

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDED,  
JUNE 30, 2018**



A NICE PLACE  
TO LIVE, PLAY  
AND DO  
BUSINESS

# CITY OF FOUNTAIN VALLEY

## CALIFORNIA

### **Comprehensive Annual Financial Report**

**With Report on audit  
By Independent  
Certified Public Accountants**

**Fiscal Year Ended  
June 30, 2018**

**Prepared by the Finance Department  
Jason Al-Imam, Director of Finance/City Treasurer  
And  
Teresa Gonzalez, Accounting Manager**



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# CITY COUNCIL

## JUNE 30, 2018



*Michael Vo*  
*Mayor*



*Steve Nagel*  
*Mayor Pro Tem*



*John Collins*  
*Council Member*



*Larry Crandall*  
*Council Member*



*Cheryl Brothers*  
*Council Member*



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**CITY OF FOUNTAIN VALLEY**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**  
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## CITY OF FOUNTAIN VALLEY

[www.fountainvalley.org](http://www.fountainvalley.org)

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

February 7, 2019

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

Transmitted Through the City Manager:

The Comprehensive Annual Financial Report (CAFR) of the City of Fountain Valley for the fiscal year ended June 30, 2018, is hereby submitted. These statements have been prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants. The report was prepared in accordance with the guidelines set forth by the Governmental Accounting Standards Board (GASB).

### **REPORT PURPOSE AND ORGANIZATION**

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

As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial

position and results of operations of the various funds and component units of the City of Fountain Valley. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

***Audited Financial Statements*** - The City of Fountain Valley's financial statements have been audited by White Nelson Diehl Evans, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Fountain Valley's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

***Single Audit*** – The independent audit of the financial statements of the City of Fountain Valley is usually a part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The City of Fountain Valley is not required, this year, to have an annual single audit.

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

***Reporting Entities*** - the reporting entities (the City of Fountain Valley) financial statements includes all funds and account groups of the primary government (i.e. the City of Fountain Valley, as legally defined) as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable.

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

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

## **PROFILE OF THE CITY OF FOUNTAIN VALLEY**

**Governmental Profile** - The City of Fountain Valley, incorporated June 13, 1957, has an estimated population of 56,313 and has a land area of 9.75 square miles. It is located in the northern tip of Orange County, California and is bordered by the cities of Santa Ana, Costa Mesa, Huntington Beach, and Westminster. The City is roughly 30 miles southeast of Los Angeles and 90 miles northwest of San Diego. One of the greatest features of the City is Mile Square Park with its three golf courses; large passive park area, Boys and Girls Club, and City run Recreation Center and Sports Park.

The City has operated under a council-manager form of government since incorporation. 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 Attorney for the City. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the City's department heads. Commissions and Advisory Committees play an integral role in the governmental structure of Fountain Valley and provide opportunities for citizens to participate in community affairs.

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

## **ECONOMIC OVERVIEW**

The City of Fountain Valley is a well-planned, suburban community, with a great balance of land uses located in the heart of Orange County on the I-405 Freeway, minutes from points of interest

such as Disneyland, Knott's Berry Farm, famous beaches, the Honda Center, Angel Stadium, John Wayne Airport, and world-class shopping.

The State of California and the City have continued to see the overall economy improving including increasing housing values in Fountain Valley and sales tax revenue trends that have improved over the last several years. The City's labor market continues to remain strong with unemployment below 5%.

On November 8, 2016 the residents of Fountain Valley approved Measure HH, a one-percent transactions and use (i.e. "sales") tax, which provided additional tax revenue in the amount of approximately \$11.8 million in Fiscal Year 2017/18. Without Measure HH, the General Fund's operating deficit for Fiscal Year 2017/18 would have been \$2,207,564. Measure HH was to maintain existing services for public safety and senior and youth programs. In addition, Measure HH expenditures included one-time expenditures of \$441,560 for capital improvements and \$2.2 million that was used to make additional payments to CalPERS towards unfunded pension liabilities. The balance of Measure HH Funds, at approximately \$6.9 million, was set aside for reserves.

The City of Fountain Valley is a premier Orange County City that celebrated its sixtieth birthday in 2017. 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.

## **ECONOMIC DEVELOPMENT ACTIVITIES**

**Fountain Valley Crossings** – In 2018 the City Council approved the Fountain Valley Crossings Specific Plan which created a policy and zoning framework that allows for alternative land-uses within 162 acres in the southeastern portion of the City. The City's long-term goal is to incentivize current and future property owners to transform this underutilized and isolated light industrial area into an integrated district that will draw new retailers, restaurants, commercial business relocation opportunities and a limited amount of residential housing. It is a great mix and offers flexibility for existing property owners.

**Under-Utilized Commercial Centers** – The City has identified some under-utilized commercial centers and is having dialogues with property owners to reinvest in Fountain Valley to create synergy similar to the Fountain Valley Town Center. The City Council created the Commercial Property and Business Improvement Loan Program in 2017 to support existing property owners

to upgrade the commercial centers through a low interest rate loan to update and improve existing commercial properties in the community. For program details, businesses can visit the City's website.

**General Plan** – The City is working on updating its General Plan, which last received a comprehensive update in 1995. The General Plan is a long-range planning document that represents the community's view of its future; it is a blueprint for growth and development. The update to the General Plan kicked off in late 2018 and is expected to be completed by 2021.

## **LONG-TERM FINANCIAL PLANNING**

The City's fiscal policy is guided by a 20-Year Financial Plan, which is a comprehensive plan that encompasses the long-term operating and capital needs of the General Fund. The long-term goal is to achieve fiscal sustainability with a balanced operating budget when Measure HH sunsets in 2037. \$27 million of additional payments are projected to be made to CalPERS over the next twenty years, which is in addition to the \$2.2 million payment made in 2017/18 and is in addition to the amounts required annually by CalPERS. In 2037/38 the City's pension liability is expected to be paid off along with all other long-term debt. This 20-Year Financial Plan is utilized and integrated into the City's annual budget and semi-annual strategic planning process.

## **RELEVANT FINANCIAL POLICIES**

The City has adopted prudent fiscal policies to help assist the City Council and staff in making sound financial decisions. Several of the policies that had a significant impact on the current financial statements and the 2018-19 budget were the following key policies concerning investments, budget administration, long range financial planning and fund balance reserve policies.

## **CITY VISION AND GOALS**

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

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

## **AWARDS AND ACKNOWLEDGEMENTS**

**Awards** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its comprehensive annual financial report for the Fiscal Year ended June 30, 2017. This was the third year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,



Director of Finance / City Treasurer

# CITY DIRECTORY

**Mayor  
Michael Vo**

## **Council Members**

Mayor Pro Tempore.....Steve Nagel  
Council Member.....John Collins  
Council Member .....Larry Crandall  
Council Member .....Cheryl Brothers

## **City Officials**

City Manager.....Rob Houston  
Chief of Police.....Kevin Childe  
Director of Finance/Treasurer.....Jason Al-Imam  
Director of Human Resources.....Chelsea Phebus  
Director of Planning/Building & Safety .....Matt Mogensen  
Director of Public Works/City Engineer.....Mark Lewis  
Fire Chief.....Tony Coppolino

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



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# City Organizational Chart

Citizens of Fountain Valley

Mayor & City Council

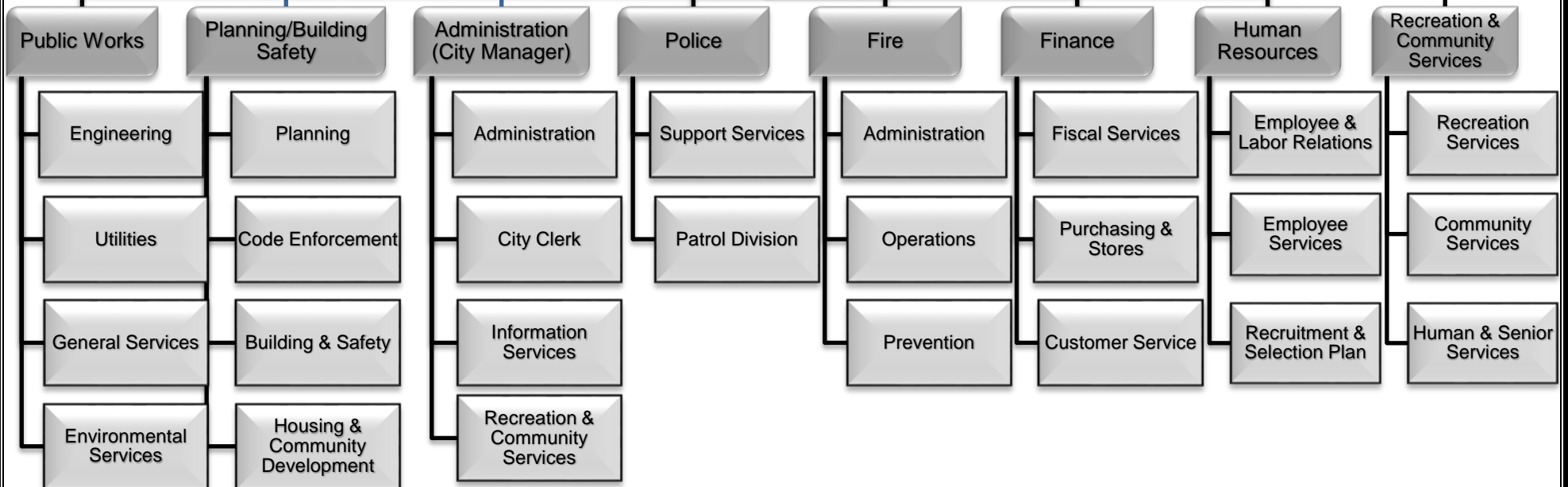
Planning Commission

Housing & Community Development: Advisory Committee

Attorneys for the City

Advisory Committee for the Disabled

City Manager







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Fountain Valley  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO



# CITY OF FOUNTAIN VALLEY FINANCIAL SECTION



A NICE PLACE



TO LIVE



## INDEPENDENT AUDITORS' REPORT

City Council  
City of Fountain Valley  
Fountain Valley, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Fountain Valley (the City), as of and for the year ended June 30, 2018, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Notes 1d and 13 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required retrospective application resulting in a reduction of previously reported net position. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of the net pension liability - defined benefit plans, the schedules of contributions - defined benefit pension plans, the annual money-weighted rate of return on investments - other post-employment benefits plan, the schedule of changes in the net OPEB liability and related ratios, and the budgetary comparison schedules for the general fund and the housing authority special revenue fund and related notes to the required supplementary information, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

## **Other Matters (Continued)**

### *Other Information (Continued)*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
February 7, 2019

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## 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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the accompanying basic financial statements.

### Financial Highlights

During the fiscal year ended June 30, 2018, the City continued to maintain its stable financial position, enabling delivery of appropriate services to the community and undertaking necessary economic development and infrastructure projects.

- At June 30, 2018, the City's governmental activities total assets and deferred outflows of resources were \$215.3 million and total liabilities and deferred inflows were \$161.5 million, resulting in net positions of \$53.8 million. Net position consists of \$98.0 million net investment in capital assets, \$29.1 million in restricted net position and a \$73.3 million deficit in unrestricted net position. The deficit balance associated with unrestricted net position primarily relates to long-term liabilities such as the City's net pension and net OPEB liabilities, which will be paid from resources received over the next twenty years. The City's total net position decreased by \$27.3 million or 34% from the prior fiscal year. This decrease is mainly due to the implementation of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*.
- The net position of the City's governmental activities decreased by \$27.3 million. This decrease is mainly attributable to a \$31.6 million increase to other post-employment benefits liability related to the implementation of GASB Statement No. 75.
- Total revenues from all sources of the City's governmental activities were \$60.4 million as compared to the cost for all City programs of \$59.0 million.
- The business-type activities revenue totaled \$21.2 million as compared to \$19.3 million in 2017, or a 10.0 percent increase over the prior year; expenses totaled \$20.4 million as compared to \$18.1 million in 2017, or a 12.7 percent increase over the prior year. The result produced an increase in business-type net position of \$556 thousand as compared to an increase of \$861 thousand in the prior year.
- As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$69.6 million. Non-spendable was \$0.4 million, restricted was \$29.1 million, committed was \$13.0 million, assigned was \$26.8 million, and unassigned was \$0.3 million, available for spending at the City's discretion.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$69.6 million, a decrease of \$1.6 million from the prior year balance of \$71.2 million. This net decrease is mostly attributable to the completion of bond funded projects, including the Recreation Center exterior improvements and Energy Efficiency System upgrades. In addition, \$2.8 million was spent from capital reserves largely on the 800 MHz project and Energy Efficiency System upgrades.

## **Overview of the Financial Statements**

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

## **Government-Wide Financial Statements**

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

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

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

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

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

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

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been

segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

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

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

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

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

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

### **Proprietary Funds**

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

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

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

### **Fiduciary Funds**

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

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

### **Notes to the Financial Statements**

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

### **Other Information**

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

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

### **Government-Wide Financial Analysis**

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

**SUMMARY OF NET POSITION**

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Current and other assets	\$ 79,199	\$ 81,811	\$ 25,074	\$ 24,958	\$ 104,273	\$ 106,769
Capital assets	110,496	103,161	29,902	30,300	140,398	133,461
<b>Total assets</b>	<b>189,695</b>	<b>184,972</b>	<b>54,976</b>	<b>55,258</b>	<b>244,671</b>	<b>240,230</b>
Deferred outflow of resources	25,567	17,348	1,184	1,131	26,751	18,479
<b>Liabilities:</b>						
Other liabilities	\$ 13,623	\$ 13,728	\$ 3,302	\$ 4,526	\$ 16,925	\$ 18,254
Long-term liabilities	144,042	105,032	23,778	20,596	167,820	125,628
<b>Total liabilities</b>	<b>157,665</b>	<b>118,760</b>	<b>27,080</b>	<b>25,122</b>	<b>184,745</b>	<b>143,882</b>
Deferred inflows of resources	3,821	2,459	115	168	3,936	2,627
<b>Net position:</b>						
Net investment in capital assets	97,952	93,401	22,878	22,721	120,830	116,122
Restricted	29,118	26,763	-	-	29,118	26,763
Unrestricted	(73,294)	(39,063)	6,087	8,378	(67,207)	(30,685)
<b>Total net position</b>	<b>\$ 53,776</b>	<b>\$ 81,101</b>	<b>\$ 28,965</b>	<b>\$ 31,099</b>	<b>\$ 82,741</b>	<b>\$ 112,200</b>

The City's Government-wide total net position was \$82.7 million, with total assets and deferred outflows of resources of \$271.4 million and total liabilities and deferred inflows of resources of \$188.7 million. The net investment in capital assets was \$120.8 million. Another portion of the City's net position, \$29.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$67.2 million represents unrestricted net position. The negative balance in unrestricted net position is primarily related to long-term liabilities such as the City's net pension and net OPEB liabilities, which will be paid from resources received over the next twenty years.

The largest portion of the City's net position (\$120.8 million) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

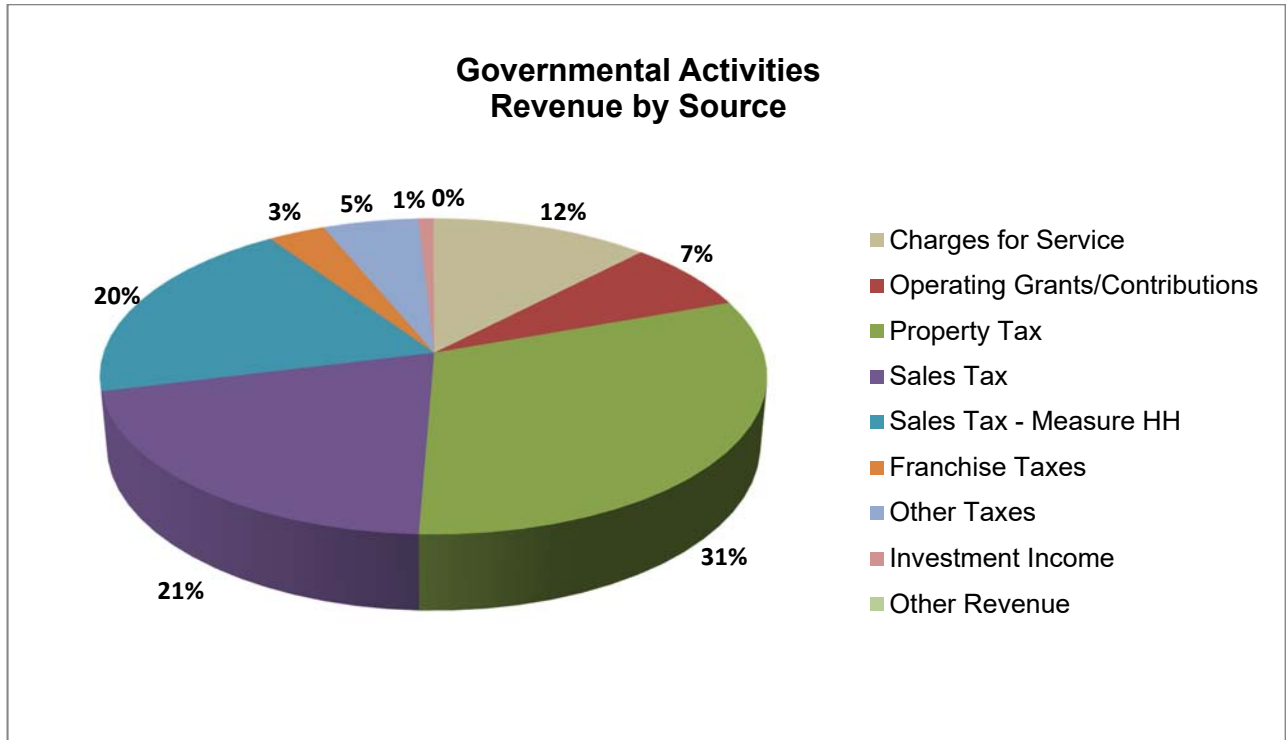
**Governmental Activities**

Governmental activities decreased the City's net position by \$27.3 million. The key element of this decrease is related to a \$31.6 million increase to other post-employment benefits liability.

**CHANGES IN NET POSITION**

(in thousands)

	Governmental		Business-type		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Charges for services	\$ 7,353	\$ 7,349	\$ 21,121	\$ 19,030	\$ 28,474	\$ 26,379
Operating grants and contributions	4,403	4,632	-	-	4,403	4,632
Capital grants and contributions	-	-	-	-	-	-
General Revenues:						
Taxes:						
Property taxes	18,807	17,705	-	-	18,807	17,705
Sales taxes	12,369	12,284	-	-	12,369	12,284
Sales taxes - Measure HH	11,742	2,548	-	-	11,742	2,548
Franchise taxes	1,920	1,635	-	-	1,920	1,635
Other taxes	3,228	3,221	-	-	3,228	3,221
Intergovernmental	-	-	59	39	59	39
Investment income	517	118	(3)	185	514	303
Gain on sale of capital assets	-	3,428	-	-	-	3,428
Miscellaneous	20	62	-	-	20	62
<b>Total Revenues</b>	<b>60,359</b>	<b>52,982</b>	<b>21,177</b>	<b>19,254</b>	<b>81,536</b>	<b>72,236</b>
Expenses:						
General government	5,355	3,491	-	-	5,355	3,491
Public safety	35,670	30,725	-	-	35,670	30,725
Transportation	8,613	9,957	-	-	8,613	9,957
Community development	5,307	4,986	-	-	5,307	4,986
Community services	3,424	3,090	-	-	3,424	3,090
Interest charges	641	332	-	-	641	332
Water	-	-	15,563	13,475	15,563	13,475
Solid waste	-	-	3,241	2,995	3,241	2,995
Sewer	-	-	1,622	1,586	1,622	1,586
<b>Total Expenses</b>	<b>59,010</b>	<b>52,581</b>	<b>20,426</b>	<b>18,056</b>	<b>79,436</b>	<b>70,637</b>
Transfers	195	337	(195)	(337)	-	-
Change in net position	1,544	738	556	861	2,100	1,599
Net position - beginning of year, as restated	52,232	80,363	28,409	30,238	80,641	110,601
Net position - ending of year	<b>\$ 53,776</b>	<b>\$ 81,101</b>	<b>\$ 28,965</b>	<b>\$ 31,099</b>	<b>\$ 82,741</b>	<b>\$112,200</b>



### Financial Analysis of the Government Funds

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

### Governmental Funds

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

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$69.6 million a decrease of \$1.6 million from the prior year balances. The net decrease is mostly related to a \$2.7 million expenditure of funds for the Sandalwood and Walnut pump station projects. Approximately 0.5% of this amount, \$406 thousand, is not available for spending, \$29.1 million, or 41.8% is considered restricted, \$13.0 million, or 18.7% is committed, \$27.1 million, or 39.0% is assigned and \$327 thousand is unassigned.

