buyer loans totaling \$2,013,643 to qualified applicants. Loans receivable of \$1,696,305 is recorded in the Housing Set-Aside Capital Projects Fund; \$220,700 in the Community Development Block Grant (CDBG) Special Revenue Fund; and \$96,638 in the HOME Grant Special Revenue Fund. All housing rehabilitation loans are repaid when title to the property changes or according to payment schedules. Since the Department of Housing and Urban Development has claim to any funds remaining when the CDBG and HOME grant programs are terminated, an offsetting amount has been recorded as deferred revenue.

On February 6, 1996, the City loaned the Olson Company \$975,000 for the development of fifteen moderate-income single family detached homes. The loan consists of two parts: \$525,000 (\$35,000 per home) to be repaid to the City upon the sale of the homes and \$450,000 to be passed on to the individual homeowners as 30-year loans of \$30,000 each. The 30-year loans accrue no interest for the first 10 years and thereafter will accrue at 5% simple interest. Each \$30,000 loan will become due and payable to the City if the homeowner resells the property to a family that does not qualify under the income limits or if they sell the home above a qualified purchase price. In the event the loan becomes due, the City will be paid \$30,000 plus the greater of a 10% annual interest rate or its share in the equity of the property. Due to the long-term nature of this note, the City deferred recognition of revenues until payments are received in the fund financial statements. At June 30, 2009, the outstanding balance is \$159,261.

On October 1, 2002, the Agency 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 Agency has agreed to loan Fountain Valley Housing Partners, L.P. \$5,606,071. As of June 30, 2009, \$5,606,071 was loaned 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. Due to the long-term nature of the loan, the Agency has deferred recognition of revenues until payment has been received. The amount outstanding at June 30, 2009 is \$5,606,071.

(16) Budgetary Compliance

Funds where expenditures exceeded appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Industrial Redevelopment Area Debt Service Fund	\$3,255,713	4,168,557	(912,844)
Fountain Valley Financing Authority Capital Projects Fund	2,600	52,224	(49,624)

CITY OF FOUNTAIN VALLEY  
Notes to the Basic Financial Statements  
(Continued)

(17) Restatement of Fund Balance/Net Assets

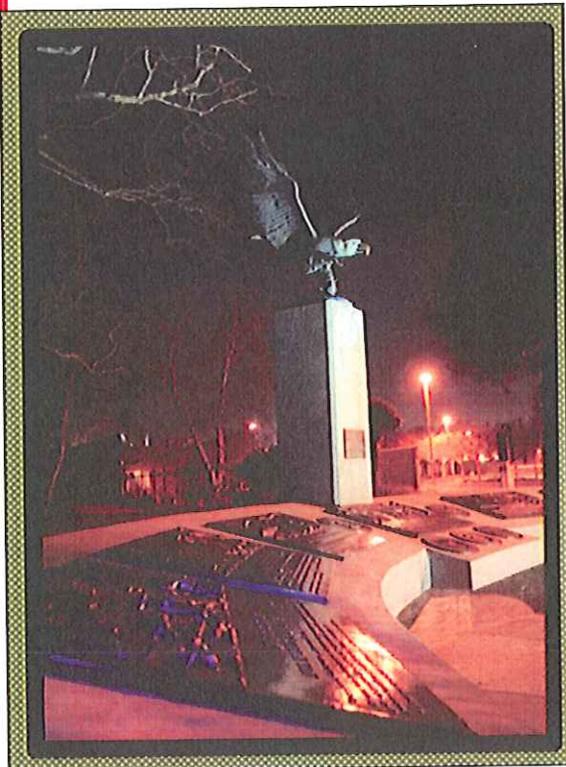
Beginning fund balance/net assets have been restated as follows:

	<u>Industrial Redevelopment Area Debt Service</u>	<u>Statement of Activities</u>
Fund balance/net assets at June 30, 2008	\$27,411,640	183,437,069
Recording of pass-through expenditures in the appropriate fiscal year when incurred	(1,088,950)	(1,088,950)
Recording of sales tax payable expenditures in the appropriate fiscal year when incurred	<u>(395,302)</u>	<u>(395,302)</u>
Fund balance/net assets at June 30, 2008, as restated	<u>\$25,927,388</u>	<u>181,952,817</u>

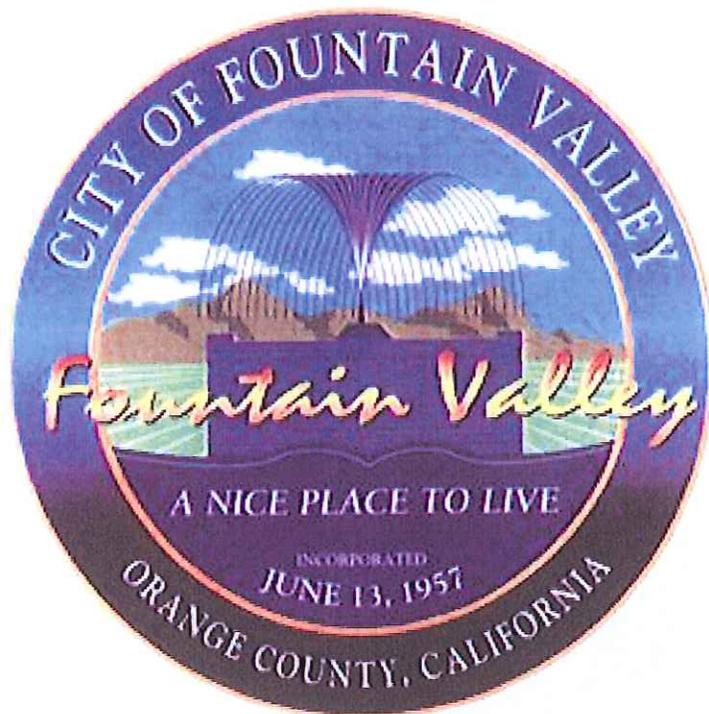
(This page intentionally left blank)

**City of Fountain Valley**

**Required  
Supplementary  
Information**



2008-2009



## CITY OF FOUNTAIN VALLEY

### Notes to the Required Supplementary Information

Year ended June 30, 2009

#### (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 generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the general, special revenue, debt service, capital projects, and proprietary fund types.

#### (2) Disclosures for Streets, Sidewalks, Curbs and Gutters

The City elected to use the modified approach in reporting their 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 manages 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 summarizes the results using a measurement scale, and
- Estimates the annual cost to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

CITY OF FOUNTAIN VALLEY

Notes to the Required Supplementary Information

(Continued)

(2) Disclosures for Streets, Sidewalks, Curbs and Gutters, (Continued)

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

Streets

The condition of the City's roadway pavements is measured using the CarteGraph Pavement Management System. The system uses a measurement scale that is based on an Overall Condition Index (OCI) ranging from zero for a failed pavement to 100 for a pavement in perfect 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 Arterial and Collector routes, and Residential roadways. Field condition surveys of the pavement surface are conducted using 19 pavement distress types and a seven level measurement scale to develop the OCI for each roadway segment and an overall pavement network rating. The seven levels are: Excellent (86-100), Very Good (71-85), Good (56-70), Fair (41-55), Poor (26-40), Very Poor (11-25), and Failed (0-10). Field condition surveys are undertaken and OCI ratings are compiled bi-annually for Arterial and Collector roadways. The assessments will be completed over a three-year period for Residential roadways to comply with GASB 34 requirements. It is the City's policy to maintain a weighted average of all roadway segments at an OCI of 65 or better.

<u>Condition</u>	<u>OCI Range</u>	<u>Arterial</u>	<u>Collector</u>	<u>Residential</u>	<u>Industrial</u>	<u>Total Sections</u>	<u>Percentage</u>
Excellent	86-100	14.5	7.6	5.8	0	27.9	9%
Very Good	71-85	12.6	13.3	25.1	0.8	51.8	28%
Good	56-70	1.4	3.9	47.9	1.3	54.5	46%
Fair	41-55	1.1	1	21.4	0.5	24	2%
Poor	26-40	0	0	5.7	0.3	6	11%
Very Poor	11-25	0	0	0.2	0	0.2	3%
Failed	0-10	0	0	0	0	0	1%

The overall condition of the City's pavement network based on the most recent complete assessment performed in fiscal year 2009 was "Very Good" with a weighted average OCI of 72.3 based on the surface area of each segment.

CITY OF FOUNTAIN VALLEY

Notes to the Required Supplementary Information

(Continued)

(2) Disclosures for Streets, Sidewalks, Curbs and Gutters. (Continued)

Sidewalks

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

Sidewalk Maintenance

- 0" to 1/2" — 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.
- 1/2" to 1" — will be flagged for grinding maintenance.
- 1" to 2" — will be flagged for ramping maintenance.
- >2" caused by a tree — will be flagged as ramp maintenance until the tree is removed. Then the City will remove the deficient sidewalk and/or curbs and gutter.

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

Curbs and Gutters

The City's maintenance standards for curbs and gutters requires that sections of curbs and gutters that experience an 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.