At the end of the current fiscal year, the general fund's total fund balance was \$48.7 million. The general fund balance decreased \$644 thousand from the 2017 fiscal year.

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

The Fountain Valley Housing Authority was established in 2011 to preserve the ability to provide affordable housing uses and activities. The fund balance in the Housing Authority Fund at June 30, 2018, was \$12.0 million, an increase of \$201 thousand; this increase is mainly related to interest earnings.

### **Proprietary Funds**

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

Total net position for the Water Utility Fund increased by \$251 thousand and totaled \$17.8 million at June 30, 2018, of this amount an unrestricted net position amounted to \$1.9 million.

Total net position for the Sewer Fund increased by \$292 thousand and totaled \$10.4 million at June 30, 2018; of this amount the unrestricted net position amounted to \$3.3 million.

Total net position for the Solid Waste Fund increased by \$13 thousand and totaled \$848 thousand at June 30, 2018; the entire amount was unrestricted net position.

### **General Fund Budgetary Highlights**

A detailed budgetary comparison schedule for the year ended June 30, 2018, is presented as required supplementary information following the notes to the financial statements. Revenues and transfers in were \$57.1 million, 0.2% higher than the City's final budget of \$57.0 million. Significant revenues over budget were sales tax revenues received (\$837 thousand) largely due to strong growth in building and construction and restaurants and hotels. Significant revenues under budget were a decrease in developer impact payments (\$654 thousand). Expenditures and transfers out were lower by \$12.2 million than the final budget of \$70.0 million, or 17.4% under budget. The primary differences between actual expenditures and budget is due to the underspending of funds for the economic development project (\$1.0 million), carryover of funds for both the General Plan Update project (1.3 million) and the City HVAC and Energy Efficiency project (\$2.1 million) and deferred capital expenditures for the median landscape project (\$1.6 million).

Differences between the original and final revenue budget reflect an increase of \$6.5 million or 13.3%. The most notable adjustments were a carryover of \$975 thousand for a cooperative reimbursement, a \$724 thousand increase for a higher than expected "residual" property tax revenue associated with the former Redevelopment Agency and a \$4.5 increase for Measure HH transaction tax. Measure HH revenues consist of a one-percent voter-approved transaction and use (i.e. "sales") tax, which became effective April 1, 2017. At the time of adoption of the original budget for fiscal year 2017-2018, historical data related to Measure HH transaction tax revenue was not available to provide for a reliable budget estimate. Therefore, the original budget for the Measure HH transaction tax was based on the amount needed to provide for a balanced operating budget equating to approximately two quarters of sales tax receipts. The Measure HH transaction tax budget was adjusted later in the fiscal year based on the revenue received in the first few quarters.



Differences between the original and final total expenditures budget reflect an increase of \$15.8 million or 30.3%. The most notable adjustments were a \$1.7 million appropriation for the initial contribution to a new Other Post-Employment Benefits (OPEB) Trust Fund established through the California Employers' Retiree Benefit Trust (CERBT), and a \$2.2 million increased payment to CalPERS to pay-down a portion of the unfunded pension liability. In addition, the final budget included a \$7.7 million increase for carryover capital projects funds from fiscal year 2016-2017.

The following summarizes the General Fund's original budget, final budget and actual results for 2018 revenues, expenditures and transfers:

**GENERAL FUND BUDGETARY COMPARISON**  
(in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues	\$ 49,398	\$ 55,951	\$ 56,358	\$ 407
Expenditures	(52,071)	(67,857)	(56,155)	11,702
Other Financing Sources (Uses)				
Transfers in	1,007	1,084	801	(283)
Transfers out	(1,808)	(2,123)	(1,648)	475
Special item	-	-	-	-
Extraordinary item	-	-	-	-
Net Change in Fund Balance	<u>\$ (3,474)</u>	<u>\$ (12,945)</u>	<u>\$ (644)</u>	<u>\$ 12,301</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The City's investment in capital assets for its governmental and business type activities as of June 30, 2018, amounts to \$140.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, construction in progress, improvements other than buildings, vehicles and equipment, park facilities, roads, highway, and sidewalks/curbs/gutters. The total increase in the City's investment in capital assets for the current fiscal year was \$6.9 million or 5.2%. The major additions were for the construction costs in the amount of \$2.6 million for the Sandalwood Street Storm Drain Pump Station rehab project, and \$2.9 million for the construction and installation of solar photovoltaic electricity generation systems (solar panels) at the City Hall, City Yard, Police Building and Founders Village.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 3,885	\$ 3,885	\$ 123	\$ 123	\$ 4,008	\$ 4,008
Vehicles and equipment	4,171	2,644	115	128	4,286	2,772
Furniture and fixtures	6	8	-	-	6	8
Buildings	7,854	8,234	12,181	12,557	20,035	20,791
Construction in Progress	1,544	1,555	1,179	745	2,723	2,300
Improvements other than structures	6,728	3,432	16,304	16,747	23,032	20,179
Rights of Way	17,948	17,948	-	-	17,948	17,948
Infrastructure	68,360	65,455	-	-	68,360	65,455
Net capital assets	<u>\$ 110,496</u>	<u>\$ 103,161</u>	<u>\$ 29,902</u>	<u>\$ 30,300</u>	<u>\$ 140,398</u>	<u>\$ 133,461</u>

The City elected to use the modified approach in reporting its street pavement infrastructure network. The condition of the City's roadway pavement is measured using the Carte Graph Pavement Management System. The system uses a measurement scale that is based on a Pavement Condition Index (PCI) ranging from zero for a very poor pavement to 100 for a pavement in very good condition. The overall condition of the City's pavement network based on the most recent complete assessment performed in the fiscal year 2018 was "Very Good" with a weighted average PCI of 86.1 based on the surface area of each segment. There have been no significant changes in the assessed condition of the infrastructure assets from the last fiscal year. The current condition of these assets complies with the condition levels adopted by the City. Variances in budgeted versus actual expenditures is due to timing of project completion. The arterial pavement improvement project for Euclid Street Arterial Rehabilitation had a budget of \$1.4 million and actual expenditures of \$44 thousand. The expected completion date for this rehabilitation project is in fiscal year 2018-19. Additional information on the City's capital assets can be found in Note 4 in the Financial Section of this report.

**OUTSTANDING DEBT AS OF JUNE 30, 2018 AND 2017**

(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ -	\$ -	\$ 13,457	\$ 14,042	\$ 13,457	\$ 14,042
Lease Revenue bonds	15,661	16,176	-	-	15,661	16,176
Taxable Pension Obligation bonds	15,697	15,679	-	-	15,697	15,679
Compensated absences	2,162	2,147	223	251	2,385	2,398
Claims payable	4,034	3,954	-	-	4,034	3,954
Other post-employment benefits	36,114	4,512	2,690	-	38,804	4,512
Leases payable	-	-	-	-	-	-
Net Pension Liability	74,131	65,785	8,119	7,010	82,250	72,795
Total Long Term Liabilities	<u>\$ 147,799</u>	<u>\$ 108,253</u>	<u>\$ 24,489</u>	<u>\$ 21,303</u>	<u>\$ 172,288</u>	<u>\$ 129,556</u>

At year-end, the City had total long-term debt outstanding of \$172.2 million; this is an increase of \$42.7 million. The net increase is attributable to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75. The net Other Post-Employment Pension Benefits (OPEB) is now reported on the Statement of Net Position.

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

**FISCAL YEAR 2018-2019 OPERATING BUDGET AND ENTERPRISE RATES**

The City Council adopted the fiscal year 2018-2019 Budget with total appropriations of \$105.6 million and projected revenues of \$104.2 million.

The General Fund fiscal year 2018-2019 estimated revenues are \$58.4 million and budgeted appropriations are \$55.7 million. The General Fund include a substantial amount of one-time capital improvement projects that utilize reserves which are legally required to be spent on specific capital projects. The General Fund Operating Budget is balanced with a healthy surplus of \$5.9 million, which will be used to make additional payments to CalPERS towards unfunded pension liabilities and to build and maintain reserves. Measure HH provides the necessary funding to maintain essential city services and funds capital improvements, pays down debt and restores reserves. The City's fiscal policy is guided by the 20-Year Financial Plan with the goal of being debt free in 2037 when Measure HH sunsets. The City is on a solid path towards long-term fiscal sustainability.

The fiscal year 2018-2019 budget includes an approved increase of 7.0 percent to water rates and 4.0 percent to sewer rates.

**Requests for Information**

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

# CITY OF FOUNTAIN VALLEY BASIC FINANCIAL STATEMENTS



A NICE PLACE



TO PLAY



## CITY OF FOUNTAIN VALLEY

## STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 59,766,550	\$ 15,505,674	\$ 75,272,224
Restricted cash and investments	3,116,481	6,432,465	9,548,946
Restricted cash and investments - pension	2,827,351	-	2,827,351
Receivables:			
Accounts	6,120,411	3,449,542	9,569,953
Accrued interest	318,251	-	318,251
Loans	6,329,825	-	6,329,825
Internal balances	314,000	(314,000)	-
Inventories	15,280	-	15,280
Prepaid items	390,303	-	390,303
Capital assets:			
Not being depreciated	86,926,076	1,302,370	88,228,446
Being depreciated, net	23,570,190	28,600,073	52,170,263
<b>TOTAL ASSETS</b>	<b>189,694,718</b>	<b>54,976,124</b>	<b>244,670,842</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts from OPEB plan	3,830,000	126,000	3,956,000
Deferred amounts from pension plans	21,737,205	1,058,361	22,795,566
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>25,567,205</b>	<b>1,184,361</b>	<b>26,751,566</b>
<b>LIABILITIES:</b>			
Accounts payable	2,023,675	2,246,024	4,269,699
Accrued wages payable	1,002,727	-	1,002,727
Accrued interest payable	281,373	258,116	539,489
Due to other governments	205,193	-	205,193
Unearned revenue	6,123,151	-	6,123,151
Deposits payable	230,059	87,188	317,247
Long-term liabilities:			
Due within one year	3,756,947	710,889	4,467,836
Due in more than one year:			
Other long-term liabilities	33,796,679	12,969,630	46,766,309
Net OPEB liability	36,114,000	2,690,000	38,804,000
Net pension liability	74,131,205	8,118,727	82,249,932
<b>TOTAL LIABILITIES</b>	<b>157,665,009</b>	<b>27,080,574</b>	<b>184,745,583</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amounts from OPEB plan	279,000	-	279,000
Deferred amounts from pension plans	3,541,593	114,930	3,656,523
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,820,593</b>	<b>114,930</b>	<b>3,935,523</b>
<b>NET POSITION:</b>			
Net investment in capital assets	97,951,856	22,877,809	120,829,665
Restricted for:			
Housing	12,295,227	-	12,295,227
Public safety	1,205,286	-	1,205,286
Transportation	5,677,079	-	5,677,079
Community development	6,360,254	-	6,360,254
Capital projects	415,188	-	415,188
Other	337,438	-	337,438
Debt service	444	-	444
Pension	2,827,351	-	2,827,351
Unrestricted	(73,293,802)	6,087,172	(67,206,630)
<b>TOTAL NET POSITION</b>	<b>\$ 53,776,321</b>	<b>\$ 28,964,981</b>	<b>\$ 82,741,302</b>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 5,355,236	\$ 1,263,170	\$ -	\$ -
Public safety	35,670,029	2,779,810	278,481	-
Transportation	8,613,423	-	3,557,064	-
Community development	5,306,588	1,992,671	244,361	-
Community services	3,424,384	1,316,668	323,388	-
Interest on long term debt	640,767	-	-	-
Total governmental activities	<u>59,010,427</u>	<u>7,352,319</u>	<u>4,403,294</u>	<u>-</u>
<b>Business-type activities:</b>				
Water	15,563,270	15,820,684	-	-
Sewer	1,621,912	2,046,393	-	-
Solid waste	3,240,886	3,253,768	-	-
Total business-type activities	<u>20,426,068</u>	<u>21,120,845</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 79,436,495</u>	<u>\$ 28,473,164</u>	<u>\$ 4,403,294</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Sales taxes - Measure HH

Franchise taxes

Other taxes

Investment income

Miscellaneous

Intergovernmental

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated

Net position - end of year

See accompanying notes to the basic financial statements.



Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (4,092,066)	\$ -	\$ (4,092,066)
(32,611,738)	-	(32,611,738)
(5,056,359)	-	(5,056,359)
(3,069,556)	-	(3,069,556)
(1,784,328)	-	(1,784,328)
(640,767)	-	(640,767)
<u>(47,254,814)</u>	<u>-</u>	<u>(47,254,814)</u>
-	257,414	257,414
-	424,481	424,481
-	12,882	12,882
<u>-</u>	<u>694,777</u>	<u>694,777</u>
<u>(47,254,814)</u>	<u>694,777</u>	<u>(46,560,037)</u>
18,807,430	-	18,807,430
12,369,585	-	12,369,585
11,742,254	-	11,742,254
1,920,165	-	1,920,165
3,227,918	-	3,227,918
516,705	(3,240)	513,465
20,172	-	20,172
-	58,767	58,767
<u>194,760</u>	<u>(194,760)</u>	<u>-</u>
<u>48,798,989</u>	<u>(139,233)</u>	<u>48,659,756</u>
1,544,175	555,544	2,099,719
<u>52,232,146</u>	<u>28,409,437</u>	<u>80,641,583</u>
<u>\$ 53,776,321</u>	<u>\$ 28,964,981</u>	<u>\$ 82,741,302</u>

CITY OF FOUNTAIN VALLEY

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

ASSETS	General	Special Revenue
		Fund
		Housing Authority
Cash and investments	\$ 42,370,016	\$ 12,041,711
Restricted cash and investments - held by fiscal agent	418	-
Restricted cash and investments - held in trust for pension	2,827,351	-
Receivables:		
Accounts	5,610,912	-
Accrued interest	318,251	-
Loans	1,481	6,123,151
Due from other funds	17,129	-
Advances to other funds	314,000	-
Inventories	15,280	-
Prepaid items	390,303	-
<b>TOTAL ASSETS</b>	<b>\$ 51,865,141</b>	<b>\$ 18,164,862</b>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ 1,922,387	\$ 8,909
Accrued wages payable	1,002,727	-
Deposits payable	230,059	-
Due to other governments	-	-
Unearned revenue	-	6,123,151
Due to other funds	-	-
<b>TOTAL LIABILITIES</b>	<b>3,155,173</b>	<b>6,132,060</b>
FUND BALANCES:		
Nonspendable:		
Inventories	15,280	-
Prepaid items	390,303	-
Restricted:		
Public safety	-	-
Transportation	1,539,644	-
Housing	-	12,032,802
Community development	3,244,217	-
Capital projects	415,188	-
Other purposes	337,438	-
Debt service	418	-
Pension	2,827,351	-
Committed:		
Emergencies	13,000,000	-
Assigned:		
Fleet replacement	3,736,246	-
Information technology replacement	1,103,970	-
Major facility replacement	2,494,581	-
Employee benefits	1,463,438	-
Self insurance	1,773,941	-
Capital equipment	1,405,052	-
Capital projects	11,635,821	-
Economic development	2,500,000	-
Contingency reserves	500,000	-
Unassigned	327,080	-
<b>TOTAL FUND BALANCES</b>	<b>48,709,968</b>	<b>12,032,802</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 51,865,141</b>	<b>\$ 18,164,862</b>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total
\$ 5,354,823	\$ 59,766,550
3,116,063	3,116,481
-	2,827,351
509,499	6,120,411
-	318,251
205,193	6,329,825
-	17,129
-	314,000
-	15,280
-	390,303
<u>\$ 9,185,578</u>	<u>\$ 79,215,581</u>
\$ 92,379	\$ 2,023,675
-	1,002,727
-	230,059
205,193	205,193
-	6,123,151
17,129	17,129
<u>314,701</u>	<u>9,601,934</u>
-	15,280
-	390,303
1,205,286	1,205,286
4,137,435	5,677,079
262,425	12,295,227
3,116,037	6,360,254
-	415,188
-	337,438
26	444
-	2,827,351
-	13,000,000
-	3,736,246
-	1,103,970
-	2,494,581
-	1,463,438
-	1,773,941
-	1,405,052
149,700	11,785,521
-	2,500,000
-	500,000
(32)	327,048
<u>8,870,877</u>	<u>69,613,647</u>
<u>\$ 9,185,578</u>	<u>\$ 79,215,581</u>

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CITY OF FOUNTAIN VALLEY

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2018

Fund balances - total governmental funds	\$ 69,613,647
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of depreciation, have not been included as financial resources in government fund activities:	
Capital assets	144,703,550
Accumulated depreciation	(34,207,284)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities consist of the following:	
2015A Taxable Pension Obligation Bonds	(15,995,000)
Bond discount	298,463
2016A Lease Revenue Bonds	(12,030,000)
Bond premium	(823,123)
2017 Clean Renewable Energy Bond	(2,807,768)
Compensated absences	(2,162,481)
Liability for claims and judgments	(4,033,717)
OPEB and pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB and pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities	
Deferred outflows of resources - OPEB plan	3,830,000
Deferred inflows of resources - OPEB plan	(279,000)
Net OPEB liability	(36,114,000)
Deferred outflows of resources - pension plans	21,737,205
Deferred inflows of resources - pension plans	(3,541,593)
Net pension liability	(74,131,205)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(281,373)
Net position of governmental activities	\$ 53,776,321

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2018

	General	Special Revenue Fund Housing Authority
REVENUES:		
Taxes	\$ 46,463,473	\$ -
Licenses and permits	1,906,153	-
Fines and penalties	619,096	-
Investment income	353,555	147,812
Rental income	1,167,468	-
Intergovernmental	449,918	-
Charges for services	4,391,775	-
Miscellaneous	1,006,320	305,221
TOTAL REVENUES	<u>56,357,758</u>	<u>453,033</u>
EXPENDITURES:		
Current:		
General government	4,916,069	-
Public safety	31,782,207	-
Transportation	5,624,457	-
Community development	3,553,440	241,862
Community services	2,647,118	-
Capital outlay	7,626,503	-
Debt service:		
Principal	-	-
Interest	5,216	-
TOTAL EXPENDITURES	<u>56,155,010</u>	<u>241,862</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>202,748</u>	<u>211,171</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	800,755	-
Transfers out	(1,647,984)	(9,965)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(847,229)</u>	<u>(9,965)</u>
NET CHANGE IN FUND BALANCES	(644,481)	201,206
FUND BALANCES - BEGINNING OF YEAR	<u>49,354,449</u>	<u>11,831,596</u>
FUND BALANCES - END OF YEAR	<u>\$ 48,709,968</u>	<u>\$ 12,032,802</u>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total
\$ -	\$ 46,463,473
-	1,906,153
-	619,096
76,945	578,312
-	1,167,468
3,540,398	3,990,316
161,972	4,553,747
40,251	1,351,792
<u>3,819,566</u>	<u>60,630,357</u>
-	4,916,069
152,586	31,934,793
1,939,951	7,564,408
199,350	3,994,652
5,927	2,653,045
2,698,466	10,324,969
470,398	470,398
570,006	575,222
<u>6,036,684</u>	<u>62,433,556</u>
<u>(2,217,118)</u>	<u>(1,803,199)</u>
5,184,491	5,985,246
<u>(4,132,537)</u>	<u>(5,790,486)</u>
<u>1,051,954</u>	<u>194,760</u>
(1,165,164)	(1,608,439)
<u>10,036,041</u>	<u>71,222,086</u>
<u>\$ 8,870,877</u>	<u>\$ 69,613,647</u>

CITY OF FOUNTAIN VALLEY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

Net change in fund balances - total governmental funds	\$ (1,608,439)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	9,467,426
Depreciation expense	(2,129,001)
Disposal of capital assets	(3,528)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and issuance cost of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in the governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the Statement of Net Position. The amounts are the net effect of these differences in the treatment of long-term debt:	
Repayment of principal	470,398
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in compensated absences	(15,460)
Change in the liability for claims and judgments	(79,451)
Change in accrued interest on long-term debt	(93,057)
Amortization of bond premium	44,898
Amortization of bond discount	(17,386)
OPEB expense reported in the governmental funds includes the insurance premiums paid. In the Statement of Activities, OPEB expense includes the change in the net OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.	
	818,000
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources	
	(5,039,710)
Revenues that are measurable but not available are not recorded as revenue under the modified accrual basis of accounting.	
	<u>(270,515)</u>
Change in net position of governmental activities	<u>\$ 1,544,175</u>

See accompanying notes to the basic financial statements.