CITY OF FOUNTAIN VALLEY

Notes to the Required Supplementary Information

(Continued)

(2) Disclosures for Streets, Sidewalks, Curbs and Gutters, (Continued)

Comparison of Needed-to-Actual Maintenance/Preservation

FY 2008-2009

Sidewalks, Curbs and Gutters

Budgeted	\$ 225,000
Actual	12,190

Roadway Classification

Arterial and Collectors	
Budgeted	8,108,220
Actual	5,880,402
Residential Roadway	
Budgeted	1,835,341
Actual	373,789

CITY OF FOUNTAIN VALLEY  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Year ended June 30, 2009

	Budget		Actual	Variance- Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Taxes	\$ 23,367,700	23,367,700	21,251,946	(2,115,754)	22,995,058
Licenses and permits	1,409,200	1,409,200	1,798,630	389,430	1,904,415
Fines and penalties	516,000	516,000	457,132	(58,868)	513,802
Investment income	1,381,218	1,381,218	1,429,788	48,570	1,662,707
Rental income	955,000	955,000	978,415	23,415	894,371
Intergovernmental	4,664,769	4,777,212	4,488,542	(288,670)	4,567,365
Charges for services	4,609,319	4,710,769	3,901,846	(808,923)	4,150,190
Miscellaneous	288,341	310,980	1,162,871	851,891	1,448,914
<b>Total revenues</b>	<u>37,191,547</u>	<u>37,428,079</u>	<u>35,469,170</u>	<u>(1,958,909)</u>	<u>38,136,822</u>
Expenditures:					
Current:					
General government	2,737,759	3,025,061	2,662,533	362,528	2,615,173
Public safety	24,845,523	24,676,375	25,142,930	(466,555)	24,477,967
Transportation	6,508,693	6,614,968	5,502,223	1,112,745	5,354,091
Community development	1,891,993	1,928,630	1,678,407	250,223	1,738,759
Community services	1,960,821	1,960,821	1,765,682	195,139	1,633,940
Capital outlay	4,760,427	4,997,190	248,791	4,748,399	418,561
Debt service:					
Principal	173,113	173,113	183,422	(10,309)	107,986
<b>Total expenditures</b>	<u>42,878,329</u>	<u>43,376,158</u>	<u>37,183,988</u>	<u>6,192,170</u>	<u>36,346,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,686,782)</u>	<u>(5,948,079)</u>	<u>(1,714,818)</u>	<u>4,233,261</u>	<u>1,790,345</u>
Other financing sources (uses):					
Transfers in	1,354,725	1,461,000	929,980	(531,020)	761,324
Transfers out	(988,343)	(1,074,218)	(1,053,067)	21,151	(837,582)
Issuance of long term debt	-	-	29,616	29,616	-
<b>Total other financing sources (uses)</b>	<u>366,382</u>	<u>386,782</u>	<u>(93,471)</u>	<u>(480,253)</u>	<u>(76,258)</u>
<b>Net change in fund balances</b>	<u>(5,320,400)</u>	<u>(5,561,297)</u>	<u>(1,808,289)</u>	<u>3,753,008</u>	<u>1,714,087</u>
Fund balances at beginning of year	<u>43,605,949</u>	<u>43,605,949</u>	<u>43,605,949</u>	<u>-</u>	<u>41,891,862</u>
Fund balances at end of year	<u>\$ 38,285,549</u>	<u>38,044,652</u>	<u>41,797,660</u>	<u>3,753,008</u>	<u>43,605,949</u>

CITY OF FOUNTAIN VALLEY  
Park Improvement Special Revenue Fund

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

Year ended June 30, 2009

	Budget		Actual	Variance- Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Intergovernmental	\$ -	938,041	-	(938,041)	7,261,913
Miscellaneous	-	598,045	477,427	(120,618)	289,389
Total revenues	-	1,536,086	477,427	(1,058,659)	7,551,302
Expenditures:					
Capital outlay	-	4,841,732	4,421,344	420,388	15,175,781
Total expenditures	-	4,841,732	4,421,344	420,388	15,175,781
Excess (deficiency) of revenues over (under) expenditures	-	(3,305,646)	(3,943,917)	(638,271)	(7,624,479)
Other financing sources (uses):					
Transfers in	-	3,065,538	3,943,096	877,558	6,573,264
Total other financing sources (uses)	-	3,065,538	3,943,096	877,558	6,573,264
Net change in fund balances	-	(240,108)	(821)	239,287	(1,051,215)
Fund balances at beginning of year	821	821	821	-	1,052,036
Fund balances at end of year	\$ 821	(239,287)	-	239,287	821

## NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The City of Fountain Valley has the following Non-Major Special Revenue Funds:

Criminal Activities - To account for the 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.

Traffic Safety - To account for receipts and expenditures of traffic safety fines.

Traffic Congestion Relief - To account for the preservation, maintenance and rehabilitation of the local street and road system.

Gas Tax - 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.

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

Pollution Reduction - 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.

Solid Waste - To account for fees and services for trash disposal.

Home Grant - To account for Federal HOME Grant funds.

Community Development Block Grant - To account for federal Housing and Community Development Block Grant funds.

## NON-MAJOR DEBT SERVICE FUNDS

Fountain Valley Financing Authority - To account for the repayment of principal and interest on the indebtedness of the authority.

City Center Redevelopment Area - To account for tax increment revenue and related interest income generated from the City Center Project Area. The tax increment revenues are used for repayment of principal and interest on the indebtedness of the Agency.

## NON-MAJOR CAPITAL PROJECTS FUNDS

Drainage - 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.

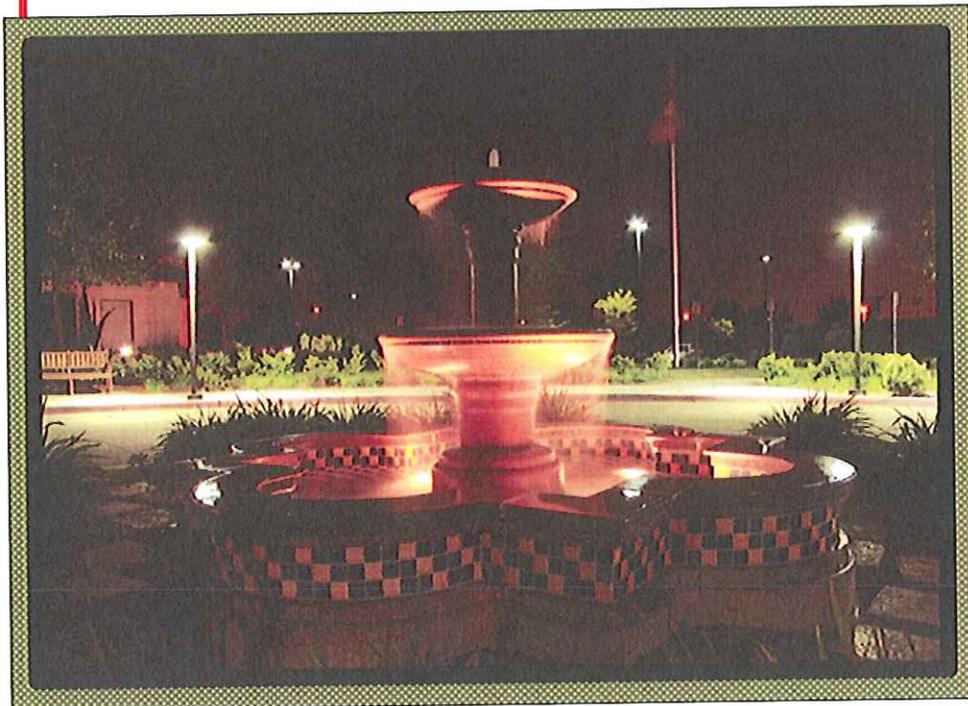
Sewer Assessment - To account for the development impact fees used to pay for the development fair share of improvements.

Fountain Valley Financing Authority - To account for the construction of certain improvements associated with the issuance of the 2003 Certificates of Participation.

City Center Redevelopment Area - To account for the construction of all capital projects located in the City Center and financed by the Redevelopment Agency.

**City of Fountain Valley**

**Supplemental  
Schedules**



2008-2009



(This page intentionally left blank)

CITY OF FOUNTAIN VALLEY  
Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2009

	Special Revenue Funds				
	Criminal Activities	Traffic Safety	Traffic Congestion Relief	Gas Tax	Traffic Improvement
<u>Assets</u>					
Cash and investments	\$ 25,993	-	18,105	4,660,819	2,186,924
Restricted assets:					
Cash and investments with fiscal agent	-	-	-	-	-
Receivables:					
Accounts	15,760	31,975	117,504	-	189,014
Notes	-	-	-	-	-
Due from other funds	-	-	-	-	236,837
Total assets	<u>\$ 41,753</u>	<u>31,975</u>	<u>135,609</u>	<u>4,660,819</u>	<u>2,612,775</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 10,792	31,975	-	1,050,509	608,020
Due to other funds	-	-	-	-	525
Deferred revenue	25	-	-	-	80,724
Total liabilities	<u>10,817</u>	<u>31,975</u>	<u>-</u>	<u>1,050,509</u>	<u>689,269</u>
Fund balances:					
Reserved for:					
Encumbrances	-	-	-	415,664	279,091
Debt service	-	-	-	-	-
Unreserved:					
Reported in:					
Special fund purposes	30,936	-	135,609	3,194,646	1,644,415
Capital projects	-	-	-	-	-
Total fund balances	<u>30,936</u>	<u>-</u>	<u>135,609</u>	<u>3,610,310</u>	<u>1,923,506</u>
Total liabilities and fund balances	<u>\$ 41,753</u>	<u>31,975</u>	<u>135,609</u>	<u>4,660,819</u>	<u>2,612,775</u>

Special Revenue Funds				Debt Service Funds	
Pollution Reduction	Solid Waste	Home Grant	Community Development Block Grant	Fountain Valley Financing Authority	City Center Redevelopment Area
340,474	347,971	169,470	86,745	-	1,924,486
-	-	-	-	889,630	-
3,171	213,232	-	31,600	-	-
-	-	96,638	220,700	-	-
-	-	-	-	-	-
<u>343,645</u>	<u>561,203</u>	<u>266,108</u>	<u>339,045</u>	<u>889,630</u>	<u>1,924,486</u>
-	236,744	-	13,783	-	-
-	-	-	-	-	-
-	-	171,195	268,110	-	-
-	<u>236,744</u>	<u>171,195</u>	<u>281,893</u>	-	-
-	-	-	-	-	-
-	-	-	-	889,630	1,924,486
-	324,459	94,913	57,152	-	-
<u>343,645</u>	-	-	-	-	-
<u>343,645</u>	<u>324,459</u>	<u>94,913</u>	<u>57,152</u>	<u>889,630</u>	<u>1,924,486</u>
<u>343,645</u>	<u>561,203</u>	<u>266,108</u>	<u>339,045</u>	<u>889,630</u>	<u>1,924,486</u>

(Continued)

CITY OF FOUNTAIN VALLEY  
Nonmajor Governmental Funds

Combining Balance Sheet

(Continued)

	Capital Projects Funds				Totals	
	Drainage	Sewer Assessment	Fountain Valley	City Center	2009	2008
			Financing Authority	Redevelopment Area		
<u>Assets</u>						
Cash and investments	258,618	3,952,533	-	3,686,735	17,658,873	14,551,751
Restricted assets:						
Cash and investments with fiscal agent	-	-	1,643,836	-	2,533,466	3,746,734
Receivables:						
Accounts	-	98,925	-	-	701,181	230,778
Notes	-	-	-	-	317,338	1,276,278
Due from other funds	-	-	-	-	236,837	4,860
Total assets	<u>258,618</u>	<u>4,051,458</u>	<u>1,643,836</u>	<u>3,686,735</u>	<u>21,447,695</u>	<u>19,810,401</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	-	2,621	-	-	1,954,444	876,024
Due to other funds	-	-	940,552	-	941,077	1,250
Deferred revenue	-	-	-	-	520,054	1,088,785
Total liabilities	-	<u>2,621</u>	<u>940,552</u>	-	<u>3,415,575</u>	<u>1,966,059</u>
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	-	694,755	6,255,267
Debt service	-	-	-	-	2,814,116	2,814,230
Unreserved:						
Reported in:						
Special fund purposes	-	-	-	-	5,482,130	(313,257)
Capital projects	<u>258,618</u>	<u>4,048,837</u>	<u>703,284</u>	<u>3,686,735</u>	<u>9,041,119</u>	<u>9,088,102</u>
Total fund balances	<u>258,618</u>	<u>4,048,837</u>	<u>703,284</u>	<u>3,686,735</u>	<u>18,032,120</u>	<u>17,844,342</u>
Total liabilities and fund balances	<u>258,618</u>	<u>4,051,458</u>	<u>1,643,836</u>	<u>3,686,735</u>	<u>21,447,695</u>	<u>19,810,401</u>

(This page intentionally left blank)

CITY OF FOUNTAIN VALLEY  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year ended June 30, 2008

	Special Revenue Funds				
	Criminal Activities	Traffic Safety	Traffic Congestion Relief	Gas Tax	Traffic Improvement
Revenues:					
Taxes	\$ -	-	-	-	-
Fines and penalties	-	414,541	-	-	-
Investment income	-	-	7,456	79,548	15,394
Intergovernmental	210,858	-	490,890	2,243,098	4,670,027
Charges for services	-	-	-	-	27,730
Miscellaneous	34,408	-	-	-	-
Total revenues	<u>245,266</u>	<u>414,541</u>	<u>498,346</u>	<u>2,322,646</u>	<u>4,713,151</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	241,018	-	-	-	-
Transportation	-	-	-	1,618,099	6,170,607
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>241,018</u>	<u>-</u>	<u>-</u>	<u>1,618,099</u>	<u>6,170,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,248</u>	<u>414,541</u>	<u>498,346</u>	<u>704,547</u>	<u>(1,457,456)</u>
Other financing sources (uses):					
Transfers in	-	-	-	870,841	1,757,911
Transfers out	-	(414,541)	(373,789)	(515,438)	-
Total other financing sources (uses)	<u>-</u>	<u>(414,541)</u>	<u>(373,789)</u>	<u>355,403</u>	<u>1,757,911</u>
Net change in fund balances	4,248	-	124,557	1,059,950	300,455
Fund balances at beginning of year	<u>26,688</u>	<u>-</u>	<u>11,052</u>	<u>2,550,360</u>	<u>1,623,051</u>
Fund balances at end of year	<u>\$ 30,936</u>	<u>-</u>	<u>135,609</u>	<u>3,610,310</u>	<u>1,923,506</u>

Special Revenue Funds				Debt Service Funds	
Pollution Reduction	Solid Waste	Home Grant	Community Development Block Grant	Fountain Valley Financing Authority	City Center Redevelopment Area
-	-	-	-	-	-
-	-	-	-	-	-
8,549	-	-	10,125	27,690	-
52,507	-	-	233,503	-	-
-	3,057,332	-	-	-	-
<u>1</u>	<u>-</u>	<u>-</u>	<u>31,675</u>	<u>-</u>	<u>-</u>
<u>61,057</u>	<u>3,057,332</u>	<u>-</u>	<u>275,303</u>	<u>27,690</u>	<u>-</u>
-	-	-	-	-	-
16,135	-	-	-	-	-
-	-	-	-	-	-
-	-	-	275,303	-	-
-	2,842,124	-	-	-	-
-	-	-	-	-	-
-	-	-	-	444,601	-
-	-	-	-	434,618	-
<u>16,135</u>	<u>2,842,124</u>	<u>-</u>	<u>275,303</u>	<u>879,219</u>	<u>-</u>
<u>44,922</u>	<u>215,208</u>	<u>-</u>	<u>-</u>	<u>(851,529)</u>	<u>-</u>
-	-	-	-	878,916	-
<u>(62,400)</u>	<u>(133,150)</u>	<u>-</u>	<u>-</u>	<u>(27,501)</u>	<u>-</u>
<u>(62,400)</u>	<u>(133,150)</u>	<u>-</u>	<u>-</u>	<u>851,415</u>	<u>-</u>
<u>(17,478)</u>	<u>82,058</u>	<u>-</u>	<u>-</u>	<u>(114)</u>	<u>-</u>
<u>361,123</u>	<u>242,401</u>	<u>94,913</u>	<u>57,152</u>	<u>889,744</u>	<u>1,924,486</u>
<u>343,645</u>	<u>324,459</u>	<u>94,913</u>	<u>57,152</u>	<u>889,630</u>	<u>1,924,486</u>

(Continued)

CITY OF FOUNTAIN VALLEY  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 (Continued)

	Capital Projects Funds				Totals	
	Drainage	Sewer Assessment	Fountain Valley	City Center	2009	2008
			Financing Authority	Redevelopment Area		
Revenues:						
Taxes	-	-	-	-	-	215,000
Fines and penalties	-	-	-	-	414,541	405,325
Investment income	-	88,747	16,287	-	253,796	661,347
Intergovernmental	-	-	-	-	7,900,883	3,565,143
Charges for services	15,688	1,310,062	-	-	4,410,812	4,959,705
Miscellaneous	-	-	-	-	66,084	735,958
<b>Total revenues</b>	<b>15,688</b>	<b>1,398,809</b>	<b>16,287</b>	<b>-</b>	<b>13,046,116</b>	<b>10,542,478</b>
Expenditures:						
Current:						
General government	-	-	52,224	-	52,224	3,234
Public safety	-	-	-	-	257,153	421,699
Transportation	-	-	-	-	7,788,706	3,682,837
Community development	-	490,809	-	-	766,112	732,104
Community services	-	-	-	-	2,842,124	2,829,278
Capital outlay	-	67,130	-	-	67,130	179,765
Debt service:						
Principal	-	-	-	-	444,601	440,399
Interest	-	-	-	-	434,618	444,024
<b>Total expenditures</b>	<b>-</b>	<b>557,939</b>	<b>52,224</b>	<b>-</b>	<b>12,652,668</b>	<b>8,733,340</b>
Excess (deficiency) of revenues over (under) expenditures	15,688	840,870	(35,937)	-	393,448	1,809,138
Other financing sources (uses):						
Transfers in	-	-	-	-	3,507,668	2,464,624
Transfers out	-	(70,000)	(2,116,519)	-	(3,713,338)	(9,029,239)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(70,000)</b>	<b>(2,116,519)</b>	<b>-</b>	<b>(205,670)</b>	<b>(6,564,615)</b>
<b>Net change in fund balances</b>	<b>15,688</b>	<b>770,870</b>	<b>(2,152,456)</b>	<b>-</b>	<b>187,778</b>	<b>(4,755,477)</b>
Fund balances at beginning of year	242,930	3,277,967	2,855,740	3,686,735	17,844,342	22,599,819
<b>Fund balances at end of year</b>	<b>258,618</b>	<b>4,048,837</b>	<b>703,284</b>	<b>3,686,735</b>	<b>18,032,120</b>	<b>17,844,342</b>

CITY OF FOUNTAIN VALLEY  
Industrial Redevelopment Area Debt Service Fund

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

Year ended June 30, 2009

	Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 7,199,320	7,170,291	(29,029)	7,086,996
Investment income	100,000	62,705	(37,295)	580
Total revenues	7,299,320	7,232,996	(66,324)	7,087,576
Expenditures:				
Debt service:				
Principal	1,390,000	1,390,000	-	1,335,000
Interest	1,225,713	1,745,999	(520,286)	2,176,691
Pass-through payments	640,000	1,032,558	(392,558)	644,577
Total expenditures	3,255,713	4,168,557	(912,844)	4,156,268
Excess (deficiency) of revenues over (under) expenditures	4,043,607	3,064,439	(979,168)	2,931,308
Other financing sources (uses):				
Issuance of long term debt	-	351,716	351,716	457,541
Total other financing sources (uses)	-	351,716	351,716	457,541
Net change in fund balances	4,043,607	3,416,155	(627,452)	3,388,849
Fund balances at beginning of year, as restated	25,927,388	25,927,388	-	24,022,791
Fund balances at end of year	\$ 29,970,995	29,343,543	(627,452)	27,411,640