## CITY OF FOUNTAIN VALLEY

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2018

	Business-Type Activities			Total
	Water Utility	Sewer	Solid Waste	
<b>ASSETS:</b>				
<b>CURRENT ASSETS:</b>				
<b>UNRESTRICTED ASSETS:</b>				
Cash and cash equivalents	\$ 9,781,504	\$ 5,120,039	\$ 604,131	\$ 15,505,674
Accounts receivable	2,644,181	307,118	498,243	3,449,542
<b>TOTAL UNRESTRICTED ASSETS</b>	<b>12,425,685</b>	<b>5,427,157</b>	<b>1,102,374</b>	<b>18,955,216</b>
<b>RESTRICTED ASSETS:</b>				
Cash and cash equivalents	6,432,465	-	-	6,432,465
<b>TOTAL CURRENT ASSETS</b>	<b>18,858,150</b>	<b>5,427,157</b>	<b>1,102,374</b>	<b>25,387,681</b>
<b>NONCURRENT ASSETS:</b>				
Capital assets:				
Not being depreciated	1,302,370	-	-	1,302,370
Being depreciated, net	21,564,706	7,035,367	-	28,600,073
<b>TOTAL NONCURRENT ASSETS</b>	<b>22,867,076</b>	<b>7,035,367</b>	<b>-</b>	<b>29,902,443</b>
<b>TOTAL ASSETS</b>	<b>41,725,226</b>	<b>12,462,524</b>	<b>1,102,374</b>	<b>55,290,124</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred amounts from OPEB plan	116,000	10,000	-	126,000
Deferred amounts from pension plans	862,541	195,820	-	1,058,361
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>978,541</b>	<b>205,820</b>	<b>-</b>	<b>1,184,361</b>
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	1,985,809	5,428	254,787	2,246,024
Deposits payable	87,188	-	-	87,188
Interest payable	258,116	-	-	258,116
Advances from other funds	314,000	-	-	314,000
Bonds payable, current portion	535,000	-	-	535,000
Compensated absences, current portion	109,418	66,471	-	175,889
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,289,531</b>	<b>71,899</b>	<b>254,787</b>	<b>3,616,217</b>
<b>NONCURRENT LIABILITIES:</b>				
Compensated absences, net of current portion	29,568	17,963	-	47,531
Bonds payable, net of current portion	12,922,099	-	-	12,922,099
Net OPEB liability	1,988,000	702,000	-	2,690,000
Net pension liability	6,616,584	1,502,143	-	8,118,727
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>21,556,251</b>	<b>2,222,106</b>	<b>-</b>	<b>23,778,357</b>
<b>TOTAL LIABILITIES</b>	<b>24,845,782</b>	<b>2,294,005</b>	<b>254,787</b>	<b>27,394,574</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred amounts from pension plans	93,665	21,265	-	114,930
<b>NET POSITION:</b>				
Net investment in capital assets	15,842,442	7,035,367	-	22,877,809
Unrestricted	1,921,878	3,317,707	847,587	6,087,172
<b>TOTAL NET POSITION</b>	<b>\$ 17,764,320</b>	<b>\$ 10,353,074</b>	<b>\$ 847,587</b>	<b>\$ 28,964,981</b>

See accompanying notes to the basic financial statements.

## CITY OF FOUNTAIN VALLEY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

For the year ended June 30, 2018

	Business-Type Activities			Total
	Water Utility	Sewer	Solid Waste	
OPERATING REVENUES:				
Charges for services	\$ 15,598,216	\$ 2,046,393	\$ 3,253,768	\$ 20,898,377
Miscellaneous	222,468	-	-	222,468
<b>TOTAL OPERATING REVENUES</b>	<b>15,820,684</b>	<b>2,046,393</b>	<b>3,253,768</b>	<b>21,120,845</b>
OPERATING EXPENSES:				
Distribution maintenance	858,509	-	-	858,509
Utility administration	1,497,929	976,982	-	2,474,911
Contract services	-	166,209	3,240,886	3,407,095
Pumping and maintenance	1,239,804	181,166	-	1,420,970
Water treatment	10,386,540	-	-	10,386,540
Depreciation	1,031,842	297,555	-	1,329,397
<b>TOTAL OPERATING EXPENSES</b>	<b>15,014,624</b>	<b>1,621,912</b>	<b>3,240,886</b>	<b>19,877,422</b>
<b>OPERATING INCOME</b>	<b>806,060</b>	<b>424,481</b>	<b>12,882</b>	<b>1,243,423</b>
NONOPERATING REVENUES (EXPENSES):				
Investment income (expense)	(2,434)	(806)	-	(3,240)
Intergovernmental	52,755	6,012	-	58,767
Interest expense	(453,955)	-	-	(453,955)
Loss on disposal of capital assets	(94,691)	-	-	(94,691)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(498,325)</b>	<b>5,206</b>	<b>-</b>	<b>(493,119)</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>307,735</b>	<b>429,687</b>	<b>12,882</b>	<b>750,304</b>
TRANSFERS:				
Transfers in	168,526	-	-	168,526
Transfers out	(225,692)	(137,594)	-	(363,286)
<b>TOTAL TRANSFERS</b>	<b>(57,166)</b>	<b>(137,594)</b>	<b>-</b>	<b>(194,760)</b>
<b>CHANGES IN NET POSITION</b>	<b>250,569</b>	<b>292,093</b>	<b>12,882</b>	<b>555,544</b>
NET POSITION - BEGINNING OF YEAR, AS RESTATED	17,513,751	10,060,981	834,705	28,409,437
<b>NET POSITION - END OF YEAR</b>	<b>\$ 17,764,320</b>	<b>\$ 10,353,074</b>	<b>\$ 847,587</b>	<b>\$ 28,964,981</b>

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended June 30, 2018

	Business-Type Activities			Total
	Water Utility	Sewer	Solid Waste	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 15,687,562	\$ 2,045,005	\$ 3,269,144	\$ 21,001,711
Cash payments to suppliers of goods and services	(11,704,791)	(824,810)	(3,236,818)	(15,766,419)
Cash payments to employees for services	(2,434,131)	(581,293)	-	(3,015,424)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,548,640</b>	<b>638,902</b>	<b>32,326</b>	<b>2,219,868</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from other funds	168,526	-	-	168,526
Cash received from grants	52,755	6,012	-	58,767
Cash paid to other funds	(523,692)	(137,594)	-	(661,286)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(302,411)</b>	<b>(131,582)</b>	<b>-</b>	<b>(433,993)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Cash paid for acquisition and construction of capital assets	(879,336)	(125,228)	-	(1,004,564)
Principal paid on debt	(510,000)	-	-	(510,000)
Interest paid on debt	(560,431)	-	-	(560,431)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,949,767)</b>	<b>(125,228)</b>	<b>-</b>	<b>(2,074,995)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	(2,434)	(806)	-	(3,240)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(2,434)</b>	<b>(806)</b>	<b>-</b>	<b>(3,240)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(705,972)</b>	<b>381,286</b>	<b>32,326</b>	<b>(292,360)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>16,919,941</b>	<b>4,738,753</b>	<b>571,805</b>	<b>22,230,499</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 16,213,969</b>	<b>\$ 5,120,039</b>	<b>\$ 604,131</b>	<b>\$ 21,938,139</b>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (CONTINUED)

For the year ended June 30, 2018

	Business-Type Activities			Total
	Water Utility	Sewer	Solid Waste	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income	\$ 806,060	\$ 424,481	\$ 12,882	\$ 1,243,423
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,031,842	297,555	-	1,329,397
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(124,161)	(1,388)	15,376	(110,173)
(Increase) decrease in deferred outflows of resources from OPEB plan	(116,000)	(10,000)		(126,000)
(Increase) decrease in deferred outflows of resources from pension plans	58,960	13,385	-	72,345
Increase (decrease) in accounts payable	(925,984)	(286,351)	4,068	(1,208,267)
Increase (decrease) in deposits payable	(8,961)	-	-	(8,961)
Increase (decrease) in compensated absences	(33,190)	5,959	-	(27,231)
Increase (decrease) in net pension liability	903,140	205,037	-	1,108,177
Increase (decrease) in deferred inflows of resources from pension plans	(43,066)	(9,776)	-	(52,842)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,548,640</b>	<b>\$ 638,902</b>	<b>\$ 32,326</b>	<b>\$ 2,219,868</b>
<b>CASH AND CASH EQUIVLENTS - FINANCIAL STATEMENT CLASSIFICATION:</b>				
Cash and cash equivalents	\$ 9,781,504	\$ 5,120,039	\$ 604,131	\$ 15,505,674
Restricted cash and cash equivalents	6,432,465	-	-	6,432,465
<b>TOTAL CASH AND CASH EQUIVALENTS - FINANCIAL STATEMENT CLASSIFICATION</b>	<b>\$ 16,213,969</b>	<b>\$ 5,120,039</b>	<b>\$ 604,131</b>	<b>\$ 21,938,139</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>				
Amortization of bond premium	\$ 74,672	\$ -	\$ -	\$ 74,672

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY  
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

	Private-Purpose Trust Funds	Other Post- Employment Benefit (OPEB) Trust Fund	Agency Funds
<b>ASSETS:</b>			
Cash and investments	\$ 965,571	\$ -	\$ 298,768
Cash and investments held by trust	-	10,648,952	-
<b>TOTAL ASSETS</b>	965,571	10,648,952	\$ 298,768
<b>LIABILITIES:</b>			
Accounts payable	100,706	-	\$ -
Deposits payable	-	-	298,768
<b>TOTAL LIABILITIES</b>	100,706	-	\$ 298,768
<b>NET POSITION:</b>			
Held in trust for Successor Agency	\$ 864,865	\$ -	
Restricted for OPEB	-	10,648,952	
<b>TOTAL NET POSITION</b>	\$ 864,865	\$ 10,648,952	

See accompanying notes to the basic financial statements.

CITY OF FOUNTAIN VALLEY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2018

	Private-Purpose Trust Funds	Other Post- Employment Benefit (OPEB) Trust Fund
ADDITIONS:		
Taxes	\$ 547,022	\$ -
Employer contributions	-	1,698,870
Investment income	-	562,071
	<u>547,022</u>	<u>2,260,941</u>
TOTAL ADDITIONS		
DEDUCTIONS:		
Administrative expense	43,825	45,808
Community development	256,528	-
	<u>300,353</u>	<u>45,808</u>
TOTAL DEDUCTIONS		
CHANGE IN NET POSITION	246,669	2,215,133
NET POSITION - BEGINNING OF YEAR	<u>618,196</u>	<u>8,433,819</u>
NET POSITION - END OF YEAR	<u>\$ 864,865</u>	<u>\$ 10,648,952</u>

See accompanying notes to the basic financial statements.

# CITY OF FOUNTAIN VALLEY NOTES TO THE BASIC FINANCIAL STATEMENTS



A NICE PLACE



TO DO BUSINESS





**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

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

a. Reporting Entity

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

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

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

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

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

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

**Government-Wide Financial Statements**

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

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

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

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

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

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

**Government-Wide Financial Statements (Continued)**

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

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

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

**Fund Financial Statements**

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

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

**Fund Financial Statements (Continued)**

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

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

**Governmental Funds**

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

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

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

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

**Governmental Funds (Continued)**

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

Noncurrent portions of long-term receivables between 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 available resources. Noncurrent portions of other long-term receivables are offset by due to other governments or unearned revenue.

**Proprietary Funds**

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

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

**Fiduciary Funds**

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

c. Fund Classifications

The City reports the following major governmental funds:

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

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

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

**Water Utility Fund** - This enterprise fund is used to account for the provision of water to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, maintenance, construction, financing and related debt service.

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

c. Fund Classifications (Continued)

Additionally, the government reports the following fund types:

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

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

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

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

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

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

d. New Accounting Pronouncements

**GASB Current Year Standards**

In fiscal year 2017-2018, the GASB implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017 of the governmental activities, the business-type activities, the water utility enterprise fund, and the sewer enterprise fund by \$28,869,037, \$2,690,000, \$1,988,000, and \$702,000, respectively.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, and did not impact the City.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017, and did not impact the City.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

d. New Accounting Pronouncements (Continued)

**GASB Current Year Standards (Continued)**

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017, and did not impact the City.

**Pending Accounting Standards**

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt*, Including Direct Borrowings and Direct Placements, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

e. Cash and Investments

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

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



**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

f. Cash Equivalents

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

g. Inventories

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

h. Prepaid Items

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

i. Capital Assets

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

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

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

i. Capital Assets (Continued)

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

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

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

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

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

j. Deferred Outflows/Inflows of Resources

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

- Deferred outflows related to OPEB and pension plans equal to employer contributions made after the measurement date of the net OPEB liability and the net pension liability.
- Deferred outflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

j. Deferred Outflows/Inflows of Resources (Continued)

Deferred Outflows (continued):

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

j. Deferred Outflows/Inflows of Resources (Continued)

Deferred Inflows (continued):

- Deferred inflows related to pensions resulting from the difference between projected and actual earnings on plan investments of the OPEB plan's fiduciary net position. These amounts are amortized over five years.

k. Property Taxes

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

The property tax calendar is as follows:

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

l. Claims and Judgments

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

m. Employee Leave Benefits

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

m. Employee Leave Benefits (Continued)

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

n. Net Position

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

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

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

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

o. Net Position Flow Assumption:

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

p. Fund Balances

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

p. Fund Balances (Continued)

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

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

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

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

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

q. OPEB

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

r. Pensions

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

s. Use of Estimates

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

***NOTE 2 - CASH AND INVESTMENTS***

**Cash and Investments**

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 75,272,224
Restricted cash and investments	9,548,946
Restricted cash and investments - pension	2,827,351
Statement of Fiduciary Net Position:	
Cash and investments	1,264,339
Cash and investments held by trust	<u>10,648,952</u>
Total cash and investments	<u>\$ 99,561,812</u>

Cash and investments held by the City at June 30, 2018 consisted of the following:

Cash on hand	\$ 27,775
Deposits with financial institutions	17,456,370
Investments	<u>82,077,667</u>
Total cash and investments	<u>\$ 99,561,812</u>

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

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

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Government Sponsored Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	5%
Commercial Paper	Yes	270 days	25%	5%
Negotiable Certificates of Deposit	Yes	5 years	30%	5%
Repurchase Agreements	Yes	1 year	None	None
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	5%
Local Agency Investment Funds	Yes	N/A	\$50 million	None
JPA Pools (other investment pools)	Yes	N/A	None	None
Supranational Investments	Yes	5 years	30%	10%

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

N/A - Not Applicable



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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**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 flows and liquidity needed for operations.

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 -60 Months	
Local Agency Investment Fund	\$ 25,205,602	\$ -	\$ -	\$ 25,205,602
U.S. Government Sponsored				
Agency Securities	2,240,605	2,266,399	9,146,638	13,653,642
U.S. Treasury Notes	370,020	490,350	9,630,231	10,490,601
Money Market Mutual Funds	1,668,393	-	-	1,668,393
Medium-Term Notes	3,100,413	2,191,347	8,381,769	13,673,529
Held by Fiscal Agent:				
Money Market Mutual Funds	3,909,597	-	-	3,909,597
Held by Trust:				
CERBT Pooled Trust - OPEB	1,698,870	-	-	1,698,870
PARS Pooled Trust - OPEB:				
Money Market Mutual Funds	270,057	-	-	270,057
Mutual Funds - Equity	4,568,667	-	-	4,568,667
Mutual Funds - Fixed Income	4,111,358	-	-	4,111,358
PARS Pooled Trust - Pension:				
Money Market Mutual Funds	98,197	-	-	98,197
Mutual Funds - Equity	1,163,292	-	-	1,163,292
Mutual Funds - Fixed Income	1,565,862	-	-	1,565,862
Total	<u>\$ 49,970,933</u>	<u>\$ 4,948,096</u>	<u>\$ 27,158,638</u>	<u>\$ 82,077,667</u>

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 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 Standard and Poor’s actual rating as of fiscal year end for each investment type.

Investment Type	Minimum Legal Rating	Total as of June 30, 2018	Rating as of Fiscal Year End			
			AAA	AA+	Other	Not Rated
Local Agency Investment Fund	N/A	\$ 25,205,602	\$ -	\$ -	\$ -	\$ 25,205,602
U.S. Government Sponsored						
Agency Securities	N/A	13,653,642	-	13,653,642	-	-
U.S. Treasury Notes	N/A	10,490,601	-	-	-	10,490,601
Money Market Mutual Funds	A	1,668,393	1,668,393	-	-	-
Medium-Term Notes	A	13,673,529	4,500,093	946,103	8,227,333	-
Held by Fiscal Agent:						
Money Market Mutual Funds	A	3,909,597	3,909,597	-	-	-
Held by Trust:						
CERBT Pooled Trust - OPEB	N/A	1,698,870	-	-	-	1,698,870
PARS Pooled Trust - OPEB:						
Money Market Mutual Funds	N/A	270,057	270,057	-	-	-
Mutual Funds - Equity	N/A	4,568,667	-	-	-	4,568,667
Mutual Funds - Fixed Income	N/A	4,111,358	-	-	-	4,111,358
PARS Pooled Trust - Pension:						
Money Market Mutual Funds	N/A	98,197	98,197	-	-	-
Mutual Funds - Equity	N/A	1,163,292	-	-	-	1,163,292
Mutual Funds - Fixed Income	N/A	1,565,862	-	-	-	1,565,862
Total		<u>\$ 82,077,667</u>	<u>\$ 10,446,337</u>	<u>\$ 14,599,745</u>	<u>\$ 8,227,333</u>	<u>\$ 48,804,252</u>

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

Investment Type	Total as of June 30, 2018	Rating as of Fiscal Year End				
		AA	AA-	A+	A	A-
Medium-Term Notes	<u>\$ 8,227,333</u>	<u>\$ 841,909</u>	<u>\$ 1,019,871</u>	<u>\$ 2,404,298</u>	<u>\$ 3,418,328</u>	<u>\$ 542,927</u>

**Concentration of Credit Risk**

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

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Government Sponsored Agency Securities	\$ 7,042,915
Federal Home Loan Bank	U.S. Government Sponsored Agency Securities	4,683,092

***NOTE 2 - CASH AND INVESTMENTS (CONTINUED)***

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The 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. At June 30, 2018, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

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

**Investment in State Investment Pool**

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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***NOTE 2 - CASH AND INVESTMENTS (CONTINUED)***

**Cash and Investments - OPEB and Pension Trusts**

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

*CERBT*

Those guidelines are as follows:

Risk Tolerance	Moderate (Strategy 2)
Risk Management	Investment risk management is established through (a) strategic asset allocation, (b) individual asset classes and portfolios with appropriate benchmarks and (c) reasonable risk limits for the implementation of the program. The level of risk is monitored using selected risk metrics, which strives to achieve a balance between risk and return.
Investment Objective	To seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income.
Strategic Ranges	0%-2% Cash 1%-5% Commodities 6%-10% Real Estate Investment Trusts 8%-12% Treasury Inflation-Protected Securities 37%-41% Fixed Income 38%-42% Global Equity

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**Cash and Investments - OPEB and Pension PARS Trust**

*PARS*

Those guidelines are as follows:

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

**Fair Value Measurements**

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

The City has the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Government Sponsored				
Agency Securities	\$ -	\$ 13,653,642	\$ -	\$ 13,653,642
U.S. Treasury Notes	-	10,490,601	-	10,490,601
Medium-Term Notes	-	13,673,529	-	13,673,529
Held by Trust:				
PARS Pooled Trust - OPEB:				
Mutual Funds - Equity	4,568,667	-	-	4,568,667
Mutual Funds - Fixed Income	4,111,358	-	-	4,111,358
PARS Pooled Trust - Pension:				
Mutual Funds - Equity	1,163,292	-	-	1,163,292
Mutual Funds - Fixed Income	1,565,862	-	-	1,565,862
Total Leveled Investments	<u>\$ 11,409,179</u>	<u>\$ 37,817,772</u>	<u>\$ -</u>	49,226,951
Local Agency Investment Fund*				25,205,602
Money Market Mutual Funds*				1,668,393
Held by Fiscal Agent:				
Money Market Mutual Funds*				3,909,597
Held by Trust:				
CERBT Pooled Trust - OPEB				1,698,870
PARS Pooled Trust - OPEB:				
Money Market Mutual Funds*				270,057
PARS Pooled Trust - Pension:				
Money Market Mutual Funds*				98,197
Total Investment Portfolio				<u>\$ 82,077,667</u>

\* Not subject to fair value measurement hierarchy.