CITY OF FOUNTAIN VALLEY  
Industrial Redevelopment Area Capital Projects Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 900,000	1,651,816	751,816	2,153,737
Miscellaneous income	-	-	-	597,043
Total revenues	<u>900,000</u>	<u>1,651,816</u>	<u>751,816</u>	<u>2,750,780</u>
Expenditures:				
Current:				
General government	1,172,146	898,634	273,512	1,374,687
Community development	<u>2,608,569</u>	<u>538,929</u>	<u>2,069,640</u>	<u>7,974,639</u>
Total expenditures	<u>3,780,715</u>	<u>1,437,563</u>	<u>2,343,152</u>	<u>9,349,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,880,715)</u>	<u>214,253</u>	<u>3,094,968</u>	<u>-</u>
Other financing sources (uses):				
Transfers out	<u>(6,473,329)</u>	<u>(4,853,543)</u>	<u>1,619,786</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,473,329)</u>	<u>(4,853,543)</u>	<u>1,619,786</u>	<u>-</u>
Net change in fund balances	(9,354,044)	(4,639,290)	4,714,754	(6,598,546)
Fund balances at beginning of year	<u>16,052,311</u>	<u>16,052,311</u>	<u>-</u>	<u>22,650,857</u>
Fund balances at end of year	<u>\$ 6,698,267</u>	<u>11,413,021</u>	<u>4,714,754</u>	<u>16,052,311</u>

CITY OF FOUNTAIN VALLEY  
Housing Set-Aside Capital Projects Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 1,807,680	1,792,573	(15,107)	1,771,749
Investment income	90,000	352,066	262,066	810,045
Miscellaneous	<u>-</u>	<u>173,622</u>	<u>173,622</u>	<u>1,047,628</u>
Total revenues	<u>1,897,680</u>	<u>2,318,261</u>	<u>420,581</u>	<u>3,629,422</u>
Expenditures:				
Current:				
General government	<u>3,366,254</u>	<u>576,404</u>	<u>2,789,850</u>	<u>447,620</u>
Total expenditures	<u>3,366,254</u>	<u>576,404</u>	<u>2,789,850</u>	<u>447,620</u>
Net change in fund balances	(1,468,574)	1,741,857	3,210,431	3,181,802
Fund balances at beginning of year	<u>13,935,851</u>	<u>13,935,851</u>	<u>-</u>	<u>10,754,049</u>
Fund balances at end of year	<u>\$ 12,467,277</u>	<u>15,677,708</u>	<u>3,210,431</u>	<u>13,935,851</u>

CITY OF FOUNTAIN VALLEY  
Criminal Activities Special Revenue Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 100	-	(100)	711
Intergovernmental	231,874	210,858	(21,016)	270,300
Miscellaneous	<u>25,000</u>	<u>34,408</u>	<u>9,408</u>	<u>20,486</u>
Total revenues	<u>256,974</u>	<u>245,266</u>	<u>(11,708)</u>	<u>291,497</u>
Expenditures:				
Current:				
Public safety	<u>253,087</u>	<u>241,018</u>	<u>12,069</u>	<u>293,862</u>
Total expenditures	<u>253,087</u>	<u>241,018</u>	<u>12,069</u>	<u>293,862</u>
Net change in fund balances	3,887	4,248	361	(2,365)
Fund balances at beginning of year	<u>26,688</u>	<u>26,688</u>	<u>-</u>	<u>29,053</u>
Fund balances at end of year	<u>\$ 30,575</u>	<u>30,936</u>	<u>361</u>	<u>26,688</u>

CITY OF FOUNTAIN VALLEY  
Traffic Safety Special Revenue Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Fines and penalties	\$ 401,000	414,541	13,541	405,325
Total revenues	<u>401,000</u>	<u>414,541</u>	<u>13,541</u>	<u>405,325</u>
Other financing sources (uses):				
Transfers out	<u>401,000</u>	<u>(414,541)</u>	<u>(815,541)</u>	<u>(405,325)</u>
Total other financing sources (uses)	<u>401,000</u>	<u>(414,541)</u>	<u>(815,541)</u>	<u>(405,325)</u>
Net change in fund balances	802,000	-	(802,000)	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 802,000</u></u>	<u><u>-</u></u>	<u><u>(802,000)</u></u>	<u><u>-</u></u>

CITY OF FOUNTAIN VALLEY  
Traffic Congestion Relief Special Revenue Fund

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

Year ended June 30, 2009

	Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ -	-	-	215,000
Investment income	-	7,456	7,456	21,195
Intergovernmental	<u>589,540</u>	<u>490,890</u>	<u>(98,650)</u>	<u>928,725</u>
Total revenues	<u>589,540</u>	<u>498,346</u>	<u>(91,194)</u>	<u>1,164,920</u>
Other financing sources (uses):				
Transfers out	<u>(589,540)</u>	<u>(373,789)</u>	<u>215,751</u>	<u>(1,476,273)</u>
Total other financing sources (uses)	<u>(589,540)</u>	<u>(373,789)</u>	<u>215,751</u>	<u>(1,476,273)</u>
Net change in fund balances	-	124,557	124,557	(311,353)
Fund balances at beginning of year	<u>11,052</u>	<u>11,052</u>	<u>-</u>	<u>322,405</u>
Fund balances at end of year	<u>\$ 11,052</u>	<u>135,609</u>	<u>124,557</u>	<u>11,052</u>

CITY OF FOUNTAIN VALLEY  
Gas Tax Special Revenue Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 45,000	79,548	34,548	67,261
Intergovernmental	2,072,160	2,243,098	170,938	1,099,038
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,238</u>
Total revenues	<u>2,117,160</u>	<u>2,322,646</u>	<u>205,486</u>	<u>1,286,537</u>
Expenditures:				
Current:				
Transportation	<u>3,623,692</u>	<u>1,618,099</u>	<u>2,005,593</u>	<u>1,754,046</u>
Total expenditures	<u>3,623,692</u>	<u>1,618,099</u>	<u>2,005,593</u>	<u>1,754,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,506,532)</u>	<u>704,547</u>	<u>2,211,079</u>	<u>(467,509)</u>
Other financing sources (uses):				
Transfers in	1,079,540	870,841	(208,699)	1,581,273
Transfers out	<u>(450,000)</u>	<u>(515,438)</u>	<u>(65,438)</u>	<u>(355,999)</u>
Total other financing sources (uses)	<u>629,540</u>	<u>355,403</u>	<u>(274,137)</u>	<u>1,225,274</u>
Net change in fund balances	(876,992)	1,059,950	1,936,942	757,765
Fund balances at beginning of year	<u>2,550,360</u>	<u>2,550,360</u>	<u>-</u>	<u>1,792,595</u>
Fund balances at end of year	<u>\$ 1,673,368</u>	<u>3,610,310</u>	<u>1,936,942</u>	<u>2,550,360</u>

CITY OF FOUNTAIN VALLEY  
Traffic Improvement Special Revenue Fund

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

Year ended June 30, 2009

	Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
<b>Revenues:</b>				
Investment income	\$ 22,000	15,394	(6,606)	99,728
Intergovernmental	3,886,830	4,670,027	783,197	880,411
Charges for services	31,742	27,730	(4,012)	330,100
Miscellaneous	-	-	-	1
	<u>3,940,572</u>	<u>4,713,151</u>	<u>772,579</u>	<u>1,310,240</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Transportation	8,233,793	6,170,607	2,063,186	1,928,791
	<u>8,233,793</u>	<u>6,170,607</u>	<u>2,063,186</u>	<u>1,928,791</u>
Excess (deficiency) of revenues over (under) expenditures	(4,293,221)	(1,457,456)	2,835,765	(618,551)
<b>Other financing sources (uses):</b>				
Transfers in	2,734,567	1,757,911	(976,656)	(976,656)
	<u>2,734,567</u>	<u>1,757,911</u>	<u>(976,656)</u>	<u>(976,656)</u>
Net change in fund balances	(1,558,654)	300,455	1,859,109	(1,595,207)
Fund balances at beginning of year	1,623,051	1,623,051	-	2,241,602
Fund balances at end of year	\$ 64,397	1,923,506	1,859,109	646,395

CITY OF FOUNTAIN VALLEY  
Pollution Reduction Special Revenue Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 7,000	8,549	1,549	16,248
Intergovernmental	65,000	52,507	(12,493)	68,864
Miscellaneous	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total revenues	<u>72,000</u>	<u>61,057</u>	<u>(10,943)</u>	<u>85,113</u>
Expenditures:				
Current:				
Public safety	<u>26,498</u>	<u>16,135</u>	<u>10,363</u>	<u>127,837</u>
Total expenditures	<u>26,498</u>	<u>16,135</u>	<u>10,363</u>	<u>127,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,502</u>	<u>44,922</u>	<u>(580)</u>	<u>(42,724)</u>
Other financing sources (uses):				
Transfers out	<u>(322,400)</u>	<u>(62,400)</u>	<u>260,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(322,400)</u>	<u>(62,400)</u>	<u>260,000</u>	<u>-</u>
Net change in fund balances	(276,898)	(17,478)	238,694	(42,724)
Fund balances at beginning of year	<u>361,123</u>	<u>361,123</u>	<u>-</u>	<u>403,847</u>
Fund balances at end of year	<u>\$ 84,225</u>	<u>343,645</u>	<u>238,694</u>	<u>361,123</u>

CITY OF FOUNTAIN VALLEY  
Solid Waste Special Revenue Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Charges for services	\$ 3,000,000	3,057,332	57,332	3,029,115
Total revenues	<u>3,000,000</u>	<u>3,057,332</u>	<u>57,332</u>	<u>3,029,115</u>
Expenditures:				
Current:				
Community services	<u>2,869,000</u>	<u>2,842,124</u>	<u>26,876</u>	<u>2,829,278</u>
Total expenditures	<u>2,869,000</u>	<u>2,842,124</u>	<u>26,876</u>	<u>2,829,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>131,000</u>	<u>215,208</u>	<u>84,208</u>	<u>199,837</u>
Other financing sources (uses):				
Transfers out	<u>(131,000)</u>	<u>(133,150)</u>	<u>(2,150)</u>	<u>(132,609)</u>
Total other financing sources (uses)	<u>(131,000)</u>	<u>(133,150)</u>	<u>(2,150)</u>	<u>(132,609)</u>
Net change in fund balances	-	82,058	82,058	67,228
Fund balances at beginning of year	<u>242,401</u>	<u>242,401</u>	<u>-</u>	<u>175,173</u>
Fund balances at end of year	<u>\$ 242,401</u>	<u>324,459</u>	<u>82,058</u>	<u>242,401</u>

CITY OF FOUNTAIN VALLEY  
HOME Grant Special Revenue Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	<u>94,913</u>	<u>94,913</u>	<u>-</u>	<u>94,913</u>
Fund balances at end of year	<u>\$ 94,913</u>	<u>94,913</u>	<u>-</u>	<u>94,913</u>

CITY OF FOUNTAIN VALLEY  
Community Development Block Grant Special Revenue Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	10,125	10,125	698
Intergovernmental	349,597	233,503	(116,094)	317,805
Miscellaneous	<u>-</u>	<u>31,675</u>	<u>31,675</u>	<u>-</u>
Total revenues	<u>349,597</u>	<u>275,303</u>	<u>(74,294)</u>	<u>318,503</u>
Expenditures:				
Current:				
Community development	<u>414,597</u>	<u>275,303</u>	<u>139,294</u>	<u>318,474</u>
Total expenditures	<u>414,597</u>	<u>275,303</u>	<u>139,294</u>	<u>318,474</u>
Net change in fund balances	(65,000)	-	65,000	29
Fund balances at beginning of year	<u>57,152</u>	<u>57,152</u>	<u>-</u>	<u>57,123</u>
Fund balances at end of year	<u><u>\$ (7,848)</u></u>	<u><u>57,152</u></u>	<u><u>65,000</u></u>	<u><u>57,152</u></u>

CITY OF FOUNTAIN VALLEY  
Fountain Valley Financing Authority Debt Service Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 32,000	27,690	(4,310)	46,788
Total revenues	<u>32,000</u>	<u>27,690</u>	<u>(4,310)</u>	<u>46,788</u>
Expenditures:				
Debt service:				
Principal	445,000	444,601	399	440,399
Interest	<u>434,618</u>	<u>434,618</u>	<u>-</u>	<u>444,024</u>
Total expenditures	<u>879,618</u>	<u>879,219</u>	<u>399</u>	<u>884,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(847,618)</u>	<u>(851,529)</u>	<u>(3,911)</u>	<u>(837,635)</u>
Other financing sources (uses):				
Transfers in	879,617	878,916	(701)	883,351
Transfers out	<u>(32,000)</u>	<u>(27,501)</u>	<u>4,499</u>	<u>(45,769)</u>
Total other financing sources (uses)	<u>847,617</u>	<u>851,415</u>	<u>3,798</u>	<u>837,582</u>
Net change in fund balances	(1)	(114)	(113)	(53)
Fund balances at beginning of year	<u>889,744</u>	<u>889,744</u>	<u>-</u>	<u>889,797</u>
Fund balances at end of year	<u>\$ 889,743</u>	<u>889,630</u>	<u>(113)</u>	<u>889,744</u>

CITY OF FOUNTAIN VALLEY  
City Center Redevelopment Area Debt Service Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ -	-	-	-
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	<u>1,924,486</u>	<u>1,924,486</u>	<u>-</u>	<u>1,924,486</u>
Fund balances at end of year	<u>\$ 1,924,486</u>	<u>1,924,486</u>	<u>-</u>	<u>1,924,486</u>

CITY OF FOUNTAIN VALLEY  
Drainage Capital Projects Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Charges for services	\$ 15,000	15,688	688	44,126
Total revenues	<u>15,000</u>	<u>15,688</u>	<u>688</u>	<u>44,126</u>
Expenditures:				
Current:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	15,000	15,688	688	44,126
Fund balances at beginning of year	<u>242,930</u>	<u>242,930</u>	<u>-</u>	<u>198,804</u>
Fund balances at end of year	<u><u>\$ 257,930</u></u>	<u><u>258,618</u></u>	<u><u>688</u></u>	<u><u>242,930</u></u>

CITY OF FOUNTAIN VALLEY  
Sewer Assessment Capital Projects Fund

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

Year ended June 30, 2009

	Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 47,000	88,747	41,747	112,749
Charges for services	1,227,420	1,310,062	82,642	1,556,364
Total revenues	1,274,420	1,398,809	124,389	1,669,113
Expenditures:				
Current:				
Community development	484,365	490,809	(6,444)	413,630
Capital outlay	1,580,554	67,130	1,513,424	179,765
Total expenditures	2,064,919	557,939	1,506,980	593,395
Excess (deficiency) of revenues over (under) expenditures	(790,499)	840,870	1,631,369	1,075,718
Other financing sources (uses):				
Transfers out	(70,000)	(70,000)	-	(40,000)
Total other financing sources (uses)	(70,000)	(70,000)	-	(40,000)
Net change in fund balances	(860,499)	770,870	1,631,369	1,035,718
Fund balances at beginning of year	3,277,967	3,277,967	-	2,242,249
Fund balances at end of year	\$ 2,417,468	4,048,837	1,631,369	3,277,967

CITY OF FOUNTAIN VALLEY  
Fountain Valley Financing Authority Capital Projects Fund

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

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 56,000	16,287	(39,713)	295,969
Total revenues	<u>56,000</u>	<u>16,287</u>	<u>(39,713)</u>	<u>295,969</u>
Expenditures:				
Current:				
General government	2,600	52,224	(49,624)	3,234
Total expenditures	<u>2,600</u>	<u>52,224</u>	<u>(49,624)</u>	<u>3,234</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,400</u>	<u>(35,937)</u>	<u>(89,337)</u>	<u>292,735</u>
Other financing sources (uses):				
Transfers out	(1,175,966)	(2,116,519)	(940,553)	(6,573,264)
Total other financing sources (uses)	<u>(1,175,966)</u>	<u>(2,116,519)</u>	<u>(940,553)</u>	<u>(6,573,264)</u>
Net change in fund balances	(1,122,566)	(2,152,456)	(1,029,890)	(6,280,529)
Fund balances at beginning of year	<u>2,855,740</u>	<u>2,855,740</u>	<u>-</u>	<u>9,136,269</u>
Fund balances at end of year	<u>\$ 1,733,174</u>	<u>703,284</u>	<u>(1,029,890)</u>	<u>2,855,740</u>

CITY OF FOUNTAIN VALLEY  
 City Center Redevelopment Area Capital Projects Fund

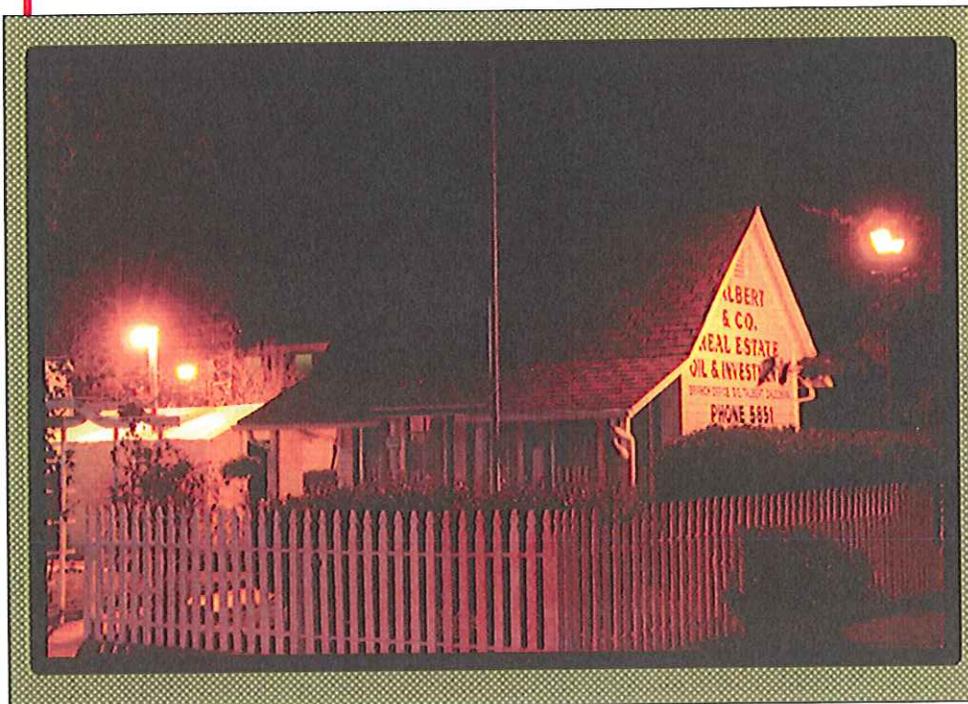
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Miscellaneous revenue	\$ -	-	-	595,232
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>595,232</u>
Net change in fund balances	-	-	-	595,232
Fund balances at beginning of year	<u>3,686,735</u>	<u>3,686,735</u>	<u>-</u>	<u>3,091,503</u>
Fund balances at end of year	<u>\$ 3,686,735</u>	<u>3,686,735</u>	<u>-</u>	<u>3,686,735</u>