**NOTE 3 - INTERFUND ACTIVITY**

The following represents the interfund activity of the City for the fiscal year ended June 30, 2018.

**Due to/From Other Funds**

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	<u>\$ 17,129</u>

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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**NOTE 3 - INTERFUND ACTIVITY (CONTINUED)**

**Advances To/From Other Funds**

Advances to other funds and from other funds at June 30, 2018 are as follows:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>	<u>Amount</u>
General Fund	Water Utility Fund	<u>\$ 314,000</u>

An advance of \$2,500,000 evidenced by a promissory note with an interest rate of 5.5% was made by the General Fund to the Water Enterprise Fund to pay for construction of Well No.9. The promissory note calls for annual payments of \$332,000 representing principal and interest. The unpaid principal balance at June 30, 2018 was \$314,000 and is scheduled to be repaid by fiscal year 2018-2019.

**Transfers In/Out**

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Housing Authority Special Revenue Fund (a)	\$ 9,965
	Other Governmental Funds (a)	523,324
	Water Utility Fund (a)	159,832
	Sewer Fund (a)	107,634
Other Governmental Funds	General Fund (b)	1,647,984
	Other Governmental Funds (c)	3,440,687
	Water Utility Fund (d)	65,860
	Sewer Fund (e)	29,960
Water Utility Fund	Other Governmental Funds (f)	168,526
		<u>\$ 6,153,772</u>

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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***NOTE 3 - INTERFUND ACTIVITY (CONTINUED)***

**Transfers In/Out (Continued)**

- (a) Transfers in to the General Fund include \$408,865 from the Gas Tax Special Revenue Fund to fund certain street projects, \$114,412 from the Measure M2 Special Revenue Fund for funding assistance for Senior Mobility Program, \$47 from the Pollution Reduction Special Revenue Fund for funding assistance from AQMD and for OPEB charges, \$107,634 from the Sewer Proprietary Fund to fund certain projects and for OPEB charges, \$9,965 from the Housing Authority Special Revenue Fund for OPEB charges, and \$159,832 from the Water Utility Proprietary Fund for OPEB charges.
- (b) Transfers out of the General Fund include \$1,040,306 to the Fountain Valley Public Financing Authority Debt Service Fund for debt service payments on the Lease Revenue Bonds, Series 2016A and \$607,678 to the Gas Tax Special Revenue Fund for funding assistance from waste franchise for residential road rehabilitation.
- (c) Transfers out of the Measure M2 Special Revenue Fund to the Traffic Improvement Special Revenue Fund for \$131,654 for funding assistance for various capital projects. Transfers out of the Fountain Valley Public Financing Authority Capital Project Fund to the Drainage Special Revenue Fund for \$3,309,033 for funding the storm drain pump station project.
- (d) Transfers out of the Water Utility Proprietary Fund include \$65,860 to the Gas Tax Special Revenue Fund for residential rehabilitation projects.
- (e) Transfers out of Sewer Proprietary Fund include \$29,960 to the Gas Tax Special Revenue Fund for residential road rehabilitation projects.
- (f) Transfers out of the Measure M2 Special Revenue Fund for \$168,526 to the Water Utility Proprietary Fund for the environment clean-up grant utilized to fund the catch basin trash insert filters and irrigation control timers project.



**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 4 - CAPITAL ASSETS**

**Governmental Activities**

Changes in capital assets for governmental activities for the year ended June 30, 2018 were as follows:

	Balance at July 1, 2017	Additions	Deletions/ Transfers	Balance at June 30, 2018
Capital assets, not depreciated:				
Infrastructure				
(modified approach)	\$ 63,548,697	\$ -	\$ -	\$ 63,548,697
Land	3,885,105	-	-	3,885,105
Right of way	17,948,464	-	-	17,948,464
Construction in progress	1,555,294	8,591,979	(8,603,463)	1,543,810
Total capital assets, not depreciated	<u>86,937,560</u>	<u>8,591,979</u>	<u>(8,603,463)</u>	<u>86,926,076</u>
Capital assets, being depreciated:				
Buildings	17,992,149	-	-	17,992,149
Improvements	4,835,766	3,651,122	-	8,486,888
Vehicles and equipment	10,017,202	2,351,585	(1,141,927)	11,226,860
Furniture and fixtures	20,302	-	-	20,302
Infrastructure				
(depreciation approach)	16,575,072	3,476,203	-	20,051,275
Total capital assets, being depreciated	<u>49,440,491</u>	<u>9,478,910</u>	<u>(1,141,927)</u>	<u>57,777,474</u>
Less accumulated depreciation:				
Buildings	(9,757,992)	(380,444)	-	(10,138,436)
Improvements	(1,404,257)	(354,936)	-	(1,759,193)
Vehicles and equipment	(7,372,776)	(820,922)	1,138,399	(7,055,299)
Furniture and fixtures	(12,753)	(1,373)	-	(14,126)
Infrastructure				
(depreciation approach)	(14,668,904)	(571,326)	-	(15,240,230)
Total accumulated depreciation	<u>(33,216,682)</u>	<u>(2,129,001)</u>	<u>1,138,399</u>	<u>(34,207,284)</u>
Total capital assets, being depreciated, net	<u>16,223,809</u>	<u>7,349,909</u>	<u>(3,528)</u>	<u>23,570,190</u>
Governmental Activities capital assets, net	<u>\$ 103,161,369</u>	<u>\$ 15,941,888</u>	<u>\$ (8,606,991)</u>	<u>\$ 110,496,266</u>

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

**Governmental Activities (Continued)**

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

General government	\$ 324,255
Transportation	1,380
Public safety	599,924
Community development	838,521
Community services	364,921
Total	\$ 2,129,001

**Business-type Activities**

Changes in capital assets for business-type activities for the fiscal year ended June 30, 2018 were as follows:

	Balance at July 1, 2017	Additions	Deletions/ Transfers	Balance at June 30, 2018
Capital assets, not depreciated:				
Land	\$ 123,076	\$ -	\$ -	\$ 123,076
Construction in progress	745,360	1,018,302	(584,368)	1,179,294
Total capital assets, not depreciated	868,436	1,018,302	(584,368)	1,302,370
Capital assets, being depreciated:				
Buildings	21,692,606	189,408	(124,595)	21,757,419
Improvements other than buildings	27,994,980	394,960	-	28,389,940
Machinery and equipment	244,222	7,866	-	252,088
Total capital assets, being depreciated	49,931,808	592,234	(124,595)	50,399,447
Less accumulated depreciation:				
Buildings	(9,135,489)	(471,292)	29,904	(9,576,877)
Improvements other than buildings	(11,248,391)	(837,143)	-	(12,085,534)
Machinery and equipment	(116,001)	(20,962)	-	(136,963)
Total accumulated depreciation	(20,499,881)	(1,329,397)	29,904	(21,799,374)
Total capital assets, being depreciated, net	29,431,927	(737,163)	(94,691)	28,600,073
Business-Type Activities capital assets, net	\$ 30,300,363	\$ 281,139	\$ (679,059)	\$ 29,902,443

Depreciation expense in the amount of \$1,031,842 and \$297,555 was charged to the Water Utility and Sewer Funds, respectively.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 5 - LONG-TERM LIABILITIES**

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2018 (including unamortized discounts and refunding costs) are as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
<b>Governmental Activities:</b>					
Taxable Pension Obligation Bonds					
Series 2015A	\$ 15,995,000	\$ -	\$ -	\$ 15,995,000	\$ 510,000
Less: Unamortized Bond Discount	(315,849)	-	17,386	(298,463)	-
Lease Revenue Bonds, Series 2016A	12,465,000	-	(435,000)	12,030,000	450,000
Add: Unamortized Bond Premium	868,021	-	(44,898)	823,123	-
2017 Clean Renewable Energy Bonds	2,843,166	-	(35,398)	2,807,768	86,105
Compensated absences	2,147,021	2,004,453	(1,988,993)	2,162,481	1,702,413
Claims and judgments (Note 6)	3,954,266	529,476	(450,025)	4,033,717	1,008,429
Grand total	<u>\$ 37,956,625</u>	<u>\$ 2,533,929</u>	<u>\$ (2,936,928)</u>	<u>\$ 37,553,626</u>	<u>\$ 3,756,947</u>

**2017 Clean Renewable Energy Bonds**

On January 7, 2017, the Fountain Valley Public Financing Authority issued \$2,843,166 in Clean Renewable Energy bonds for the financing of the City's energy efficiency project including the acquisition, construction, and installation of solar photovoltaic systems. The bonds are payable from Lease Payments to be made by the City to the Fountain Valley Public Financing Authority. The bonds bear interest of 4.44%, payable semiannually on March 1 and September 1, commencing September 1, 2017. The amount of bonds outstanding at June 30, 2018 is \$2,807,768.

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 86,105	\$ 123,879	\$ 209,984
2020	103,981	119,716	223,697
2021	109,205	115,042	224,247
2022	114,607	110,135	224,742
2023	120,193	104,985	225,178
2024 - 2028	691,589	438,628	1,130,217
2029 - 2033	862,216	268,577	1,130,793
2034 - 2037	719,872	65,238	785,110
	<u>\$ 2,807,768</u>	<u>\$ 1,346,200</u>	<u>\$ 4,153,968</u>

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**Taxable Pension Obligation Bonds Series 2015A**

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

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

The amount of bonds outstanding at June 30, 2018 is \$15,995,000.

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 510,000	\$ 593,906	\$ 1,103,906
2020	570,000	582,750	1,152,750
2021	630,000	569,213	1,199,213
2022	690,000	551,381	1,241,381
2023	765,000	529,078	1,294,078
2024 - 2028	5,100,000	2,167,031	7,267,031
2029 - 2033	4,910,000	1,064,800	5,974,800
2034 - 2036	2,820,000	192,063	3,012,063
	<u>\$ 15,995,000</u>	<u>\$ 6,250,222</u>	<u>\$ 22,245,222</u>

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**Lease Revenue Bonds, Series 2016A**

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

The amount of bonds outstanding at June 30, 2018 is \$12,030,000.

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 450,000	\$ 422,500	\$ 872,500
2020	465,000	408,775	873,775
2021	475,000	394,675	869,675
2022	490,000	377,750	867,750
2023	515,000	357,650	872,650
2024 - 2028	2,870,000	1,458,350	4,328,350
2029 - 2033	3,505,000	827,025	4,332,025
2034 - 2037	3,260,000	205,669	3,465,669
	\$ 12,030,000	\$ 4,452,394	\$ 16,482,394

**Compensated Absences**

Governmental compensated absences are generally liquidated by the general fund.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**Business-type Activities**

Changes in long-term liabilities for business-type activities for the year ended June 30, 2018 are as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
<b>Business-type Activities:</b>					
2014A Revenue Bond	\$ 12,735,000	\$ -	\$ (510,000)	\$ 12,225,000	\$ 535,000
2014A Revenue Bond premium	1,306,771	-	(74,672)	1,232,099	-
Compensated absences	250,652	176,115	(203,347)	223,420	175,889
 Grand total	 <u>\$ 14,292,423</u>	 <u>\$ 176,115</u>	 <u>\$ (788,019)</u>	 <u>\$ 13,680,519</u>	 <u>\$ 710,889</u>

**2014A Revenue Bonds**

On December 17, 2014, the Fountain Valley Public Financing Authority (the Authority) issued approximately \$13,695,000 in Revenue bonds for the financing of the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its water system (the 2014 Project) and to refinance the Orange County Water District Note Payable. The Bonds are special limited obligation of the Authority payable solely from Authority revenues, which consist of installment payments to be made by the City to the Authority pursuant to an installment purchase agreement, dated as of December 1, 2014 by and between the City and the Authority. The Bonds are secured by installment payments to be made pursuant to an Installment Purchase Agreement, by and between the City and the Authority. The 2014A Revenue Bonds were issued to provide for the refinancing of the OCWD Well Loan and the financing of the 2014 Project, which installment payments will be payable from net revenues of the City's water system. The Installment Purchase Agreement also requires the water fund to fix, prescribe and collect rates and charges for the water service which will be at least sufficient to yield during each fiscal year net revenues equal to 120% of the debt service for such fiscal year. For fiscal year 2017-2018, the net revenues equal 281% of the debt service. Total interest expense for the 2014A bonds was \$526,431 of which \$21,604 has been capitalized as an addition to the cost of construction for the year ended June 30, 2018. Unspent proceeds total \$5,639,349 as of June 30, 2018 and are reported as restricted cash and cash equivalents in the proprietary fund statement of net position.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**2014A Revenue Bonds (Continued)**

Future requirements to amortize outstanding 2014A Revenue Bonds as of June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 535,000	\$ 505,531	\$ 1,040,531
2020	555,000	483,731	1,038,731
2021	580,000	461,031	1,041,031
2022	600,000	437,431	1,037,431
2023	630,000	409,681	1,039,681
2024 - 2028	3,290,000	1,574,656	4,864,656
2029 - 2033	4,155,000	713,588	4,868,588
2034 - 2035	1,880,000	63,378	1,943,378
	<u>\$ 12,225,000</u>	<u>\$ 4,649,027</u>	<u>\$ 16,874,027</u>

**Compensated Absences**

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

**NOTE 6 - CLAIMS AND JUDGMENTS**

**Self-Insurance**

At June 30, 2018, the City was self-insured for workers' compensation, employee long-term disability, and earthquake and flood insurance. Additionally, the City has purchased coverage for individual workers' compensation claims in excess of \$750,000 for general employees and \$1,000,000 for public safety. The City has also purchased coverage for individual earthquake and flood claims in excess of \$50,000 up to a limit of \$10,000,000 per occurrence.

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

The City's general and auto liability self-insurance retention is \$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.

***NOTE 6 - CLAIMS AND JUDGMENTS (CONTINUED)***

**Description of Self-Insurance Pool Pursuant to Joint Powers Agreement (Continued)**

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA 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 nine-member Executive Committee.

**Self-Insurance Programs of the Insurance Authority**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

**Primary Liability Program**

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

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



**CITY OF FOUNTAIN VALLEY**  
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**NOTE 6 - CLAIMS AND JUDGMENTS (CONTINUED)**

**Purchased Insurance**

Pollution Legal Liability Insurance

The City of Fountain Valley participates in the pollution legal liability insurance program which is available through the Insurance Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Insurance Authority has a limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Insurance Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. The City property currently has all-risk property insurance protection in the amount of \$60,637,412. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

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

**Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

**Changes in Claims and Judgments Payable**

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

Fiscal Year	Beginning Balance	Claims Incurred and Changes in Estimates	Claim Payments	Ending Balance
2015-2016	\$ 3,384,156	\$ 2,775,651	\$ (1,402,201)	\$ 4,757,606
2016-2017	4,757,606	867,429	(1,670,769)	3,954,266
2017-2018	3,954,266	529,475	(450,024)	4,033,717

**CITY OF FOUNTAIN VALLEY**  
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***NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS***

a. Plan Description

The City has an agent multiple-employer other post-employment benefit plan that provides post-employment benefits, including medical and dental, to eligible employees and their dependents at retirement through the California Public Employees Medical and Hospital Care Act (PEMHCA).

In December 2010, the City elected to join the Public Agency Retirement System OPEB Trust (PARS OPEB Trust) for which US Bank serves as the trustee. The PARS OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request. Copies of PARS' annual financial report may be obtained from its executive office at 4350 Von Karman Ave. Suite 100, Newport Beach, California 92660.

In fiscal year 2017-18, the City also established a California Retiree Benefit Trust (CERBT) for which CalPERS serves as the trustee. The CERBT Trust issues a publicly available financial report for the fiduciary net position that can be found on the CalPERS website.

The PARS OPEB and CERBT Trusts were established as a means to fund the plan and are combined and reported as a fiduciary fund. The plan itself does not issue a separate financial report.

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

a. Plan Description (Continued)

**Employees Covered**

As of measurement date June 30, 2017, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	181
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-
Active employees	<u>200</u>
	<u>381</u>

**Contributions**

The benefit provisions and contribution requirements of plan members and the City are established and may be amended through agreements and memorandums of understanding between the City, its employees, and unions representing the City's employees. Administrative costs of the OPEB plan are financed through investment earnings. The contribution required to be made under City Council and labor agreements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year ending June 30, 2018, the City contributed \$1,700,000 to the CERBT Trust, \$1,735,000 for current premiums, and the estimated implied subsidy was \$521,000 resulting in total contributions of \$3,956,000. No contributions were made to the PARS OPEB Trust for the fiscal year ended June 30, 2018. The contributions to the OPEB plan are generally made from the general fund. The water utility and sewer proprietary funds are responsible for the pay-as-you-go amounts for their respective employees.

**Accounting for the Plan**

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

**Method Used to Value Investments**

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

b. Total OPEB liability

The City's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of January 1, 2017, rolled forward to June 30, 2017 using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

**Actuarial Assumptions**

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	January 1, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry age normal, level percentage of payroll
Actuarial Assumptions:	
Discount Rate	6.00%
Long-Term Expected Rate of Return on Investments	6.00% (same as discount rate - City projected to pass GASB 75 asset sufficiency test)
Inflation	2.75%
Healthcare Trend Rates	Non-Medicare: 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare: 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-16
Salary Increases	Aggregate: 3% Merit: CalPERS 1997-2011 experience study

**CITY OF FOUNTAIN VALLEY**  
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**NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

b. Total OPEB liability (Continued)

**Actuarial Assumptions (Continued)**

The long-term expected rate of return are Bartel Associates estimates and are presented as geometric means developed over a 20-year period. The long-term expected real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation PARS-Moderate	Long-Term Expected Real Rate of Return
PARS OPEB Trust:		
Global Equity	48.00%	4.82%
Fixed Income	45.00%	1.47%
Real Estate Investment Trusts	2.00%	3.76%
Cash	5.00%	0.06%
Total	100.00%	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that the City would make benefit payments outside of the trust and that \$1,700,000 would be contributed to the CERBT trust in the fiscal year ended June 30, 2018. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the PARS OPEB and CERBT Trust investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

c. Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at June 30, 2016</b> <b>(Measurement Date)</b>	\$ 45,927,000	\$ 7,647,000	\$ 38,280,000
<b>Changes in the Year:</b>			
Service cost	783,000	-	783,000
Interest on the total OPEB liability	2,737,000	-	2,737,000
Contributions - employer	-	2,209,000	(2,209,000)
Net investment income	-	807,000	(807,000)
Benefit payments	(2,209,000)	(2,209,000)	-
Administrative expenses	-	(20,000)	20,000
<b>Net Changes</b>	<b>1,311,000</b>	<b>787,000</b>	<b>524,000</b>
<b>Balance at June 30, 2017</b> <b>(Measurement Date)</b>	<b>\$ 47,238,000</b>	<b>\$ 8,434,000</b>	<b>\$ 38,804,000</b>

**Change of Assumptions**

There were no changes of assumptions.

**Change of Benefit Terms**

There were no changes of benefit terms.

**Subsequent Events**

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

c. Changes in the Net OPEB Liability (Continued)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability	\$ 45,012,000	\$ 38,804,000	\$ 33,704,000

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

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

	1% Decrease (6.5% Non-Medicare/ 5.5% Medicare decreasing to 3.0%)	Current Healthcare Cost Trend Rate (7.5% Non-Medicare/ 6.5% Medicare decreasing to 4.0%)	1% Increase (8.5% Non-Medicare/ 7.5% Medicare decreasing to 5.0%)
Net OPEB Liability	\$ 34,225,000	\$ 38,804,000	\$ 43,580,000

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$3,012,000. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 3,956,000	\$ -
Differences between projected and actual earnings	-	279,000
Total	<u>\$ 3,956,000</u>	<u>\$ 279,000</u>

The differences between projected and actual earnings on plan investments is amortized over five years.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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***NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)***

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

\$3,956,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (70,000)
2020	(70,000)
2021	(70,000)
2022	(69,000)
2023	-
Thereafter	-

e. Payable to the OPEB Plan

At June 30, 2018, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.