# City of Fountain Valley

## Agency Funds



2008-2009



CITY OF FOUNTAIN VALLEY  
Agency Fund

Combining Statement of Assets and Liabilities

Year ended June 30, 2009

	Agency Funds			Totals	
	Recreation Contract Program	Special Deposit and Receipt	Developer Agreements	2009	2008
<u>Assets</u>					
Cash and investments	\$ 168,619	739,280	229,815	1,137,714	1,077,908
<u>Liabilities</u>					
Deposits payable	\$ 168,619	739,280	229,815	1,137,714	1,077,908

CITY OF FOUNTAIN VALLEY  
Agency Fund

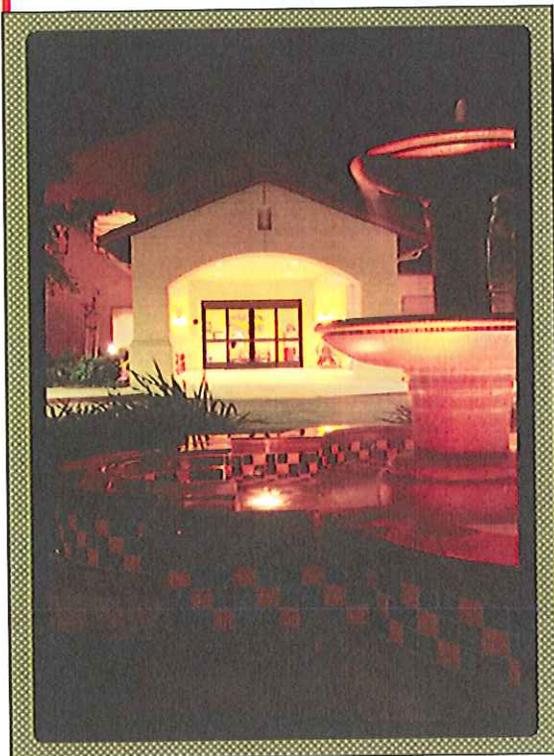
Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2009

	<u>Balance at</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2009</u>
<u>RECREATION CONTRACT PROGRAM FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 126,980	364,426	(322,787)	168,619
<u>Liabilities</u>				
Deposits payable	\$ 126,980	633,868	(592,229)	168,619
<u>SPECIAL DEPOSIT AND RECEIPT FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 870,781	943,764	(1,075,265)	739,280
<u>Liabilities</u>				
Deposits payable	\$ 870,781	1,326,250	(1,457,751)	739,280
<u>REIMBURSEMENT AGREEMENT FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 80,147	222,730	(73,062)	229,815
<u>Liabilities</u>				
Deposits payable	\$ 80,147	289,555	(139,887)	229,815
<u>ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 1,077,908	1,530,920	(1,471,114)	1,137,714
<u>Liabilities</u>				
Deposits payable	\$ 1,077,908	2,249,673	(2,189,867)	1,137,714

**City of Fountain Valley**

**Statistical Section**



2008-2009



CITY OF FOUNTAIN VALLEY

Net Assets by Component

Last Four Fiscal Years  
(accrual basis of accounting)

	2006	2007	2008	2009
Governmental activities:				
Invested in capital assets, net of related debt	\$ 43,252,159	\$ 39,422,342	\$ 48,559,056	\$ 52,818,364
Restricted	19,962,740	88,910,408	82,467,911	50,821,452
Unrestricted	80,165,804	26,696,350	35,629,136	63,661,029
Total governmental activities net assets	<u>\$ 143,380,703</u>	<u>\$ 155,029,100</u>	<u>\$ 166,656,103</u>	<u>\$ 167,300,845</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 7,125,907	\$ 6,751,060	\$ 6,351,432	\$ 9,308,318
Restricted		-	-	
Unrestricted	8,766,951	9,794,116	10,429,534	8,679,178
Total business-type activities net assets	<u>\$ 15,892,858</u>	<u>\$ 16,545,176</u>	<u>\$ 16,780,966</u>	<u>\$ 17,987,496</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 50,378,066	\$ 46,173,402	\$ 54,910,488	\$ 62,126,682
Restricted	19,962,740	88,910,408	82,467,911	50,821,452
Unrestricted	88,932,755	36,490,466	46,058,670	72,340,207
Total primary government net assets	<u>\$ 159,273,561</u>	<u>\$ 171,574,276</u>	<u>\$ 183,437,069</u>	<u>\$ 185,288,341</u>

*The City of Fountain Valley implemented GASB 34 for the fiscal year ended June 30, 2003.  
Information prior to the implementation of GASB 34 is not available.*

CITY OF FOUNTAIN VALLEY  
Changes in Net Assets  
Last Four Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2006	*2007	2008	2009
Expenses:				
Governmental activities:				
General government	\$ 7,316,887	\$ 4,342,847	\$ 4,560,162	\$ 4,708,164
Public safety	20,923,978	22,755,905	24,642,618	26,816,254
Transportation	6,405,142	6,836,619	9,005,540	12,923,795
Community development	3,508,622	3,844,623	10,457,159	3,730,625
Community Services	5,553,845	4,746,987	4,669,708	4,818,069
Interest and other charges	2,383,339	2,320,615	3,445,535	3,152,506
Total governmental activities expenses	<u>46,091,813</u>	<u>44,847,596</u>	<u>56,780,722</u>	<u>56,149,413</u>
Business-type activities:				
Water	<u>8,859,328</u>	<u>8,990,486</u>	<u>8,946,570</u>	<u>7,530,478</u>
Total primary government expenses	<u>54,951,141</u>	<u>53,838,082</u>	<u>65,727,292</u>	<u>63,679,891</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government		1,433,042	2,760,778	1,841,010
Public safety	5,926,408	2,525,676	2,931,907	2,619,078
Transportation	-	1,291,911	1,104,839	-
Community development	2,358,636	2,764,799	3,398,343	2,386,267
Community services	-	4,991,386	2,869,246	4,158,532
Other activities	304,285	-	-	-
Operating grants & contributions	1,327,846	3,571,376	4,966,810	5,356,881
Capital grants and contributions	<u>1,555,614</u>	<u>489,366</u>	<u>8,430,015</u>	<u>3,847,667</u>
Total governmental activities program revenues	<u>11,472,789</u>	<u>17,067,556</u>	<u>26,461,938</u>	<u>20,209,435</u>
Business-type activities:				
Charges for services:				
Water	8,332,738	9,078,937	8,659,952	8,830,145
Total primary government program revenues	<u>19,805,527</u>	<u>26,146,493</u>	<u>35,121,890</u>	<u>29,039,580</u>
Net revenues (expenses):				
Governmental activities	(34,619,024)	(27,780,040)	(30,318,784)	(35,939,978)
Business-type activities	<u>(526,590)</u>	<u>88,451</u>	<u>(286,618)</u>	<u>1,299,667</u>
Total net revenues (expenses)	<u>\$ (35,145,614)</u>	<u>\$ (27,691,589)</u>	<u>\$ (30,605,402)</u>	<u>\$ (34,640,311)</u>

(Continued)

CITY OF FOUNTAIN VALLEY  
Changes in Net Assets  
Last Four Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2006	*2007	2008	2009
General revenues				
and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	\$ 15,090,054	\$ 15,827,766	\$ 19,077,590	\$ 16,690,555
Franchise taxes	1,349,173	1,449,384	1,467,613	1,789,533
Sales tax	11,517,398	11,925,716	11,967,435	9,964,534
Other taxes	1,274,410	1,098,130	1,065,886	737,630
Revenue from				
other governmental agencies	4,316,227	4,232,595	5,104,203	4,787,550
Other revenue	1,891,451	-		
Investment income	4,770,235	5,648,819	3,134,116	3,751,641
Assessments	143,422	-		
Transfers	(132,601)	(132,670)	(67,609)	344,796
Gain/(Loss) on sale of property	(485,826)	701,933	196,553	2,733
Total governmental activities	<u>39,733,943</u>	<u>40,751,673</u>	<u>41,945,787</u>	<u>38,068,972</u>
Business-type activities:				
Investment income	299,804	431,197	454,799	251,659
Transfers	132,601	132,670	67,609	(344,796)
Total business-type activities	<u>432,405</u>	<u>563,867</u>	<u>522,408</u>	<u>(93,137)</u>
Total primary government	<u>40,166,348</u>	<u>41,315,540</u>	<u>42,468,195</u>	<u>37,975,835</u>
Changes in net assets				
Governmental activities	5,114,919	12,971,633	11,627,003	2,128,994
Business-type activities	(94,185)	652,318	235,790	1,206,530
Total primary government	<u>\$ 5,020,734</u>	<u>\$ 13,623,951</u>	<u>\$ 11,862,793</u>	<u>\$ 3,335,524</u>

*The City of Fountain Valley implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.*

\* 2007 data reflects a changes in classifications for revenue, expenditures and fund balances.

CITY OF FOUNTAIN VALLEY  
Fund Balances of Governmental Funds  
Last Four Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
General fund:				
Reserved	\$ 605,117	\$ 1,508,003	\$ 458,346	\$ 346,140
Unreserved	40,267,890	40,383,858	43,147,603	41,451,520
Total General fund	<u>\$ 40,873,007</u>	<u>\$ 41,891,861</u>	<u>\$ 43,605,949</u>	<u>\$ 41,797,660</u>
All other governmental funds:				
Reserved	\$ 38,367,528	\$ 25,203,749	\$ 40,193,043	\$ 33,890,215
Unreserved:				
Special revenue funds	3,032,273	5,275,957	(4,886,262)	5,482,130
Debt service funds	2,160,176	2,814,283	2,814,230	2,814,116
Capital projects funds	28,978,088	47,785,563	37,123,954	32,279,931
Total all other governmental funds	<u>\$ 72,538,065</u>	<u>\$ 81,079,552</u>	<u>\$ 75,244,965</u>	<u>\$ 74,466,392</u>

*The City of Fountain Valley has elected to show only four years of data for this schedule.*

CITY OF FOUNTAIN VALLEY

Changes in Fund Balances of Governmental Funds

Last Four Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
Taxes	\$ 29,977,510	\$ 31,253,588	\$ 32,068,803	\$ 30,214,810
Licenses and permits	1,445,694	1,710,162	1,904,415	1,798,630
Fines and forfeitures	871,895	934,538	919,127	871,673
Revenue from use of money and property	4,592,912	916,066	894,371	978,415
Investment Income	(188,890)	5,648,819	5,288,416	3,750,171
Intergovernmental	7,563,236	8,038,196	15,394,421	12,389,425
Charges for services	5,962,499	7,002,326	9,109,895	8,312,658
Miscellaneous	2,467,174	2,024,241	4,118,932	1,880,004
Total revenues	<u>52,692,030</u>	<u>57,527,936</u>	<u>69,698,380</u>	<u>60,195,786</u>
Expenditures				
Current:				
General government	5,900,370	3,382,349	4,440,714	4,189,795
Public safety	20,698,380	22,445,780	24,899,666	25,400,083
Transportation	6,405,142	6,836,619	9,036,928	13,290,929
Community development	2,613,673	2,544,831	10,445,502	2,983,448
Community Services	5,360,791	4,481,599	4,463,218	4,607,806
Capital Outlay	3,882,308	2,574,732	15,774,107	4,737,265
Debt service:				
Principal retirement	1,854,880	1,715,000	1,883,385	2,018,023
Interest and fiscal charges	1,887,647	2,562,763	2,620,715	2,180,617
Pass-through payments	510,659	579,303	644,577	1,032,558
Payments to escrow agents	-	-	-	-
Total expenditures	<u>49,113,850</u>	<u>47,122,976</u>	<u>74,208,812</u>	<u>60,440,524</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,578,180</u>	<u>10,404,960</u>	<u>(4,510,432)</u>	<u>(244,738)</u>
Other financing sources (uses):				
Transfers in (note 14)	2,400,930	2,775,567	9,799,212	8,380,744
Transfers out (note 14)	(2,533,531)	(2,908,237)	(9,866,821)	(9,619,948)
Issuance of leases		611,288	457,541	381,332
Proceeds of debt				
Total other financing sources (uses)	<u>(132,601)</u>	<u>478,618</u>	<u>389,932</u>	<u>(857,872)</u>
Net change in fund balances	<u>\$ 3,445,579</u>	<u>\$ 10,883,578</u>	<u>\$ (4,120,500)</u>	<u>\$ (1,102,610)</u>
Debt service as a percentage of noncapital expenditures	9.4%	10.9%	8.8%	9.4%

*The City of Fountain Valley has elected to show only four years of data for this schedule.*

CITY OF FOUNTAIN VALLEY  
 Assessed and Estimated Actual Values of Taxable Property  
 Last Five Fiscal Years

Fiscal Year Ended June 30	City		Taxable Assessed Value <sup>1</sup>
	Secured	Unsecured	
2005	\$ 4,962,790,924	\$ 284,737,280	\$ 5,247,528,204
2006	\$ 5,349,309,112	\$ 257,922,331	\$ 5,607,231,443
2007	\$ 5,784,953,429	\$ 287,232,798	\$ 6,072,186,227
2008	\$ 6,310,344,079	\$ 284,437,291	\$ 6,594,781,370
2009	\$ 6,382,947,330	\$ 287,957,315	\$ 6,670,904,645

*The City of Fountain Valley has elected to show only five years of data for this schedule.*

<sup>1</sup> Amounts are shown net of exemptions.

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Orange County Assessor's Office

*Continued*

CITY OF FOUNTAIN VALLEY  
 Assessed and Estimated Actual Values of Taxable Property  
 Last Five Fiscal Years

Redevelopment Agency				
Fiscal Year Ended June 30	Secured	Unsecured	Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate
2005	\$ 606,513,648	\$ 165,788,156	\$ 772,301,804	1.000%
2006	\$ 631,721,712	\$ 151,356,552	\$ 783,078,264	1.000%
2007	\$ 667,800,630	\$ 167,311,063	\$ 835,111,693	1.000%
2008	\$ 749,222,135	\$ 156,285,338	\$ 905,507,473	1.000%
2009	\$ 785,238,123	\$ 150,717,223	\$ 935,955,346	1.000%

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
City Direct Rates:					
City basic rate	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:					
Fountain Valley El Tax Override - 1970 SSBA	0.06450	0.06570	0.06570	0.06570	0.06691
Huntington Beach High Sch 2004 Bond #2004A					0.00051
Coast Community College					0.00610
Metro Water District	0.00890	0.00770	0.00770	0.00770	0.00610
Orange County					
Huntington Beach High Sch 2004 Bond #2005	N/A	N/A	N/A	N/A	N/A
Huntington Beach High Sch 2004 Bond # 2007	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Direct Rate	<u>1.07340</u>	<u>1.07340</u>	<u>1.07340</u>	<u>1.07340</u>	<u>1.07352</u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the School District bonds.

*Continued*

Source: Orange County Assessor's Office

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City Direct Rates:					
City basic rate	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:					
Fountain Valley El Tax Override -					
1970 SSBA	0.06371	0.06588	0.00592	N/A	N/A
Huntington Beach High Sch 2001	0.02999	0.02388	0.02197	0.02366	0.02522
Bond #2004A					
Coast Community College	0.01383	0.01545	0.01599	0.01472	0.01673
Metro Water District	0.01371	0.00520	0.00470	0.00430	0.00430
Orange County					
Huntington Beach High Sch 2004					
Bond # 2005	0.00580	0.00151	0.00008	0.00232	0.00260
Huntington Beach High Sch 2004					
Bond # 2007	N/A	N/A	N/A	0.00024	0.00159
Total Direct Rate	<u>1.12704</u>	<u>1.11192</u>	<u>1.04866</u>	<u>1.04524</u>	<u>1.05044</u>

CITY OF FOUNTAIN VALLEY  
Principal Property Tax Payers  
Current Year and Nine Years Ago

Taxpayer	2009		2000	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Fountain Valley Regional Hospital	120,956,794	1.89%	67,542,060	1.68%
Fountain Valley City Center LLC	88,022,034	1.38%		N/A
JKS-CMFV LLC	86,047,907	1.35%		N/A
Hyundai Motor America	52,309,840	0.82%	30,016,075	0.75%
Shea Center Crystal Springs LLC	39,336,850	0.62%		N/A
United States Millennium LP	36,823,923	0.58%		N/A
Fountain Valley Senior Housing	36,656,171	0.57%	11,802,834	0.29%
Fountain Valley Plaza Properties	32,000,000	0.50%		N/A
17665 Newhope Manufacturing LLC	25,350,368	0.40%		N/A
Chandler Real Properties	23,405,458	0.37%	4,999,500	0.12%
Costco Wholesale Corporation	22,966,920	0.36%		N/A
Priceland Properties International Inc.	15,593,736	0.24%	12,593,883	0.31%
FV Showroom Partners I LLC	14,820,025	0.23%		N/A
Citrine Investment Group Inc.	11,734,069	0.18%		N/A
	<u>\$ 606,024,095</u>	<u>9.49%</u>	<u>\$ 126,954,352</u>	<u>3.15%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: Orange County Assessor's Office

CITY OF FOUNTAIN VALLEY  
Property Tax Levies and Collections  
Last Seven Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003	5,435,974	5,409,312	99.51%	70,446	5,479,757	100.81%
2004	5,871,963	5,814,093	99.01%	60,418	5,874,511	100.04%
2005	6,523,530	6,467,157	99.14%	68,976	6,536,133	100.19%
2006	7,137,294	7,188,146	100.71%	86,440	7,274,586	101.92%
2007	7,597,511	7,501,066	98.73%	148,589	7,649,655	100.69%
2008	8,449,522	8,353,866	98.87%	264,181	8,618,047	101.99%
2009	8,271,990	8,306,058	100.41%	146,890	8,452,948	102.19%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: Orange County Auditor Controller's Office

CITY OF FOUNTAIN VALLEY  
 Ratios of Outstanding Debt by Type  
 Last Five Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					Total Governmental Activities
	Leases Payable	Tax Allocation Bonds	Note Payable	Certificates of Participation <sup>1</sup>	Other Post Employment Benefits <sup>3</sup>	
2005	1,051,985	16,755,000	17,369,995	12,925,000	-	48,101,980
2006	791,893	15,520,000	17,904,551	12,505,000	-	46,721,444
2007	63,797	14,235,000	18,452,805	12,075,000	-	44,826,602
2008	1,373,218	12,900,000	18,910,346	11,635,000	-	44,818,564
2009	1,219,811	11,510,000	19,262,062	16,190,000	1,423,271	44,605,144

*The City of Fountain Valley has elected to show only five years of data for this schedule.*

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

<sup>2</sup> These ratios are calculated using personal income and population for the prior calendar year.

<sup>3</sup> Added in accordance with GASB 45

\* Data not readily available.