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

a. General Information about the Pension Plans

**Plan Descriptions**

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

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED)**

a. General Information about the Pension Plans (Continued)

**Benefits Provided (Continued)**

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous		
	Tier I Prior to December 25, 2010	Tier II On or After December 25, 2010	Tier III - PEPRA On or After January 1, 2013
Hire date	December 25, 2010	December 25, 2010	January 1, 2013
Benefit formula	2.5%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 62	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates:			
Normal cost rate	10.848%	7.200%	6.533%
Payment of unfunded liability	\$ 1,317,544	\$ 741	\$ 622

	Safety - Police		
	Tier I Prior to October 30, 2010	Tier II On or After October 30, 2010	Tier III - PEPRA On or After January 1, 2013
Hire date	October 30, 2010	October 30, 2010	January 1, 2013
Benefit formula	3%@50	3%@55	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2% to 2.7%
Required employee contribution rates	12%	9%	11.5%
Required employer contribution rates:			
Normal cost rate	21.418% (1)	16.842%	11.990%
Payment of unfunded liability	\$ 2,155,767	\$ 538	\$ 567

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

	Safety - Fire		
	Tier I Prior to March 31, 2012	Tier II On or After March 31, 2012	Tier III - PEPRA On or After January 1, 2013
Hire date	March 31, 2012	March 31, 2012	January 1, 2013
Benefit formula	3%@50	2%@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%	2% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates:			
Normal cost rate	21.418% (1)	14.971%	11.990%
Payment of unfunded liability	\$ 2,155,767	\$ -	\$ 1,003

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED)**

a. General Information about the Pension Plans (Continued)

**Contributions**

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

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

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 29,725,101
Safety	52,524,831
Total Net Pension Liability	<u>\$ 82,249,932</u>

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City’s proportionate share of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CalPERS) (CONTINUED)**

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The City's proportionate share of the net pension liability for each Plan as of the measurement dates ended June 30, 2016 and 2017 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2016	0.76029%	0.89557%
Proportion - June 30, 2017	0.75405%	0.87905%
Change - Increase (Decrease)	-0.00624%	-0.01652%

For the year ended June 30, 2018, the City recognized pension expense of \$5,341,669 for the miscellaneous plan and \$7,009,444 for the safety plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,086,374	\$ -
Differences between actual and expected experience	35,138	(503,412)
Change in assumptions	4,359,755	(332,436)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	524,502	(600,635)
Net differences between projected and actual earnings on plan investments	985,998	-
Total	<u>\$ 7,991,767</u>	<u>\$ (1,436,483)</u>

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,097,350	\$ -
Differences between actual and expected experience	561,572	(146,418)
Change in assumptions	8,144,201	(624,845)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	224,921	(1,448,777)
Net differences between projected and actual earnings on plan investments	1,775,755	-
Total	<u>\$ 14,803,799</u>	<u>\$ (2,220,040)</u>

\$2,086,374 and \$4,097,350 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the miscellaneous and safety plan, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous	
Year Ending June 30,	Amount
2019	\$ 1,337,561
2020	2,360,366
2021	1,356,386
2022	(585,403)
2023	-

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows (continued):

Safety	
Year Ending June 30,	Amount
2019	\$ 1,963,193
2020	4,729,775
2021	2,832,497
2022	(1,039,056)
2023	-
Thereafter	-

**Actuarial Assumptions**

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016 actuarial accounting valuation.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

**Actuarial Assumptions (Continued)**

The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.

(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

**Change of Assumptions**

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

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

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for the each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.



**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

**Discount Rate (Continued)**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

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

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

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 44,096,102	\$ 79,429,894
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 29,725,101	\$ 52,524,831
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 17,822,778	\$ 30,531,284

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

**Pension Plans Fiduciary Net Position**

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

- c. Payable to the Pension Plans

At June 30, 2018, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

***NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN (PARS)***

As of January 1, 1992, the City implemented a defined contribution pension Plan through PARS for all of its non-regular employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All non-regular employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and City Council has resolved to match the employees' contributions of 3.75% for employees hired prior to August 29, 2014. Employees hired after August 29, 2014 are required to pay the full 7.5%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2018, the City's payroll covered by the plan was \$620,541 and the City made employer contributions of \$4,600 (3.75% of current covered payroll for employees hired before August 29, 2014).

***NOTE 10 - LOANS RECEIVABLE***

The City has outstanding rehabilitation and first time home buyer loans receivable totaling \$1,455,647 from qualified applicants. Loans receivable of \$1,250,454 is recorded in the Housing Authority Fund; \$167,095 in the Community Development Block Grant (CDBG) Special Revenue Fund; and \$38,098 in the HOME Grant Special Revenue Fund. All housing rehabilitation loans are repaid when title to the property changes or according to payment schedules. The loans receivable are offset by due to other governments or unearned revenue.

On October 1, 2002, the City entered into an Affordable Housing Agreement with Fountain Valley Partners, L.P. for the development of an apartment complex for seniors. Under the agreement, the City agreed to loan Fountain Valley Housing Partners, L.P. \$5,606,071 at an interest rate of 2%. Principal and interest are due at various maturity dates but no later than 55 years from the date of the note. The loan receivable is offset by unearned revenue in the Housing Authority Special Revenue Fund. The amount outstanding at June 30, 2018 is \$4,872,697.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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**NOTE 11 - TAX ABATEMENT**

**Hotel Incentive Program**

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

**NOTE 12 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

**Deficit Fund Balances**

At June 30, 2018, the following funds had deficit fund balances:

Other Governmental Funds:		
Community Development Block Grant		
Special Revenue Fund	\$	(32)

Management intends to eliminate these deficits by transferring construction funds from the 2016A Lease Revenue Bonds.

**NOTE 13 - RESTATEMENTS**

Restatement of Government-Wide financial statements' net position as of July 1, 2017 is as follows:

	Governmental Activities	Business-type Activities	Totals
Net position at July 1, 2017, as originally reported	\$ 81,101,183	\$ 31,099,437	\$112,200,620
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	<u>(28,869,037)</u>	<u>(2,690,000)</u>	<u>(31,559,037)</u>
Net position at July 1, 2017, as restated	<u>\$ 52,232,146</u>	<u>\$ 28,409,437</u>	<u>\$ 80,641,583</u>

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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**NOTE 13 - RESTATEMENTS (CONTINUED)**

Restatement of the Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds of July 1, 2017 is as follows:

	Water Utility Enterprise Fund	Sewer Enterprise Fund
Net position at July 1, 2017, as originally reported	\$ 19,501,751	\$ 10,762,981
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	<u>(1,988,000)</u>	<u>(702,000)</u>
Net position at July 1, 2017, as restated	<u>\$ 17,513,751</u>	<u>\$ 10,060,981</u>

**NOTE 14 - SUBSEQUENT EVENTS**

On January 22, 2019, the Fountain Valley Housing Authority approved a loan agreement with The Related Companies of California LLC (“Developer”) to assist with the development of a new 50-unit multifamily affordable housing project intended for tenancy by qualified extremely low, very low and low-income persons and families. The 1.95-acre parcel is located in Fountain Valley at 16790 Harbor Boulevard. The proposed project would meet the requirements of the California Housing Authorities Law, the Dissolution Law (including the requirements of Senate Bill 341) and will assist the City in achieving its Regional Housing Needs Assessment goals.

Under the loan agreement, the Housing Authority will advance and loan Developer up to \$6,443,882 for the sole purposes of acquisition of the property and termination of the billboard lease of the proposed project. The loan will be funded from the Housing Authority Special Revenue Fund utilizing low and moderate housing asset funds of the former Fountain Valley Agency for Community Development.

The outstanding principal balance of the loan shall bear simple interest at the rate of zero percent (0%) per annum. The loan will have a 60-year term to be repaid from residual receipts from operation of the proposed project.

Other events occurring after June 30, 2018 have been evaluated for possible adjustments to the financial statements or disclosure as of February 7, 2019, the date the financial statements were available to be issued.

# CITY OF FOUNTAIN VALLEY REQUIRED SUPPLEMENTARY INFORMATION



A NICE PLACE



TO LIVE



CITY OF FOUNTAIN VALLEY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years\*

Fiscal year ended	Miscellaneous			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.29973%	0.30523%	0.40155%	0.35004%
Plan's proportionate share of the net pension liability	\$ 29,725,101	\$ 26,411,625	\$ 27,562,365	\$ 21,781,373
Plan's covered payroll	\$ 8,613,145	\$ 8,337,303	\$ 7,985,207	\$ 7,904,107
Plan's proportionate share of the net pension liability as a percentage of covered payroll	345.11%	316.79%	345.17%	275.57%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	73.31%	74.06%	78.40%	76.48%
Plan's proportionate share of aggregate employer contributions	\$ 2,828,483	\$ 2,602,305	\$ 2,279,664	\$ 1,915,598

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

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

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

CITY OF FOUNTAIN VALLEY  
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years\*

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

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRAs 2% @ 62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

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

\*\* - The valuation for June 30, 2012, 2013, 2014, and 2015 (applicable to fiscal years ended June 30, 2015, 2016, 2017, and 2018 respectively) included the same actuarial assumptions.

\*\*\* - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

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



CITY OF FOUNTAIN VALLEY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years\*

Fiscal year ended	Safety			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.52963%	0.53604%	0.66857%	0.64568%
Plan's proportionate share of the net pension liability	\$ 52,524,831	\$ 46,383,732	\$ 45,889,913	\$ 40,177,430
Plan's covered payroll	\$ 11,128,552	\$ 10,947,647	\$ 10,362,480	\$ 9,883,584
Plan's proportionate share of the net pension liability as a percentage of covered payroll	471.98%	423.69%	442.85%	406.51%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	73.31%	74.06%	78.40%	76.12%
Plan's proportionate share of aggregate employer contributions	\$ 4,823,404	\$ 4,535,038	\$ 4,005,245	\$ 3,624,917

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

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

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

CITY OF FOUNTAIN VALLEY  
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years\*

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

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

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

\*\* - The valuation for June 30, 2012, 2013, 2014, and 2015 (applicable to fiscal years ended June 30, 2015, 2016, 2017, and 2018 respectively) included the same actuarial assumptions.

\*\*\* - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

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

CITY OF FOUNTAIN VALLEY

ANNUAL MONEY-WEIGHTED RATE OF RETURN ON INVESTMENTS

Last Ten Fiscal Years\*

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

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

CITY OF FOUNTAIN VALLEY

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years\*

Fiscal year end	<u>6/30/2018</u>
Measurement date	<u>6/30/2017</u>
Total OPEB Liability:	
Service cost	\$ 783,000
Interest on total OPEB liability	2,737,000
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(2,209,000)</u>
Net Change in Total OPEB Liability	1,311,000
Total OPEB Liability - Beginning of Year	<u>45,927,000</u>
Total OPEB Liability - End of Year (a)	<u>47,238,000</u>
Plan Fiduciary Net Position:	
Contributions - employer	2,209,000
Net investment income	807,000
Administrative expenses	(20,000)
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(2,209,000)</u>
Net Change in Plan Fiduciary Net Position	787,000
Plan Fiduciary Net Position - Beginning of Year	<u>7,647,000</u>
Plan Fiduciary Net Position - End of Year (b)	<u>8,434,000</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 38,804,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.85%
Covered - employee payroll	\$ 22,282,000
Net OPEB liability as percentage of covered - employee payroll	174.15%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The fiscal year ended June 30, 2018 is the first year of implementation; therefore, there are no previous GASB 75 actuarial reports for comparison.

\* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

CITY OF FOUNTAIN VALLEY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 40,141,345	\$ 45,139,000	\$ 46,463,473	\$ 1,324,473
Licenses and permits	1,702,960	1,727,960	1,906,153	178,193
Fines and penalties	562,000	562,000	619,096	57,096
Investment income	435,000	435,000	353,555	(81,445)
Rental income	1,180,000	1,180,000	1,167,468	(12,532)
Intergovernmental	98,129	1,118,628	449,918	(668,710)
Charges of services	4,136,877	4,257,377	4,391,775	134,398
Miscellaneous	1,141,423	1,530,725	1,006,320	(524,405)
TOTAL REVENUES	<u>49,397,734</u>	<u>55,950,690</u>	<u>56,357,758</u>	<u>407,068</u>
EXPENDITURES:				
Current:				
General government	4,710,633	6,465,946	4,916,069	1,549,877
Public safety	28,231,553	31,414,081	31,782,207	(368,126)
Transportation	5,647,591	5,655,346	5,624,457	30,889
Community development	3,487,622	3,793,292	3,553,440	239,852
Community services	2,614,738	2,702,238	2,647,118	55,120
Capital outlay	7,374,991	17,821,123	7,626,503	10,194,620
Debt service:				
Interest	3,824	5,224	5,216	8
TOTAL EXPENDITURES	<u>52,070,952</u>	<u>67,857,250</u>	<u>56,155,010</u>	<u>11,702,240</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,673,218)</u>	<u>(11,906,560)</u>	<u>202,748</u>	<u>12,109,308</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,006,793	1,083,853	800,755	(283,098)
Transfers out	(1,807,578)	(2,122,578)	(1,647,984)	474,594
TOTAL OTHER FINANCING SOURCES (USES)	<u>(800,785)</u>	<u>(1,038,725)</u>	<u>(847,229)</u>	<u>191,496</u>
NET CHANGE IN FUND BALANCE	(3,474,003)	(12,945,285)	(644,481)	12,300,804
FUND BALANCE - BEGINNING OF YEAR	<u>49,354,449</u>	<u>49,354,449</u>	<u>49,354,449</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 45,880,446</u>	<u>\$ 36,409,164</u>	<u>\$ 48,709,968</u>	<u>\$ 12,300,804</u>

See accompanying notes to required supplementary information.

CITY OF FOUNTAIN VALLEY  
 BUDGETARY COMPARISON SCHEDULE  
 HOUSING AUTHORITY SPECIAL REVENUE FUND  
 For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 204,000	\$ 204,000	\$ 147,812	\$ (56,188)
Miscellaneous	134,200	134,200	305,221	171,021
<b>TOTAL REVENUES</b>	<b>338,200</b>	<b>338,200</b>	<b>453,033</b>	<b>114,833</b>
EXPENDITURES:				
Current:				
Community development	397,442	597,442	241,862	355,580
<b>TOTAL EXPENDITURES</b>	<b>397,442</b>	<b>597,442</b>	<b>241,862</b>	<b>355,580</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(59,242)</b>	<b>(259,242)</b>	<b>211,171</b>	<b>470,413</b>
OTHER FINANCING USES:				
Transfers out	(9,965)	(9,965)	(9,965)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(69,207)</b>	<b>(269,207)</b>	<b>201,206</b>	<b>470,413</b>
FUND BALANCE - BEGINNING OF YEAR	11,831,596	11,831,596	11,831,596	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 11,762,389</b>	<b>\$ 11,562,389</b>	<b>\$ 12,032,802</b>	<b>\$ 470,413</b>

See accompanying notes to required supplementary information.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Required Supplementary Information**  
**June 30, 2018**

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***NOTE 1 - BUDGETS AND BUDGETARY DATA***

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

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

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

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

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

Budgets for the various funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general, special revenue, debt service, capital projects, and proprietary fund types with the exception of the Road Maintenance & Rehabilitation Program SB1 Special Revenue Fund and the HOME Grant Special Revenue Fund.

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

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Required Supplementary Information**  
**June 30, 2018**

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

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

**Streets:**

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

Condition	PCI Range	MPAH	Locals	Total Mi.	% of Network
Very Good	(86-100)	19.7	81.7	101.4	62%
Good	(75-85)	24.2	14.6	38.8	24%
Fair	(60-74)	8.1	9.5	17.6	11%
Poor	(41-59)	2.0	3.7	5.7	3%
Very Poor	(0-40)	0.1	0.7	0.8	0%
Totals		54.1	110.2	164.3	100%

The overall condition of the City’s pavement network based on the most recent complete assessment performed in fiscal year 2018 was “Very Good” with a weighted average PCI of 86.1 based on the surface area of each segment. The City’s four assessments performed previously in fiscal years 2016, 2014, 2012, 2010, and 2009 were “Good” with a weighted average Overall Condition Index (OCI) of 85.1, 81.4, 80.8, 74, and 72.3, respectively.



**CITY OF FOUNTAIN VALLEY**  
**Notes to Required Supplementary Information**  
**June 30, 2018**

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

**Sidewalks**

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

Sidewalk Maintenance

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

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

**Curbs and Gutters**

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

**Comparison of Needed-to-Actual Maintenance/Preservation**

	Fiscal Year 2017-2018
Sidewalks, Curbs and Gutters:	
Budgeted	\$ 296,000
Actual	-
Roadway Classification:	
Arterial and Collectors:	
Budgeted	1,426,127
Actual	43,755
Residential Roadway:	
Budgeted	1,800,000
Actual	1,535,470

**CITY OF FOUNTAIN VALLEY**  
**Notes to Required Supplementary Information**  
**June 30, 2018**

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

**Comparison of Needed-to-Actual Maintenance/Preservation (Continued)**

	Fiscal Year 2016-2017
Sidewalks, Curbs and Gutters:	
Budgeted	\$ -
Actual	-
Roadway Classification:	
Arterial and Collectors:	
Budgeted	4,265,295
Actual	3,095,394
Residential Roadway:	
Budgeted	1,400,000
Actual	1,177,871

	Fiscal Year 2015-2016
Sidewalks, Curbs and Gutters:	
Budgeted	\$ -
Actual	-
Roadway Classification:	
Arterial and Collectors:	
Budgeted	3,100,000
Actual	34,704
Residential Roadway:	
Budgeted	2,299,200
Actual	1,976,474

**CITY OF FOUNTAIN VALLEY**  
**Notes to Required Supplementary Information**  
**June 30, 2018**

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

**Comparison of Needed-to-Actual Maintenance/Preservation (Continued)**

	Fiscal Year 2014-2015
	<hr/>
Sidewalks, Curbs and Gutters:	
Budgeted	\$ 200,000
Actual	200,000
Roadway Classification:	
Arterial and Collectors:	
Budgeted	1,909,303
Actual	635,912
Residential Roadway:	
Budgeted	2,373,718
Actual	2,367,310

	Fiscal Year 2013-2014
	<hr/>
Sidewalks, Curbs and Gutters:	
Budgeted	\$ -
Actual	-
Roadway Classification:	
Arterial and Collectors:	
Budgeted	2,842,640
Actual	1,974,449
Residential Roadway:	
Budgeted	2,000,000
Actual	1,682,019

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# CITY OF FOUNTAIN VALLEY SUPPLEMENTARY SCHEDULES



A NICE PLACE



TO PLAY



CITY OF FOUNTAIN VALLEY  
OTHER GOVERNMENTAL FUNDS

June 30, 2018

**SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

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

**DEBT SERVICE FUNDS**

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

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

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CITY OF FOUNTAIN VALLEY  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2018

**CAPITAL PROJECTS FUNDS**

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

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

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

CITY OF FOUNTAIN VALLEY  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS

June 30, 2018

Special Revenue Funds					
	Criminal Activities	Road Maint and Rehab Program SB1	Gas Tax	Abandoned Vehicle Abatement	Traffic Improvement
<b>ASSETS</b>					
Cash and investments	\$ 650,247	\$ 213,202	\$ 568,916	\$ 33,364	\$ 278,742
Cash and investments with fiscal agents	-	-	-	-	-
Receivables:					
Accounts	14,686	120,194	94,537	-	41,945
Loans	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 664,933</b>	<b>\$ 333,396</b>	<b>\$ 663,453</b>	<b>\$ 33,364</b>	<b>\$ 320,687</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ 5,169	\$ -	\$ 69,043
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	5,169	-	69,043
<b>FUND BALANCES (DEFICITS):</b>					
Restricted for:					
Public safety	664,933	-	-	-	-
Transportation	-	333,396	658,284	33,364	251,644
Housing	-	-	-	-	-
Community development	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>664,933</b>	<b>333,396</b>	<b>658,284</b>	<b>33,364</b>	<b>251,644</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 664,933</b>	<b>\$ 333,396</b>	<b>\$ 663,453</b>	<b>\$ 33,364</b>	<b>\$ 320,687</b>

Special Revenue Funds (Continued)				Debt Service Fund	Capital Projects Funds		
Pollution Reduction	HOME Grant	Measure M2	Community Development Block Grant	Fountain Valley Public Financing Authority	Drainage	Fountain Valley Public Financing Authority	Total
\$ 521,682	\$ 262,425	\$ 2,669,109	\$ -	\$ -	\$ 157,136	\$ -	\$ 5,354,823
-	-	-	-	26	-	3,116,037	3,116,063
18,671	-	191,638	27,828	-	-	-	509,499
-	38,098	-	167,095	-	-	-	205,193
<u>\$ 540,353</u>	<u>\$ 300,523</u>	<u>\$ 2,860,747</u>	<u>\$ 194,923</u>	<u>\$ 26</u>	<u>\$ 157,136</u>	<u>\$ 3,116,037</u>	<u>\$ 9,185,578</u>
\$ -	\$ -	\$ -	\$ 10,731	\$ -	\$ 7,436	\$ -	\$ 92,379
-	38,098	-	167,095	-	-	-	205,193
-	-	-	17,129	-	-	-	17,129
-	38,098	-	194,955	-	7,436	-	314,701
540,353	-	-	-	-	-	-	1,205,286
-	-	2,860,747	-	-	-	-	4,137,435
-	262,425	-	-	-	-	-	262,425
-	-	-	-	-	-	3,116,037	3,116,037
-	-	-	-	26	-	-	26
-	-	-	-	-	149,700	-	149,700
-	-	-	(32)	-	-	-	(32)
<u>540,353</u>	<u>262,425</u>	<u>2,860,747</u>	<u>(32)</u>	<u>26</u>	<u>149,700</u>	<u>3,116,037</u>	<u>8,870,877</u>
<u>\$ 540,353</u>	<u>\$ 300,523</u>	<u>\$ 2,860,747</u>	<u>\$ 194,923</u>	<u>\$ 26</u>	<u>\$ 157,136</u>	<u>\$ 3,116,037</u>	<u>\$ 9,185,578</u>

CITY OF FOUNTAIN VALLEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2018

	Special Revenue Funds				
	Criminal Activities	Road Maint and Rehab Program SB1	Gas Tax	Abandoned Vehicle Abatement	Traffic Improvement
REVENUES:					
Investment income	\$ 5,168	\$ 1,106	\$ 3,994	\$ 400	\$ 1,855
Intergovernmental	323,197	332,290	1,200,357	-	134,677
Charges for services	-	-	-	-	158,326
Miscellaneous	14,510	-	-	-	-
<b>TOTAL REVENUES</b>	<b>342,875</b>	<b>333,396</b>	<b>1,204,351</b>	<b>400</b>	<b>294,858</b>
EXPENDITURES:					
Current:					
Public safety	151,794	-	-	-	-
Transportation	-	-	1,594,793	-	345,158
Community development	-	-	-	-	-
Community services	-	-	-	5,927	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>151,794</b>	<b>-</b>	<b>1,594,793</b>	<b>5,927</b>	<b>345,158</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>191,081</b>	<b>333,396</b>	<b>(390,442)</b>	<b>(5,527)</b>	<b>(50,300)</b>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	703,498	-	131,654
Transfers out	-	-	(408,865)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>294,633</b>	<b>-</b>	<b>131,654</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>191,081</b>	<b>333,396</b>	<b>(95,809)</b>	<b>(5,527)</b>	<b>81,354</b>
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	473,852	-	754,093	38,891	170,290
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 664,933</u>	<u>\$ 333,396</u>	<u>\$ 658,284</u>	<u>\$ 33,364</u>	<u>\$ 251,644</u>

Special Revenue Funds (Continued)				Debt Service Fund	Capital Projects Funds		
Pollution Reduction	HOME Grant	Measure M2	Community Development Block Grant	Fountain Valley Public Financing Authority	Drainage	Fountain Valley Public Financing Authority	Total
\$ 5,755	\$ 19,290	\$ 30,194	\$ -	\$ 102	\$ -	\$ 9,081	\$ 76,945
72,681	-	1,277,868	199,328	-	-	-	3,540,398
-	-	-	-	-	3,646	-	161,972
-	25,741	-	-	-	-	-	40,251
<u>78,436</u>	<u>45,031</u>	<u>1,308,062</u>	<u>199,328</u>	<u>102</u>	<u>3,646</u>	<u>9,081</u>	<u>3,819,566</u>
792	-	-	-	-	-	-	152,586
-	-	-	-	-	-	-	1,939,951
-	-	-	199,350	-	-	-	199,350
-	-	-	-	-	-	-	5,927
-	-	-	-	-	2,698,466	-	2,698,466
-	-	-	-	470,398	-	-	470,398
-	-	-	-	570,006	-	-	570,006
<u>792</u>	<u>-</u>	<u>-</u>	<u>199,350</u>	<u>1,040,404</u>	<u>2,698,466</u>	<u>-</u>	<u>6,036,684</u>
<u>77,644</u>	<u>45,031</u>	<u>1,308,062</u>	<u>(22)</u>	<u>(1,040,302)</u>	<u>(2,694,820)</u>	<u>9,081</u>	<u>(2,217,118)</u>
-	-	-	-	1,040,306	3,309,033	-	5,184,491
<u>(47)</u>	<u>-</u>	<u>(414,592)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,309,033)</u>	<u>(4,132,537)</u>
<u>(47)</u>	<u>-</u>	<u>(414,592)</u>	<u>-</u>	<u>1,040,306</u>	<u>3,309,033</u>	<u>(3,309,033)</u>	<u>1,051,954</u>
77,597	45,031	893,470	(22)	4	614,213	(3,299,952)	(1,165,164)
<u>462,756</u>	<u>217,394</u>	<u>1,967,277</u>	<u>(10)</u>	<u>22</u>	<u>(464,513)</u>	<u>6,415,989</u>	<u>10,036,041</u>
<u>\$ 540,353</u>	<u>\$ 262,425</u>	<u>\$ 2,860,747</u>	<u>\$ (32)</u>	<u>\$ 26</u>	<u>\$ 149,700</u>	<u>\$ 3,116,037</u>	<u>\$ 8,870,877</u>

CITY OF FOUNTAIN VALLEY

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CRIMINAL ACTIVITIES SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1,500	\$ 1,500	\$ 5,168	\$ 3,668
Intergovernmental	160,000	340,491	323,197	(17,294)
Miscellaneous	15,000	15,000	14,510	(490)
TOTAL REVENUES	176,500	356,991	342,875	(14,116)
EXPENDITURES:				
Current:				
Public safety	124,039	302,517	151,794	150,723
TOTAL EXPENDITURES	124,039	302,517	151,794	150,723
EXCESS OF REVENUES OVER EXPENDITURES	52,461	54,474	191,081	136,607
OTHER FINANCING USES:				
Transfers out	(80,000)	(82,060)	-	82,060
TOTAL OTHER FINANCING USES	(80,000)	(82,060)	-	82,060
NET CHANGE IN FUND BALANCE	(27,539)	(27,586)	191,081	218,667
FUND BALANCE - BEGINNING OF YEAR	473,852	473,852	473,852	-
FUND BALANCE - END OF YEAR	\$ 446,313	\$ 446,266	\$ 664,933	\$ 218,667

CITY OF FOUNTAIN VALLEY

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 4,000	\$ 4,000	\$ 3,994	\$ (6)
Intergovernmental	1,746,651	1,746,651	1,200,357	(546,294)
TOTAL REVENUES	1,750,651	1,750,651	1,204,351	(546,300)
EXPENDITURES:				
Current:				
Transportation	1,909,500	1,909,500	1,594,793	314,707
Capital outlay	296,000	296,000	-	296,000
TOTAL EXPENDITURES	2,205,500	2,205,500	1,594,793	610,707
EXCESS OF REVENUES UNDER EXPENDITURES	(454,849)	(454,849)	(390,442)	64,407
OTHER FINANCING SOURCES (USES):				
Transfers in	703,000	703,000	703,498	498
Transfers out	(433,000)	(753,000)	(408,865)	344,135
TOTAL OTHER FINANCING SOURCES (USES)	270,000	(50,000)	294,633	344,633
NET CHANGE IN FUND BALANCE	(184,849)	(504,849)	(95,809)	409,040
FUND BALANCE - BEGINNING OF YEAR	754,093	754,093	754,093	-
FUND BALANCE - END OF YEAR	\$ 569,244	\$ 249,244	\$ 658,284	\$ 409,040

CITY OF FOUNTAIN VALLEY

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ABANDONED VEHICLE ABATEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 400	\$ 400
TOTAL REVENUES	-	-	400	400
EXPENDITURES:				
Current:				
Community services	14,960	14,960	5,927	9,033
TOTAL EXPENDITURES	14,960	14,960	5,927	9,033
EXCESS OF REVENUES UNDER EXPENDITURES	(14,960)	(14,960)	(5,527)	9,433
FUND BALANCE - BEGINNING OF YEAR	38,891	38,891	38,891	-
FUND BALANCE - END OF YEAR	\$ 23,931	\$ 23,931	\$ 33,364	\$ 9,433



CITY OF FOUNTAIN VALLEY

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 1,855	\$ 1,855
Intergovernmental	270,000	270,000	134,677	(135,323)
Charges for services	10,000	10,000	158,326	148,326
TOTAL REVENUES	280,000	280,000	294,858	14,858
EXPENDITURES:				
Current:				
Transportation	1,165,000	2,350,149	345,158	2,004,991
TOTAL EXPENDITURES	1,165,000	2,350,149	345,158	2,004,991
EXCESS OF REVENUES UNDER EXPENDITURES	(885,000)	(2,070,149)	(50,300)	2,019,849
OTHER FINANCING SOURCES:				
Transfers in	1,617,238	1,909,285	131,654	(1,777,631)
TOTAL OTHER FINANCING SOURCES	1,617,238	1,909,285	131,654	(1,777,631)
NET CHANGE IN FUND BALANCE	732,238	(160,864)	81,354	242,218
FUND BALANCE - BEGINNING OF YEAR	170,290	170,290	170,290	-
FUND BALANCE - END OF YEAR	\$ 902,528	\$ 9,426	\$ 251,644	\$ 242,218

CITY OF FOUNTAIN VALLEY

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

POLLUTION REDUCTION SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 2,000	\$ 2,000	\$ 5,755	\$ 3,755
Intergovernmental	116,100	116,100	72,681	(43,419)
TOTAL REVENUES	118,100	118,100	78,436	(39,664)
EXPENDITURES:				
Current:				
Public safety	2,775	2,775	792	1,983
Capital outlay	-	141,347	-	141,347
TOTAL EXPENDITURES	2,775	144,122	792	143,330
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	115,325	(26,022)	77,644	103,666
OTHER FINANCING USES:				
Transfers out	(184,047)	(184,047)	(47)	184,000
TOTAL OTHER FINANCING USES	(184,047)	(184,047)	(47)	184,000
NET CHANGE IN FUND BALANCE	(68,722)	(210,069)	77,597	287,666
FUND BALANCE - BEGINNING OF YEAR	462,756	462,756	462,756	-
FUND BALANCE - END OF YEAR	\$ 394,034	\$ 252,687	\$ 540,353	\$ 287,666

CITY OF FOUNTAIN VALLEY

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEASURE M2 SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 16,000	\$ 16,000	\$ 30,194	\$ 14,194
Intergovernmental	1,135,815	1,135,815	1,277,868	142,053
TOTAL REVENUES	1,151,815	1,151,815	1,308,062	156,247
EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	1,151,815	1,151,815	1,308,062	156,247
OTHER FINANCING USES:				
Transfers out	(1,435,378)	(1,482,425)	(414,592)	1,067,833
TOTAL OTHER FINANCING USES	(1,435,378)	(1,482,425)	(414,592)	1,067,833
NET CHANGE IN FUND BALANCE	(283,563)	(330,610)	893,470	1,224,080
FUND BALANCE - BEGINNING OF YEAR	1,967,277	1,967,277	1,967,277	-
FUND BALANCE - END OF YEAR	\$ 1,683,714	\$ 1,636,667	\$ 2,860,747	\$ 1,224,080

CITY OF FOUNTAIN VALLEY

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 433,971	\$ 199,328	\$ (234,643)
TOTAL REVENUES	-	433,971	199,328	(234,643)
EXPENDITURES:				
Current:				
Community development	-	433,971	199,350	234,621
TOTAL EXPENDITURES	-	433,971	199,350	234,621
EXCESS OF REVENUES UNDER EXPENDITURES	-	-	(22)	(22)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	-	(10)	(10)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ -	\$ (10)	\$ (32)	\$ (22)

CITY OF FOUNTAIN VALLEY

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOUNTAIN VALLEY PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 102	\$ 102
TOTAL REVENUES	-	-	102	102
EXPENDITURES:				
Debt service:				
Principal	470,398	470,398	470,398	-
Interest	570,006	570,006	570,006	-
TOTAL EXPENDITURES	1,040,404	1,040,404	1,040,404	-
EXCESS OF REVENUES UNDER EXPENDITURES	(1,040,404)	(1,040,404)	(1,040,302)	102
OTHER FINANCING SOURCES:				
Transfers in	1,040,404	1,040,404	1,040,306	(98)
TOTAL OTHER FINANCING SOURCES	1,040,404	1,040,404	1,040,306	(98)
NET CHANGE IN FUND BALANCE	-	-	4	4
FUND BALANCE - BEGINNING OF YEAR	22	22	22	-
FUND BALANCE - END OF YEAR	\$ 22	\$ 22	\$ 26	\$ 4

CITY OF FOUNTAIN VALLEY

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DRAINAGE CAPITAL PROJECTS FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 1,000	\$ 1,000	\$ 3,646	\$ 2,646
TOTAL REVENUES	1,000	1,000	3,646	2,646
EXPENDITURES:				
Capital outlay	10,000	6,143,722	2,698,466	3,445,256
TOTAL EXPENDITURES	10,000	6,143,722	2,698,466	3,445,256
EXCESS OF REVENUES UNDER EXPENDITURES	(9,000)	(6,142,722)	(2,694,820)	3,447,902
OTHER FINANCING SOURCES:				
Transfers in	3,050,000	6,550,000	3,309,033	(3,240,967)
TOTAL OTHER FINANCING SOURCES	3,050,000	6,550,000	3,309,033	(3,240,967)
NET CHANGE IN FUND BALANCE	3,041,000	407,278	614,213	206,935
FUND BALANCE - BEGINNING OF YEAR	(464,513)	(464,513)	(464,513)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 2,576,487	\$ (57,235)	\$ 149,700	\$ 206,935

CITY OF FOUNTAIN VALLEY

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOUNTAIN VALLEY PUBLIC FINANCING AUTHORITY CAPITAL PROJECTS FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 9,081	\$ 9,081
TOTAL REVENUES	-	-	9,081	9,081
EXPENDITURES:	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	9,081	9,081
OTHER FINANCING USES:				
Transfers out	(3,050,000)	(6,235,000)	(3,309,033)	2,925,967
TOTAL OTHER FINANCING USES	(3,050,000)	(6,235,000)	(3,309,033)	2,925,967
NET CHANGE IN FUND BALANCE	(3,050,000)	(6,235,000)	(3,299,952)	2,935,048
FUND BALANCE - BEGINNING OF YEAR	3,180,687	3,180,687	6,415,989	3,235,302
FUND BALANCE - END OF YEAR	\$ 130,687	\$ (3,054,313)	\$ 3,116,037	\$ 6,170,350

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# CITY OF FOUNTAIN VALLEY FIDUCIARY FUNDS



A NICE PLACE



TO DO BUSINESS



CITY OF FOUNTAIN VALLEY

FIDUCIARY FUNDS

June 30, 2018

**PRIVATE PURPOSE TRUST FUNDS**

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

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

**AGENCY FUNDS**

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

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

CITY OF FOUNTAIN VALLEY

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS

June 30, 2018

	<u>Successor Agency Funds</u>		
	<u>Industrial Area Capital Projects</u>	<u>Redevelopment Property Tax Trust</u>	<u>Total</u>
ASSETS:			
Cash and investments	\$ 965,571	\$ -	\$ 965,571
TOTAL ASSETS	<u>965,571</u>	<u>-</u>	<u>965,571</u>
LIABILITIES:			
Accounts payable	<u>100,706</u>	<u>-</u>	<u>100,706</u>
TOTAL LIABILITIES	<u>100,706</u>	<u>-</u>	<u>100,706</u>
NET POSITION:			
Held in trust for Successor Agency	<u>\$ 864,865</u>	<u>\$ -</u>	<u>\$ 864,865</u>

CITY OF FOUNTAIN VALLEY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS

For the year ended June 30, 2018

	Successor Agency Funds			Total
	Industrial Area Capital Projects	Redevelopment Property Tax Trust	Eliminations	
ADDITIONS:				
Taxes	\$ -	\$ 547,022	\$ -	\$ 547,022
DEDUCTIONS:				
Administrative	43,825	-	-	43,825
Community development	256,528	-	-	256,528
TOTAL DEDUCTIONS	300,353	-	-	300,353
INCOME (LOSS), BEFORE TRANSFERS	(300,353)	547,022	-	246,669
TRANSFERS:				
Transfers from other trust funds	547,022	-	(547,022)	-
Transfers to other trust funds	-	(547,022)	547,022	-
TOTAL TRANSFERS	547,022	(547,022)	-	-
CHANGES IN NET POSITION	246,669	-	-	246,669
NET POSITION - BEGINNING OF YEAR	618,196	-	-	618,196
NET POSITION - END OF YEAR	\$ 864,865	\$ -	\$ -	\$ 864,865

CITY OF FOUNTAIN VALLEY  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 AGENCY FUNDS

June 30, 2018

	Agency Funds		
	Special Deposit and Receipt	Developer Agreements	Total
ASSETS:			
Cash and investments	\$ 235,388	\$ 63,380	\$ 298,768
LIABILITIES:			
Deposits payable	\$ 235,388	\$ 63,380	\$ 298,768

CITY OF FOUNTAIN VALLEY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>SPECIAL DEPOSIT AND RECEIPT FUND</b>				
ASSETS:				
Cash and investments	\$ 408,501	\$ 333,695	\$ (506,808)	\$ 235,388
LIABILITIES:				
Deposits payable	\$ 408,501	\$ 333,695	\$ (506,808)	\$ 235,388
 <b>REIMBURSEMENT AGREEMENT FUND</b>				
ASSETS:				
Cash and investments	\$ 65,135	\$ 73,245	\$ (75,000)	\$ 63,380
LIABILITIES:				
Deposits payable	\$ 65,135	\$ 73,245	\$ (75,000)	\$ 63,380
 <b>ALL AGENCY FUNDS</b>				
ASSETS:				
Cash and investments	\$ 473,636	\$ 406,940	\$ (581,808)	\$ 298,768
LIABILITIES:				
Deposits payable	\$ 473,636	\$ 406,940	\$ (581,808)	\$ 298,768

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# CITY OF FOUNTAIN VALLEY STATISTICAL SECTION (UNAUDITED)



A NICE PLACE



TO LIVE



CITY OF FOUNTAIN VALLEY

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2018

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

Contents:	<u>Pages</u>
<b>Financial Trends</b> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	124
<b>Revenue Capacity</b> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	135
<b>Debt Capacity</b> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	140
<b>Demographic and Economic Information</b> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	147
<b>Operating Information</b> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	149

CITY OF FOUNTAIN VALLEY

NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ended June 30, 2018			
	2009	2010	2011	2012
Governmental activities:				
Net Investment in Capital Assets	\$ 52,818,364	\$ 74,207,233	\$ 92,919,149	\$ 103,091,982
Restricted	50,821,452	55,038,160	52,990,041	14,475,232
Unrestricted	63,661,029	56,156,029	60,549,852	55,985,076
Total governmental activities net assets	<u>\$ 167,300,845</u>	<u>\$ 185,401,422</u>	<u>\$ 206,459,042</u>	<u>\$ 173,552,290</u>
Business-type activities				
Net Investment in Capital Assets	\$ 9,308,318	\$ 10,479,014	\$ 10,945,907	\$ 11,746,210
Restricted	-	-	-	-
Unrestricted	8,679,178	6,170,774	4,531,257	6,049,769
Total business-type activity net assets	<u>\$ 17,987,496</u>	<u>\$ 16,649,788</u>	<u>\$ 15,477,164</u>	<u>\$ 17,795,979</u>
Primary government:				
Net Investment in Capital Assets	\$ 62,126,682	\$ 84,686,247	\$ 103,865,056	\$ 114,838,192
Restricted	50,821,452	55,038,160	52,990,041	14,475,232
Unrestricted	72,340,207	62,326,803	65,081,109	62,034,845
Total primary government net assets	<u>\$ 185,288,341</u>	<u>\$ 202,051,210</u>	<u>\$ 221,936,206</u>	<u>\$ 191,348,269</u>