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

CITY OF FOUNTAIN VALLEY  
Ratios of Outstanding Debt by Type  
Last Five Fiscal Years

Fiscal Year Ended June 30	Business-type Activities	Total Primary	Percentage of Personal Income <sup>2</sup>	Debt Per Capita <sup>2</sup>
	Loans Payable	Government		
2005	928,040	49,030,020	39%	868
2006	890,160	47,611,604	*	833
2007	850,955	45,677,557	*	796
2008	810,377	45,628,941	*	794
2009	768,379	45,373,523	*	783

CITY OF FOUNTAIN VALLEY  
Ratio of General Bonded Debt Outstanding  
Last Five Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds	Percent of Assessed Value <sup>1</sup>	Per Capita
2005	16,755,000	0.32%	297
2006	15,520,000	0.28%	272
2007	14,235,000	0.23%	248
2008	11,635,000	0.18%	202
2009	11,190,000	0.17%	193

*The City of Fountain Valley has elected to show only five years of data for this schedule.*

<sup>1</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

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

**CITY OF FOUNTAIN VALLEY**  
**Direct and Overlapping Bonded Debt and Debt Ratios**

June 30, 2009

2008-2009 City Assessed Valuation		\$ 6,670,904,645	
Redevelopment Agency Incremental Valuation		1,072,698,605	
Adjusted Total Assessed Valuation		\$ 5,598,206,040	
	% Applicable (1)	Total Debt Debt 6/30/09	City's Share of Debt 06/30/2009
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	0.303%	293,425,000	889,078
Coast Community College District	6.214%	341,668,867	21,231,303
Rancho Santiago Community College District	0.365%	316,405,071	1,154,879
Huntington Beach Union High School District	11.956%	231,234,998	27,646,456
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>1,182,733,936</b>	<b>50,921,716</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
Orange County General Fund Obligations	1.476%	462,152,000	6,821,364
Orange County Pension Obligations	1.476%	69,713,001	1,028,964
Orange County Board of Education Certificates of Participation	1.476%	19,430,000	286,787
Municipal Water District of Orange County Water Facilities Corporation	1.748%	17,685,000	309,134
Huntington Beach Union High School District Certificates of Participation	11.956%	52,021,090	6,219,642
Fountain Valley School District Certificates of Participation	70.065%	12,785,000	8,957,810
Ocean View School District Certificates of Participation	1.115%	7,755,000	86,468
<b>City of Fountain Valley Certificates of Participation</b>	<b>100.000%</b>	<b>11,190,000</b>	<b>11,190,000</b>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>34,900,169</b>
Less: MWDOC Water Facilities Corporation (100% self-supporting)			309,134
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 34,591,035</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$ 85,821,885</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$ 85,512,751</b>

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within boundaries of the City.  
<sup>2</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008-09 Assessed Valuation:  
Total Overlapping Tax and Assessment Debt.....0.76%

Ratios to Adjusted Assessed Valuation:  
**Combined Direct Debt (\$11,190,000).....0.20%**  
Gross Combined Total Debt.....1.53%  
Net Combined Total Debt.....1.53%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0  
AB: (\$425)

Source: California Municipal Statistics, Inc.  
(July 31, 2009)





CITY OF FOUNTAIN VALLEY

Pledged-Revenue Coverage

Last Four Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			Coverage
	Tax Increment	Debt Service		
		Principal	Interest	
2006	6,065,995	1,235,000	728,678	3.09
2007	6,241,917	1,285,000	680,513	3.18
2008	7,086,966	1,335,000	629,113	3.61
2009	7,170,290	1,390,000	575,713	3.65

*The City of Fountain Valley has elected to show only four years of data for this schedule.*

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

CITY OF FOUNTAIN VALLEY  
Demographic and Economic Statistics  
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2000	56,919	106004	37103	2.9%
2001	55,276	109010	37645	3.2%
2002	55,736	111205	37981	4.1%
2003	56,268	116238	39268	3.9%
2004	56,468	124854	41868	3.5%
2005	57,149	133032	44453	3.1%
2006	57,405	140700	45638	3.0%
2007	57,475	147800	45969	4.8%
2008	57,925	154800	48523	7.7%
2009	58,309	161700	49298	11.9%

Sources:

- (1) State Department of Finance/ 2009 U.S Bureau of Labor Statistics: City of F.V.
- (2) California Dept. of Transportation-Division of Planning (data shown is forecasted for Orange Count
- (3) State of California Employment Development Department/U.S. Bureau of Labor Statistics

CITY OF FOUNTAIN VALLEY  
Principal Employers  
Current Year and Nine Years Ago

Employer	2009		2000	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Fountain Valley Regional Hospital	1,668	7.04%	1,606	N/A
Orange Coast Memorial Medical Center	1,133	4.78%	544	N/A
Kingston Technology Corporation	859	3.63%	748	N/A
Surefire LLC	569	2.40%	-	N/A
Memorial Health Services	544	2.30%	-	N/A
Ceridian Tax Services Inc.	466	1.97%	501	N/A
Costco Wholesale #411	410	1.73%	310	N/A
Hyundai Motor America	387	1.63%	275	N/A
Hyundai Capital America	309	1.30%	-	N/A
Fry's Electronics Inc.	304	1.28%	289	N/A
D-Link Systems, Inc.	230	0.97%	-	N/A
Manor Care of Fountain Valley	220	0.93%	-	N/A

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: City of Fountain Valley; Business License Division

CITY OF FOUNTAIN VALLEY

Full-time City Employees  
by Department

Last Ten Fiscal Years

Department	Full-Time Employees as of June 30, 2009									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Administration	4	4	4	4	4	4	3	3	3	3
City Clerk	4	4	4	4	4	4	3	3	3	3
Finance	13	13	13	14	14	14	14	15	15	12
Information Services	*	*	*	*	*	*	*	*	*	3
Personnel	4	4	4	4	4	4	4	4	4	4
Planning	9	9	9	9	9	9	9	9	9	9
Public Works	10	10	10	10	10	10	10	10	10	10
Field Services	47	47	49	50	50	50	48	48	45	45
Fire/Building	46	47	47	47	50	50	47	47	47	47
Police	91	91	92	92	92	92	90	89	89	89
Community Services	8	8	6	6	6	6	6	6	6	6
Utilities (Water & Sewer)	14	14	14	14	14	14	17	17	21	21
Total	<u>250</u>	<u>251</u>	<u>252</u>	<u>254</u>	<u>257</u>	<u>257</u>	<u>251</u>	<u>251</u>	<u>252</u>	<u>252</u>

Source: City of Fountain Valley: Finance Department: Authorized List, June 2009

\* Information Services in prior years was included in the Finance Department

CITY OF FOUNTAIN VALLEY

Operating Indicators  
by Function

Last Ten Fiscal Years

	Fiscal Year				
	2001	2002	2003	2004	2005
Police:					
Arrests	1,554	1,801	1,884	1,780	1,736
Parking citations issued	N/A	N/A	10,633	10,336	11,230
Fire:					
Number of emergency calls	7,055	7,453	7,298	4,152	4,142
Inspections	9,150	9,000	9,746	11,487	13,700
Public works:					
Street resurfacing (miles)	17	22	20	24	20
Parks and recreation:					
Number of recreation classes	828	742	742	856	629
Number of facility rentals	N/A	N/A	N/A	184	151
Water:					
New connections	N/A	N/A	N/A	N/A	1,306
Average daily consumption (thousands of gallons)	N/A	N/A	N/A	N/A	12,209

Source: City of Fountain Valley

CITY OF FOUNTAIN VALLEY

Operating Indicators  
by Function

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Police:				
Arrests	1,764	2,380	2,230	2,134
Parking citations issued	10,134	12,532	11,534	10,550
Fire:				
Number of emergency calls	4,064	4,247	4,661	5,042
Inspections	14,000	16,033	12,890	11,582
Public works:				
Street resurfacing (miles)	20	22	26	14
Parks and recreation:				
Number of recreation classes	738	752	1,098	-
Number of facility rentals	289	172	184	-
Water:				
New connections	1,046	1,119	1,027	1,080
Average daily consumption (thousands of gallons)	12,230	10,340	10,064	8,866

CITY OF FOUNTAIN VALLEY

Capital Asset Statistics  
by Function

Last Ten Fiscal Years

	Fiscal Year				
	2000	2001	2002	2003	2004
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	2	2	2	2	2
Public works:					
Streets (miles)	141.00	141.00	141.00	141.00	141.30
**Streetlights	N/A	N/A	N/A	N/A	N/A
Traffic signals	43	45	45	47	49
Parks and recreation:					
Parks	19	19	19	19	19
Community centers	2	2	2	2	2
Water:					
Water mains (miles)	180.00	180.00	183.80	183.80	183.80
Maximum daily capacity (thousands of gallons)	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000

\*\*Streetlights are owned by So Cal Edison

Source: City of Fountain Valley

*Continued*

CITY OF FOUNTAIN VALLEY

Capital Asset Statistics

by Function

Last Ten Fiscal Years

	Fiscal Year				
	2005	2006	2007	2008	2009
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	2	2	2	2	2
Public works:					
Streets (miles)	141.30	141.30	141.30	141.30	144.20
**Streetlights	N/A	N/A	N/A	N/A	N/A
Traffic signals	49	53	52	52	53
Parks and recreation:					
Parks	19	19	19	19	20
Community centers	2	2	2	2	2
Water:					
Water mains (miles)	183.80	183.80	184.00	184.00	185.00
Maximum daily capacity (thousands of gallons)	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000

\*\*Streetlights are owned by So Cal Edison

Source: City of Fountain Valley

(This page intentionally left blank)