Fiscal Year Ended June 30, 2018

2013	2014	2015	2016	2017	2018
\$ 99,543,316	\$ 101,557,748	\$ 97,768,732	\$ 95,231,907	\$ 93,401,436	\$ 97,951,856
14,428,516	15,452,824	19,856,331	24,307,690	26,763,094	29,118,267
42,839,271	39,381,257	(33,410,687)	(39,176,211)	(39,063,347)	(73,293,802)
<u>\$ 156,811,103</u>	<u>\$ 156,391,829</u>	<u>\$ 84,214,376</u>	<u>\$ 80,363,386</u>	<u>\$ 81,101,183</u>	<u>\$ 53,776,321</u>
\$ 11,799,936	\$ 11,878,770	\$ 22,427,033	\$ 22,772,437	\$ 22,721,048	\$ 22,877,809
-	-	9,720,189	-		
5,828,113	6,467,394	(3,417,051)	7,465,990	8,378,389	6,087,172
<u>\$ 17,628,049</u>	<u>\$ 18,346,164</u>	<u>\$ 28,730,171</u>	<u>\$ 30,238,427</u>	<u>\$ 31,099,437</u>	<u>\$ 28,964,981</u>
\$ 111,343,252	\$ 113,436,518	\$ 120,195,765	\$ 118,004,344	\$ 116,122,484	\$ 120,829,665
14,428,516	15,452,824	29,576,520	24,307,690	26,763,094	29,118,267
48,667,384	45,848,651	(36,827,738)	(31,710,221)	(30,684,958)	(67,206,630)
<u>\$ 174,439,152</u>	<u>\$ 174,737,993</u>	<u>\$ 112,944,547</u>	<u>\$ 110,601,813</u>	<u>\$ 112,200,620</u>	<u>\$ 82,741,302</u>

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

Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year Ended June 30, 2018			
	2009	2010	2011	2012
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 4,708,164	\$ 4,389,509	\$ 2,288,544	\$ 3,623,812
Public safety	26,816,254	25,294,734	26,634,914	26,039,750
Transportation	12,923,795	10,842,575	9,535,081	10,486,308
Community development	3,730,625	3,638,224	4,546,691	4,709,958
Community services	4,818,069	4,789,810	2,198,738	2,520,280
Capital projects	-	-	-	-
Interest and other charges	3,152,506	1,446,472	1,058,808	631,851
Total governmental activities expenses	<u>56,149,413</u>	<u>50,401,324</u>	<u>46,262,776</u>	<u>48,011,959</u>
Business-type activity:				
Water	7,530,478	10,752,153	9,464,335	9,640,203
Sewer	*	*	*	*
Solid Waste	*	2,985,275	2,859,051	2,912,260
Total business-type activity expenses	<u>7,530,478</u>	<u>13,737,428</u>	<u>12,323,386</u>	<u>12,552,463</u>
Total primary government expenses	<u>63,679,891</u>	<u>64,138,752</u>	<u>58,586,162</u>	<u>60,564,422</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
General government	1,841,010	1,986,574	1,799,114	1,542,780
Public safety	2,619,078	2,261,734	2,145,255	2,402,968
Transportation	-	-	-	-
Community development	2,386,267	2,696,944	2,764,100	3,452,877
Community services	4,158,532	3,085,631	1,416,509	1,349,743
Interest and other activities	-	-	-	-
Operating grants and contributions	5,356,881	4,500,691	20,306,778	4,808,433
Capital grants and contributions	3,847,667	2,478,423	380,511	703,155
Total governmental activities program revenues	<u>20,209,435</u>	<u>17,009,997</u>	<u>28,812,267</u>	<u>14,259,956</u>
Business-type activities:				
Charges for services:				
Water	8,830,145	8,634,443	10,550,050	11,434,206
Sewer	*	*	*	*
Solid Waste	*	3,001,822	3,007,925	3,221,070
Total business-type activities program revenues	<u>8,830,145</u>	<u>11,636,265</u>	<u>13,557,975</u>	<u>14,655,276</u>
Total primary government program revenues	<u>29,039,580</u>	<u>28,646,262</u>	<u>42,370,242</u>	<u>28,915,232</u>
<b>Net revenues (expenses):</b>				
Governmental activities	(35,939,978)	(33,391,327)	(17,450,509)	(33,752,003)
Business-type activities	<u>1,299,667</u>	<u>(2,101,163)</u>	<u>1,234,589</u>	<u>2,102,813</u>
Total net revenues (expenses)	<u>(34,640,311)</u>	<u>(35,492,490)</u>	<u>(16,215,920)</u>	<u>(31,649,190)</u>

\* Sewer and Solid Waste Funds previously reported in governmental activities

Fiscal Year Ended June 30, 2018

2013	2014	2015	2016	2017	2018
\$ 3,268,718	\$ 3,398,739	\$ 3,394,812	\$ 4,060,614	\$ 3,490,836	\$ 5,355,236
26,100,788	25,531,715	27,397,338	30,519,703	30,725,287	35,670,029
8,085,945	8,602,763	8,270,272	7,228,722	9,956,544	8,613,423
5,675,610	5,256,405	5,068,347	4,962,051	4,986,214	5,306,588
2,433,094	2,649,541	2,602,832	2,770,264	3,090,014	3,424,384
401,606	-	-	-	-	-
389,544	349,089	334,168	600,774	332,056	640,767
<u>46,355,305</u>	<u>45,788,252</u>	<u>47,067,769</u>	<u>50,142,128</u>	<u>52,580,951</u>	<u>59,010,427</u>
11,961,160	12,344,634	12,173,386	12,198,363	13,474,865	15,563,270
*	*	1,050,288	1,187,547	1,586,054	1,621,912
2,923,270	2,936,437	2,976,404	2,979,627	2,995,313	3,240,886
<u>14,884,430</u>	<u>15,281,071</u>	<u>16,200,078</u>	<u>16,365,537</u>	<u>18,056,232</u>	<u>20,426,068</u>
61,239,735	61,069,323	63,267,847	66,507,665	70,637,183	79,436,495
1,313,296	1,589,201	1,541,214	1,485,945	1,322,154	1,263,170
2,551,306	2,437,171	2,407,751	2,580,643	2,628,927	2,779,810
-	-	-	-	-	-
4,570,944	3,571,688	1,798,307	1,857,165	1,990,806	1,992,671
2,865,863	1,696,636	2,031,969	1,335,765	1,406,686	1,316,668
-	-	-	-	-	-
3,763,161	4,417,860	3,844,012	3,342,815	4,632,452	4,403,294
255,300	-	-	-	-	-
<u>15,319,870</u>	<u>13,712,556</u>	<u>11,623,253</u>	<u>10,602,333</u>	<u>11,981,025</u>	<u>11,755,613</u>
12,030,680	12,939,652	13,104,591	12,723,158	13,818,022	15,820,684
*	*	1,891,019	1,917,391	1,974,735	2,046,393
3,175,972	3,096,014	3,226,183	3,275,267	3,236,804	3,253,768
<u>15,206,652</u>	<u>16,035,666</u>	<u>18,221,793</u>	<u>17,915,816</u>	<u>19,029,561</u>	<u>21,120,845</u>
30,526,522	29,748,222	29,845,046	28,518,149	31,010,586	32,876,458
(31,035,435)	(32,075,696)	(35,444,516)	(39,539,795)	(40,599,926)	(47,254,814)
322,222	754,595	2,021,715	1,550,279	973,329	694,777
<u>(30,713,213)</u>	<u>(31,321,101)</u>	<u>(33,422,801)</u>	<u>(37,989,516)</u>	<u>(39,626,597)</u>	<u>(46,560,037)</u>

CITY OF FOUNTAIN VALLEY

CHANGES IN NET POSITION  
GENERAL REVENUES

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ended June 30, 2018			
	2009	2010	2011	2012
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 16,690,555	\$ 13,753,615	\$ 16,259,507	\$ 14,247,327
Sales taxes	9,964,534	9,179,402	10,328,426	10,948,760
Sales taxes - Measure HH	-	-	-	-
Franchise taxes	1,789,533	1,660,650	1,710,195	1,775,922
Other taxes	737,630	616,375	732,375	744,079
Revenue from other governmental agencies	4,787,550	4,623,154	4,792,704	4,468,380
Other revenue	-	-	-	-
Investment income	3,751,641	2,003,963	1,222,953	552,828
Assessments	-	-	-	-
Transfers	344,796	-	2,489,616	824,382
Gain (loss) on sale of property	2,733	-	577	3,612
Miscellaneous	-	208,667	971,776	550,830
Extraordinary gain (loss)	-	-	-	(33,237,247)
Total governmental activities	<u>38,068,972</u>	<u>32,045,826</u>	<u>38,508,129</u>	<u>878,873</u>
Business-type activities:				
Investment income	251,659	120,820	82,403	54,604
Transfers	(344,796)	318,176	(2,489,616)	(824,382)
Miscellaneous	-	-	-	-
Extraordinary Gain (Loss)	-	-	-	-
Total business-type activities	<u>(93,137)</u>	<u>438,996</u>	<u>(2,407,213)</u>	<u>(769,778)</u>
Total primary government	<u>37,975,835</u>	<u>32,484,822</u>	<u>36,100,916</u>	<u>109,095</u>
Changes in net position:				
Governmental activities	2,128,994	(1,345,501)	21,057,620	(32,873,130)
Business-type activities	1,206,530	(1,662,167)	(1,172,624)	1,333,035
Total primary government	<u>\$ 3,335,524</u>	<u>\$ (3,007,668)</u>	<u>\$ 19,884,996</u>	<u>\$ (31,540,095)</u>



Fiscal Year Ended June 30, 2018

2013	2014	2015	2016	2017	2018
\$ 16,071,106	\$ 10,423,211	\$ 16,247,191	\$ 16,782,178	\$ 17,704,506	\$ 18,807,430
11,407,422	11,442,672	11,556,673	12,963,883	12,284,030	12,369,585
-	-	-	-	2,547,720	11,742,254
1,712,754	1,628,690	1,790,685	1,766,769	1,635,261	1,920,165
2,632,282	2,739,433	3,032,589	3,158,311	3,221,064	3,227,918
4,587,172	4,569,352	-	-	-	-
-	-	-	-	-	-
(65,914)	707,717	547,066	729,762	118,500	516,705
-	-	-	-	-	-
72,940	79,800	197,855	195,240	336,812	194,760
2,404	32,419	465,509	26,696	3,427,663	-
225,313	33,128	87,486	9,320	62,167	20,172
(14,983,772)	-	4,918,798	56,646	-	-
<u>21,661,707</u>	<u>31,656,422</u>	<u>38,843,852</u>	<u>35,688,805</u>	<u>41,337,723</u>	<u>48,798,989</u>
50,416	33,905	126,889	153,217	184,868	(3,240)
(72,940)	(79,800)	(197,855)	(195,240)	(336,812)	(194,760)
44,142	9,415	-	-	39,625	58,767
(511,770)	-	4,000,000	-	-	-
<u>(490,152)</u>	<u>(36,480)</u>	<u>3,929,034</u>	<u>(42,023)</u>	<u>(112,319)</u>	<u>(139,233)</u>
<u>21,171,555</u>	<u>31,619,942</u>	<u>42,772,886</u>	<u>35,646,782</u>	<u>41,225,404</u>	<u>48,659,756</u>
(9,373,728)	(419,274)	3,399,336	(3,850,990)	737,797	1,544,175
(167,930)	718,115	5,950,749	1,508,256	861,010	555,544
<u>\$ (9,541,658)</u>	<u>\$ 298,841</u>	<u>\$ 9,350,085</u>	<u>\$ (2,342,734)</u>	<u>\$ 1,598,807</u>	<u>\$ 2,099,719</u>

CITY OF FOUNTAIN VALLEY

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30, 2018			
	2009	2010	2011	2012
General fund:				
Reserved	\$ 346,140	\$ -	\$ -	\$ -
Unreserved	41,451,520	-	-	-
Total general fund	<u>\$ 41,797,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:				
Reserved	\$ 33,890,215	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	5,482,130	-	-	-
Debt service funds	2,814,116	-	-	-
Capital projects funds	32,279,931	-	-	-
Total all other governmental funds	<u>\$ 74,466,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General fund:				
Nonspendable	\$ -	\$ 2,360,972	\$ 2,271,395	\$ 1,831,432
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	38,233,080	40,563,646	38,916,288
Total general fund	<u>\$ -</u>	<u>\$ 40,594,052</u>	<u>\$ 42,835,041</u>	<u>\$ 40,747,720</u>
All other governmental funds:				
Nonspendable	\$ -	\$ 10,755,520	\$ 10,260,000	\$ 17,219,367
Restricted	-	56,518,979	53,968,387	7,258,865
Assigned	-	7,152,709	7,243,162	5,838,725
Total all other governmental funds	<u>\$ -</u>	<u>\$ 74,427,208</u>	<u>\$ 71,471,549</u>	<u>\$ 30,316,957</u>

Note: GASB 54 was implement in fiscal year 2010, prior years have no comparable data.

Fiscal Year Ended June 30, 2018

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,846,323	\$ 1,966,451	\$ 1,599,806	\$ 1,698,026	\$ 807,126	\$ 405,583
-	-	4,714,142	4,555,926	4,430,934	8,364,256
-	-	-	-	-	13,000,000
-	12,100,000	21,971,647	22,547,158	16,961,310	26,613,049
<u>40,745,212</u>	<u>28,497,308</u>	<u>19,191,130</u>	<u>17,975,150</u>	<u>27,155,079</u>	<u>327,080</u>
<u>\$ 42,591,535</u>	<u>\$ 42,563,759</u>	<u>\$ 47,476,725</u>	<u>\$ 46,776,260</u>	<u>\$ 49,354,449</u>	<u>\$ 48,709,968</u>
\$ 7,216,367	\$ -	\$ -	\$ -		
7,212,149	15,452,824	15,142,189	19,751,764	22,332,160	20,754,011
<u>6,346,772</u>	<u>3,831,549</u>	<u>161,316</u>	<u>127,402</u>	<u>(464,523)</u>	<u>149,668</u>
<u>\$ 20,775,288</u>	<u>\$ 19,284,373</u>	<u>\$ 15,303,505</u>	<u>\$ 19,879,166</u>	<u>\$ 21,867,637</u>	<u>\$ 20,903,679</u>

CITY OF FOUNTAIN VALLEY  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30, 2018			
	2009	2010	2011	2012
<b>Revenues:</b>				
Taxes	\$ 30,214,810	\$ 29,746,135	\$ 30,796,616	\$ 27,551,121
Licenses and permits	1,798,630	1,510,769	1,597,034	1,661,600
Fines and forfeitures (penalties)	871,673	810,868	915,314	771,860
Investment income	3,750,171	1,879,310	1,219,533	800,796
Revenue from use of money and property	978,415	1,377,236	1,488,521	1,445,466
Intergovernmental	12,389,425	9,167,306	8,798,365	9,301,515
Charges for services	8,312,658	4,923,766	5,213,090	6,047,713
Miscellaneous	1,880,004	1,219,229	2,623,945	1,792,391
Total revenues	<u>60,195,786</u>	<u>50,634,619</u>	<u>52,652,418</u>	<u>49,372,462</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	4,189,795	3,893,528	4,431,120	3,174,656
Public safety	25,400,083	23,478,042	28,612,844	24,797,114
Transportation	13,290,929	9,081,940	9,011,091	9,853,602
Community development	2,983,448	4,107,181	4,658,578	3,885,966
Community services	4,607,806	1,736,105	2,014,282	2,249,853
Capital outlay	4,737,265	772,615	1,047,498	4,147,242
<b>Debt service:</b>				
Principal retirement	2,018,023	2,114,535	2,205,258	2,285,397
Interest and fiscal charges	2,180,617	1,761,157	1,103,263	798,958
Costs of debt issuance	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Pass-through payments	1,032,558	4,536,093	1,888,001	-
Total expenditures	<u>60,440,524</u>	<u>51,481,196</u>	<u>54,971,935</u>	<u>51,192,788</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(244,738)</u>	<u>(846,577)</u>	<u>(2,319,517)</u>	<u>(1,820,326)</u>
<b>Other financing sources (uses):</b>				
Transfers in	8,380,744	3,818,818	16,787,826	2,040,038
Transfers out	(9,619,948)	(4,003,456)	(16,003,210)	(2,944,656)
Proceeds from issuance of bonds	-	-	-	-
Bond premium (discount)	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance of leases	381,332	112,882	-	-
Total other financing sources (uses)	<u>(857,872)</u>	<u>(71,756)</u>	<u>784,616</u>	<u>(904,618)</u>
Net change in fund balances, before extraordinary/special item	<u>(1,102,610)</u>	<u>(918,333)</u>	<u>(1,534,901)</u>	<u>(2,724,944)</u>
<b>Special Item</b>				
Payment of defined benefit pension plan side fund	-	-	-	-
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,483,347)</u>
Net change in fund balances	<u>\$ (1,102,610)</u>	<u>\$ (918,333)</u>	<u>\$ (1,534,901)</u>	<u>\$ (43,208,291)</u>
Debt service as a percentage of noncapital expenditures	7.61%	7.76%	6.18%	6.56%

Fiscal Year Ended June 30, 2018

2013	2014	2015	2016	2017	2018
\$ 30,142,198	\$ 24,609,300	\$ 30,655,218	\$ 32,689,435	\$ 36,060,441	\$ 46,463,473
2,260,643	1,834,212	1,915,471	2,006,480	1,869,865	1,906,153
799,794	751,302	705,372	643,936	564,786	619,096
(15,506)	744,447	572,377	757,868	156,162	578,312
1,151,228	1,163,515	1,203,964	1,094,844	1,255,618	1,167,468
8,066,501	8,489,979	3,758,497	2,920,345	4,130,922	3,990,316
6,552,896	6,124,998	4,285,172	4,335,669	4,866,961	4,553,747
3,197,853	1,679,542	2,021,825	1,371,496	8,316,814	1,351,792
<u>52,155,607</u>	<u>45,397,295</u>	<u>45,117,896</u>	<u>45,820,073</u>	<u>57,221,569</u>	<u>60,630,357</u>
2,919,814	2,870,199	2,883,285	3,085,759	3,212,619	4,916,069
25,071,510	24,616,202	25,333,018	27,618,810	28,550,818	31,934,793
8,084,134	8,446,708	7,903,404	7,082,567	9,914,437	7,564,408
4,449,856	3,989,139	4,041,504	4,026,081	4,170,849	3,994,652
2,123,704	2,321,707	2,328,863	2,407,019	2,618,815	2,653,045
1,194,478	3,640,756	2,085,519	839,613	6,382,540	10,324,969
717,422	747,414	644,547	659,275	430,000	470,398
381,711	363,661	344,400	440,725	444,629	575,222
-	-	-	395,488	110,180	-
-	-	-	889,617	-	-
-	-	-	-	-	-
<u>44,942,629</u>	<u>46,995,786</u>	<u>45,564,540</u>	<u>47,444,954</u>	<u>55,834,887</u>	<u>62,433,556</u>
7,212,978	(1,598,491)	(446,644)	(1,624,881)	1,386,682	(1,803,199)
1,402,365	3,061,091	3,225,390	17,012,787	7,011,672	5,985,246
(1,329,425)	(2,981,291)	(3,027,535)	(16,817,547)	(6,674,860)	(5,790,486)
-	-	-	28,890,000	2,843,166	-
-	-	-	580,162	-	-
-	-	-	(6,785,383)	-	-
-	-	-	-	-	-
<u>72,940</u>	<u>79,800</u>	<u>197,855</u>	<u>22,880,019</u>	<u>3,179,978</u>	<u>194,760</u>
7,285,918	(1,518,691)	(248,789)	21,255,138	4,566,660	(1,608,439)
-	-	-	(17,436,588)	-	-
(14,983,772)	-	4,918,798	56,646	-	-
<u>\$ (7,697,854)</u>	<u>\$ (1,518,691)</u>	<u>\$ 4,670,009</u>	<u>\$ 3,875,196</u>	<u>\$ 4,566,660</u>	<u>\$ (1,608,439)</u>
2.49%	2.55%	2.26%	2.35%	1.64%	1.97%

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CITY OF FOUNTAIN VALLEY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended June 30,	City		Taxable Assessed Value	Total Direct Tax Rate (1)
	Secured	Unsecured		
2009	6,382,947,330	287,957,315	6,670,904,645	0.12870
2010	6,482,764,941	287,619,118	6,770,384,059	0.12870
2011	6,679,192,884	302,119,850	6,981,312,734	0.12870
2012	6,777,682,538	259,218,249	7,036,900,787	0.12870
2013	6,922,510,895	241,861,867	7,164,372,762	0.12870
2014	7,131,038,979	295,542,241	7,426,581,220	0.12870
2015	7,659,415,546	335,167,621	7,994,583,167	0.12870
2016	8,142,124,957	249,380,905	8,391,505,862	0.12870
2017	8,444,881,513	237,687,508	8,682,569,021	0.12870
2018	8,837,314,170	275,093,983	9,112,408,153	0.12870

Notes:

Amounts are shown net of exemptions

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

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

Source: Orange County Assessor's Office

CITY OF FOUNTAIN VALLEY

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

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
City Direct Rate (1)	0.12870	0.12870	0.12870	0.12870
Fountain Valley Elementary General Fund	0.29490	0.29490	0.29490	0.29490
Huntington Beach Union High General Fund	0.19230	0.19230	0.19230	0.19230
Educational Revenue Augmentation Fund	0.15300	0.15300	0.15300	0.15300
Coast Community College General Fund	0.08120	0.08120	0.08120	0.08120
Orange County General Fund	0.05200	0.05200	0.05200	0.05200
O.C. Sanitation #3 Operating	0.03160	0.03160	0.03160	0.03160
Orange County Flood Control District	0.01667	0.01667	0.01667	0.01667
Orange County Public Library	0.01405	0.01405	0.01405	0.01405
O.C. Harbors Beaches & Park Csa 26	0.01288	0.01288	0.01288	0.01288
O.C. Dept. of Education - General Fund	0.01199	0.01199	0.01199	0.01199
Orange County Water District	0.00739	0.00739	0.00739	0.00739
Orange County Transit Authority	0.00237	0.00237	0.00237	0.00237
Orange County Vector Control District	0.00084	0.00084	0.00084	0.00084
Orange County Water District Water Reserve	0.00011	0.00011	0.00011	0.00011
Total Basic Levy	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:				
Huntington Beach High School 2004 - Bond 2004A	0.02522	0.02605	0.02617	0.02726
Coast Community College	0.01673	0.17500	0.01754	0.01881
Metro Water District of Orange County	0.00430	0.00370	0.00370	0.00350
Huntington Beach High School 2004 - Bond 2005	0.00260	0.00265	0.00266	0.00275
Huntington Beach High School 2004 - Bond 2007	0.00159	0.00144	0.00143	0.00142
Total Overlapping Rates	0.05044	0.20884	0.05150	0.05374
Total Direct & Overlapping Tax Rates	1.05044	1.20884	1.05150	1.05374

Notes:

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

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

Source: Orange County Assessor's Office



Fiscal Year Ended June 30,

2013	2014	2015	2016	2017	2018
0.12870	0.12870	0.12870	0.12870	0.12870	0.12870
0.29490	0.29490	0.29490	0.29490	0.29490	0.29490
0.19230	0.19230	0.19230	0.19230	0.19230	0.19230
0.15300	0.15300	0.15300	0.15300	0.15300	0.15300
0.08120	0.08120	0.08120	0.08120	0.08120	0.08120
0.05200	0.05200	0.05200	0.05200	0.05200	0.05200
0.03160	0.03160	0.03160	0.03160	0.03160	0.03160
0.01667	0.01667	0.01667	0.01667	0.01667	0.01667
0.01405	0.01405	0.01405	0.01405	0.01405	0.01405
0.01288	0.01288	0.01288	0.01288	0.01288	0.01288
0.01199	0.01199	0.01199	0.01199	0.01199	0.01199
0.00739	0.00739	0.00739	0.00739	0.00739	0.00739
0.00237	0.00237	0.00237	0.00237	0.00237	0.00237
0.00084	0.00084	0.00084	0.00084	0.00084	0.00084
0.00011	0.00011	0.00011	0.00011	0.00011	0.00011
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.02605	0.02271	0.02400	0.02440	0.02451	0.02440
0.01750	0.02899	0.03015	0.03092	0.03116	0.03092
0.00370	0.00350	0.00350	0.00350	0.00350	0.00350
0.00265	0.00001	0.00214	0.00001	0.00001	0.00001
0.00144	0.00132	0.00123	0.00119	0.00091	0.00119
0.05134	0.05653	0.06102	0.06002	0.06009	0.06002
<u>1.05134</u>	<u>1.05653</u>	<u>1.06102</u>	<u>1.06002</u>	<u>1.06009</u>	<u>1.06002</u>

CITY OF FOUNTAIN VALLEY  
PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2018		2009	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Hyundai Motor America	\$ 188,489,602	2.07%	\$ 52,309,840	0.78%
Fountain Valley Regional Hospital	160,666,521	1.76%	120,956,794	1.81%
Orange Coast Memorial Medical Center	117,251,281	1.29%		0.00%
BEXAEW the Havens LP	111,329,654	1.22%		0.00%
JKS-CMFV LLC	82,071,157	0.90%	86,047,907	1.29%
Memorial Health Services	62,578,883	0.69%		0.00%
Raintree Fountain Valley LLC (1)	52,102,426	0.57%		0.00%
Shea Center Crystal Springs LLC (2)	44,533,764	0.49%	39,336,850	0.59%
Fountain Valley Senior Housing LLC	41,486,530	0.46%	36,656,171	0.55%
US Millennium, LP	40,913,323	0.45%	36,823,923	0.55%
Fountain Valley MHP Associates LP (1)	36,842,888	0.40%		0.00%
MTSC-Lake Elsinore Partners	36,370,803	0.40%		0.00%
Vermeulen Properties 6 LLC	36,128,492	0.40%		0.00%
Fountain Valley City Center LLC			88,022,034	1.32%
Fountain Valley Plaza Properties			32,000,000	0.48%
17665 Newhope Manufacturing LLC			25,350,368	0.38%
Chandler Real Properties			23,405,458	0.35%
Costco Wholesale Corporation			22,966,920	0.34%
Priceland Properties International			15,593,736	0.23%
FV Showroom Partners I, LLC			14,820,025	0.22%
Citrine Investment Group, Inc.			11,734,069	0.18%
	<u>\$ 1,010,765,324</u>	<u>11.09%</u>	<u>\$ 606,024,095</u>	<u>9.08%</u>

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

Source: HdL, Coren & Cone, 2017-18 Property Data

CITY OF FOUNTAIN VALLEY

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years**	Total Collections to Date	
		Amount*	Percent of Levy		Amount	Percent of Levy
2009	8,271,990	8,306,058	100.41%	146,890	8,452,948	102.19%
2010	8,249,362	8,671,222	105.11%	58,017	8,729,239	105.82%
2011	8,506,281	8,355,562	98.23%	45,028	8,400,590	98.76%
2012	8,546,953	8,411,980	98.42%	79,327	8,491,307	99.35%
2013	8,844,898	8,731,657	98.72%	48,937	8,780,594	99.27%
2014	9,227,976	9,114,156	98.77%	40,888	9,155,044	99.21%
2015	9,757,887	9,652,108	98.92%	30,039	9,682,147	99.22%
2016	10,286,311	10,155,604	98.73%	41,013	10,196,617	99.13%
2017	10,652,346	10,543,581	98.98%	33,732	10,577,313	99.30%
2018	11,193,927	11,101,526	99.17%	35,678	11,137,204	99.49%

Note:

\*The amounts presented include City property taxes only.

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

Source: Orange County Assessor's Office

CITY OF FOUNTAIN VALLEY

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities						Total Governmental Activities
	Leases Payable	Tax Allocation Bonds	Notes Payable	Certificates of Participation (1)	Taxable Pension Obligation Bonds (3)	Lease Revenue Bonds (4) (5)	
2009	1,219,811	11,510,000	19,262,062	11,190,000	-	-	43,181,873
2010	1,124,313	10,065,000	16,536,398	10,730,000	-	-	38,455,711
2011	899,055	8,555,000	-	10,260,000	-	-	19,714,055
2012	668,658	-	-	9,775,000	-	-	10,443,658
2013	451,236	-	-	9,275,000	-	-	9,726,236
2014	218,822	-	-	8,760,000	-	-	8,978,822
2015	109,275	-	-	8,225,000	-	-	8,334,275
2016	-	-	-	-	15,661,765	13,807,919	29,469,684
2017	-	-	-	-	15,679,151	16,176,187	31,855,338
2018	-	-	-	-	15,696,538	15,660,893	31,357,431

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

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

Business-type Activities			Total Business-type Activities	Total Primary Government	Percentage of Personal Income	Debt per Capita (6)
Loans Payable	Revenue Bonds (2)					
768,379	-	\$	768,379	43,950,252	1.53%	754
724,912	-	\$	724,912	39,180,623	1.49%	667
679,923	-	\$	679,923	20,393,978	0.73%	369
633,359	-	\$	633,359	11,077,017	0.38%	197
585,165	-	\$	585,165	10,311,401	0.34%	183
535,285	-	\$	535,285	9,514,107	0.30%	168
-	15,188,452	\$	15,188,452	23,522,727	0.71%	413
-	14,611,443	\$	14,611,443	44,081,127	1.26%	777
-	14,041,771	\$	14,041,771	45,897,109	1.30%	809
-	13,457,099	\$	13,457,099	44,814,530	1.28%	796

CITY OF FOUNTAIN VALLEY

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Certificates of Participation	Taxable Pension Obligation Bonds	Lease Revenue Bonds	Total	Percent of Assessed Value (1)	Per Capita
2009	11,190,000	-	-	11,190,000	0.17%	192
2010	10,730,000	-	-	10,730,000	0.16%	183
2011	10,260,000	-	-	10,260,000	0.15%	185
2012	9,775,000	-	-	9,775,000	0.14%	174
2013	9,275,000	-	-	9,275,000	0.13%	164
2014	8,760,000	-	-	8,760,000	0.12%	154
2015	8,225,000	-	-	8,225,000	0.10%	144
2016	-	15,661,766	13,807,919	29,469,685	0.35%	520
2017	-	15,679,151	16,176,187	31,855,338	0.37%	562
2018	-	15,696,538	15,660,893	31,357,431	0.34%	557

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

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

CITY OF FOUNTAIN VALLEY  
DIRECT AND OVERLAPPING DEBT  
June 30, 2018

2017-2018 City Assessed Valuation  
Total Assessed Valuation

\$ 9,112,408,153

	<u>Percentage Applicable (1)</u>	<u>Total Debt June 30, 2018</u>	<u>City's Share of Debt June 30, 2018</u>
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	0.332%	\$ 60,600,000	\$ 201,192
Coast Community College District	6.675%	781,334,504	52,154,078
Rancho Santiago Community College District	0.355%	246,734,249	875,907
Rancho Santiago Community College District SFID No. 1	0.677%	121,395,000	821,844
Garden Grove Unified School District	11.120%	328,540,160	36,533,666
Huntington Beach Union High School District	12.028%	187,014,998	22,494,164
Fountain Valley School District Certificates of Participation	72.766%	21,000,000	15,280,860
Ocean View School District Certificates of Participation	0.926%	45,000,000	416,700
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 128,778,411</u>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Orange County General Fund Obligations	1.634%	210,347,000	3,437,070
Orange County Pension Obligations	1.634%	383,564,389	6,267,442
Orange County Board of Education Certificates of Participation	1.634%	13,990,000	228,597
Coast Community College District Certificates of Participation	6.675%	3,285,000	219,274
Huntington Beach Union High School District Certificates of Participation	12.028%	63,556,090	7,644,527
Ocean View School District Certificates of Participation	0.926%	22,545,000	208,767
TOTAL OVERLAPPING GENERAL FUND DEBT			<u>\$ 18,005,677</u>
TOTAL DIRECT DEBT			\$ 146,784,088
<b><u>DIRECT GENERAL FUND DEBT</u></b>			
City of Fountain Valley Pension Obligation Bonds	100.000%	15,696,538	15,696,538
City of Fountain Valley Lease Revenue Bonds	100.000%	15,660,893	15,660,893
<b><u>TOTAL DIRECT DEBT</u></b>			<u><b>\$ 31,357,431</b></u>

COMBINED TOTAL DIRECT AND OVERLAPPING DEBT (2) \$ 178,141,519 (2)

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

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

**Ratios to 2017-18 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt.....	1.41%
<b>Total Direct Debt (\$31,357,431).....</b>	<b>0.344%</b>
Combined Total Debt.....	1.95%

Source: California Municipal Statistics, Inc. (August 13, 2018)

CITY OF FOUNTAIN VALLEY

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
Assessed valuation	\$ 6,670,904,645	\$ 6,770,384,059	\$ 6,981,312,734	\$ 7,036,900,784
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,667,726,161	1,692,596,015	1,745,328,184	1,759,225,196
Debt limit percentage	15%	15%	15%	15%
Debt limit	250,158,924	253,889,402	261,799,228	263,883,779
Total net debt applicable to limitation: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 250,158,924</u>	<u>\$ 253,889,402</u>	<u>\$ 261,799,228</u>	<u>\$ 263,883,779</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

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

Sources: Orange County Assessor's Office  
City Finance Department



Fiscal Year Ended June 30,

2013	2014	2015	2016	2017	2018
\$ 7,164,372,762	\$ 7,426,581,220	\$ 7,994,583,167	\$ 8,391,505,862	\$ 8,682,569,021	\$ 9,112,408,153
25%	25%	25%	25%	25%	25%
1,791,093,191	1,856,645,305	1,998,645,792	2,097,876,466	2,170,642,255	2,278,102,038
15%	15%	15%	15%	15%	15%
268,663,979	278,496,796	299,796,869	314,681,470	325,596,338	341,715,306
-	-	-	-	-	-
<u>\$ 268,663,979</u>	<u>\$ 278,496,796</u>	<u>\$ 299,796,869</u>	<u>\$ 314,681,470</u>	<u>\$ 325,596,338</u>	<u>\$ 341,715,306</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF FOUNTAIN VALLEY  
 PLEDGED-REVENUE COVERAGE

Last Three Fiscal Years

Series 2014A Revenue Bonds

Fiscal Year Ended June 30,	Operating Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2015	\$13,424,147	\$11,314,798	\$ 2,109,349	\$465,000	\$299,531	\$ 764,531	275.9%
2016	\$13,051,544	\$10,851,750	\$ 2,199,794	\$495,000	\$546,531	\$ 1,041,531	211.2%
2017	\$14,174,832	\$11,269,638	\$ 2,905,194	\$510,000	\$536,631	\$ 1,046,631	277.6%
2018	\$15,828,056	\$12,524,879	\$ 3,303,177	\$535,000	\$516,231	\$ 1,051,231	314.2%

Notes:

- (1) Total operating revenues (including investment income).
- (2) Total operating expenses exclusive of depreciation and amortization.

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

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

CITY OF FOUNTAIN VALLEY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in millions) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2009	58,309	161,700	49,298	11.90%
2010	58,741	145,100	44,789	12.10%
2011 *	55,313	159,000	50,372	11.80%
2012	56,153	168,800	51,770	9.60%
2013	56,464	172,400	53,320	9.20%
2014	56,707	180,700	56,697	7.10%
2015	57,010	191,700	58,311	5.60%
2016	56,714	205,000	61,663	4.09%
2017	56,709	214,700	62,063	4.50%
2018	56,313	214,700	62,063	4.60%

(1) California State Department of Finance/Demographic Research Unit: City of F.V, (estimates: last updated 05/01/2016)

(2) California Department of Transportation - Economic Analysis Branch (data shown is forecasted for Orange County: last updated 9/2015)

\* State of California, Department of Finance, E-4 Estimates for Cities, Counties and the State, 2001-2010, with 2000 & 2010 Census Counts. Sacramento, CA Sept. 2011

CITY OF FOUNTAIN VALLEY

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer (2)	2018		2009	
	Number of Employees	Percent of Total Employment (1)	Number of Employees	Percent of Total Employment
Fountain Valley Regional Hospital	1,774	7.38%	1,668	7.04%
Memorial Health Services	1,493	6.21%	544	2.30%
Orange Coast Memorial Med.	1,050	4.37%	1,133	4.78%
Hyundai Motor America, Inc.	677	2.82%	387	1.63%
Kingston Technology Corporation	677	2.82%	859	3.63%
Antech Diagnostics, Inc.	339	1.41%		0.00%
Surefire, Inc.	336	1.40%	569	2.40%
Costco Wholesale	322	1.34%	410	1.73%
Ceridian Tax Service, Inc	288	1.20%	466	1.97%
Manor Care of Fountain Valley	192	0.80%	220	0.93%
Spec Services, Inc	190	0.79%		0.00%
Sam's Club	190	0.79%		0.00%
Hyundai Auto America	177	0.74%	309	1.30%
Mobis Parts America	176	0.73%		0.00%
Fry's Electronics Inc.			304	1.28%
D-Link Systems, Inc.			230	0.97%
	<u>7,881</u>	<u>32.79%</u>	<u>7,099</u>	<u>29.97%</u>
Total Employment	24,039		23,690	

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

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

Source: City of Fountain Valley, Business License Division

CITY OF FOUNTAIN VALLEY

FULL-TIME CITY EMPLOYEES  
BY DEPARTMENT

Last Ten Fiscal Years

Department	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration	3.00	2.00	2.00	3.00	3.00	3.00	3.00	2.00	1.00	3.00
City Clerk	3.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	1.00
Finance	12.00	11.00	11.00	10.60	10.60	10.60	10.75	10.75	9.80	9.75
Information services	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Personnel	4.00	3.50	3.50	3.50	3.50	3.50	4.00	4.00	3.00	4.00
Planning/Building	9.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00	6.00	6.00
Public works	10.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00
Field services	45.00	32.00	31.50	32.00	31.00	28.00	28.00	23.00	22.00	24.75
Fire	47.00	43.00	43.00	43.00	43.00	43.00	42.00	42.00	39.00	45.00
Police	89.00	78.00	78.00	78.00	79.00	85.00	83.00	82.00	72.50	79.00
Community services	6.00	4.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00
Utilities (water and sewer)	21.00	21.00	22.00	22.00	22.00	22.00	22.00	20.00	19.00	18.00
Total	<u>252.00</u>	<u>215.50</u>	<u>217.00</u>	<u>218.10</u>	<u>219.10</u>	<u>223.10</u>	<u>220.75</u>	<u>211.75</u>	<u>192.30</u>	<u>209.50</u>

Source: City of Fountain Valley; Personnel Dept: Authorized List for Full-Time Employees, July 1, 2018

\* Information services in prior years was included in the Finance Department  
Building Department was part of the Fire Department prior to 2010

CITY OF FOUNTAIN VALLEY

OPERATING INDICATORS  
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
Police:				
Arrests	2,134	2,037	1,779	1,563
Parking citations issued	10,550	9,562	8,143	8,138
Fire:				
Number of emergency calls	5,042	4,260	4,260	4,366
Inspections	11,582	13,346	16,126	7,902
Public works:				
Street resurfacing (miles)	14	11	11	14
Parks and recreation:				
Number of recreation classes	-	1,140	1,169	1,143
Number of facility rentals	-	453	1,760	1,642
Water:				
New connections	1,080	1,512	399	107
Average daily consumption (thousands of gallons)	8,866	8,222	7,995	8,110

Source: City of Fountain Valley

Fiscal Year Ended June 30,						
2013	2014	2015	2016	2017	2018	
1,649	1,636	1,423	1,616	1,475	1,460	
7,209	7,373	6,789	6,604	8,246	6,649	
4,557	4,638	4,638	5,359	5,488	5,660	
7,885	2,542	5,973	7,627	8,156	10,260	
11	9	9	8	7	4	
1,257	1,103	1,103	3,923	1,357	1,501	
1,108	3,768	3,768	1,565	2,673	2,235	
21	340	1,253	1,310	1,298	402	
7,775	7,876	7,395	6,630	6,937	7,367	

2004 through 2010 new connections were based on all new and returning connections  
2011 to current new connections are all new customers connected

CITY OF FOUNTAIN VALLEY

CAPITAL ASSET STATISTICS  
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
Police:				
Stations	1	1	1	1
Fire:				
Fire stations	2	2	2	2
Public works:				
Street (miles)	141.30	141.30	141.30	141.30
Streetlights**	N/A	N/A	N/A	N/A
Traffic signals	53	53	53	53
Parks and recreation:				
Parks	19	19	19	19
Community centers	2	2	2	2
Water:				
Water mains (miles)	185.00	185.00	187.00	187.00
Maximum daily capacity (thousands of gallons)	18,000,000	18,000,000	15,000,000	12,500,000

\*\*Streetlights are owned by So. Cal Edison

Source: City of Fountain Valley



Fiscal Year Ended June 30,						
2013	2014	2015	2016	2017	2018	
1	1	1	1	1	1	1
2	2	2	2	2	2	2
165.00	165.00	165.00	165.00	165.00	165.00	165.00
N/A	N/A	N/A	N/A	N/A	N/A	N/A
53	54	54	54	54	54	54
19	19	19	19	19	19	19
2	2	2	2	2	2	2
202.00	202.00	202.00	202.00	209.00	209.00	209.00
13,500,000	13,500,000	16,700,000	11,500,000	12,000,000	12,060,000	

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