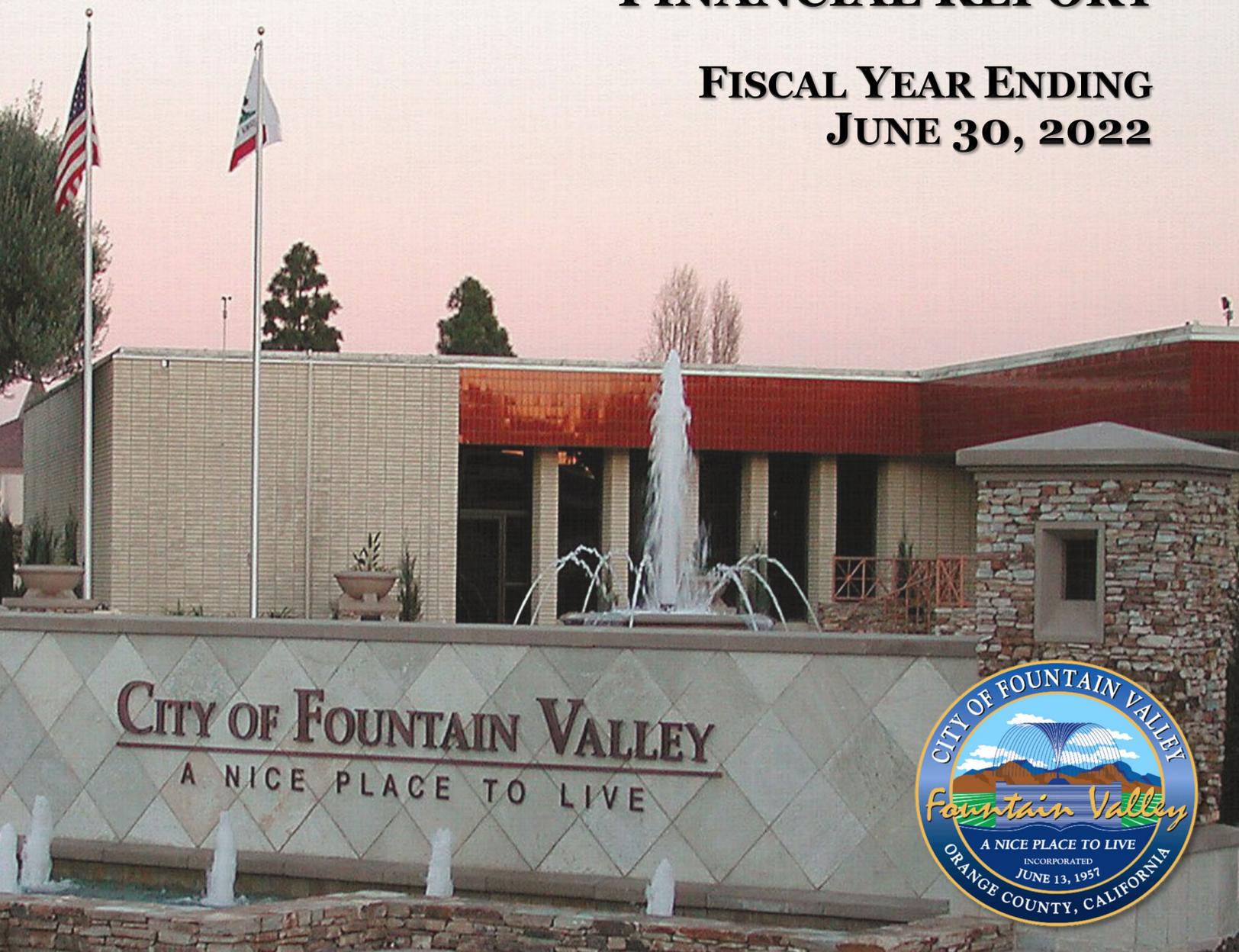


# CITY OF FOUNTAIN VALLEY CALIFORNIA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING  
JUNE 30, 2022



CITY OF FOUNTAIN VALLEY, CALIFORNIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



PREPARED BY THE FINANCE DEPARTMENT  
OF THE CITY OF FOUNTAIN VALLEY

RYAN SMITH, FINANCE DIRECTOR/CITY TREASURER

**CITY OF FOUNTAIN VALLEY**  
**Annual Comprehensive Financial Report**  
**Year Ended June 30, 2022**  
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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

January 25, 2023

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

Transmitted Through the City Manager:

The Annual Comprehensive Financial Report (ACFR) of the City of Fountain Valley for the fiscal year ended June 30, 2022, is hereby submitted. These statements have been prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants. The report was prepared in accordance with the guidelines set forth by the Governmental Accounting Standards Board (GASB).

### **REPORT PURPOSE AND ORGANIZATION**

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

As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Fountain

Valley. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

**Audited Financial Statements** - The City of Fountain Valley's financial statements have been audited by Davis Farr LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2022, 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, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

**Single Audit** – The independent audit of the financial statements of the City of Fountain Valley is usually a part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. The report of the Single Audit is published separately from this ACFR and may be obtained upon request from the City's Finance Department. The City of Fountain Valley is required this year to have an annual single audit due to the acceptance of American Rescue Plan Act of 2021 (ARPA) funds used for offsetting City costs directly related to responding to the pandemic. The City also received community development and transportation grants from the federal government requiring a single audit as well.

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

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

The City's component units are the Fountain Valley Public Financing Authority and the Fountain

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

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

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

**Governmental Profile** - The City of Fountain Valley, incorporated June 13, 1957, has an estimated population of 56,495 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 two golf courses; large passive park area, Boys and Girls Club, and City run Recreation Center and Sports Park.

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

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

## **ECONOMIC OVERVIEW**

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

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

On November 8, 2016 the residents of Fountain Valley approved Measure HH, a one-percent transactions and use (i.e. “sales”) tax, which provided additional tax revenue in the amount of approximately \$17.2 million in Fiscal Year 2021-22. Without Measure HH, the General Fund's operating deficit for Fiscal Year 2021-22 would have been \$4,725,544. In accordance with the Responsible Spending Pledge, an additional payment of \$3 million was made to CalPERS consistent with the City's 20-Year Financial Plan where the goal is to pay off all debt by 2037 when Measure HH sunsets. The balance of Measure HH revenue was used to fund essential services such as public safety and senior and youth programs, in addition to increases to reserves set-aside for capital projects as approved by Council.

The City of Fountain Valley, like all cities throughout the State, struggled with the economic impact of Covid-19 for most of the 2021-22 fiscal year. The Governor's stay at home orders and tiered reopening plan forced most businesses throughout the City to shutter operations and/or operate on a limited capacity, reducing transient occupancy tax and community services fee revenue, while simultaneously increasing costs associated with addressing the pandemic and ensuring the health and safety of the community. In response, the City took swift action to limit spending, freeze vacant positions, and reduce expenses in order to maintain fiscal stability. Fortunately, as a result of increased online shopping, a resilient sales tax base, and government stimulus programs negative impact to the City's sales tax and Measure HH revenues did not materialize as feared, but instead those revenues have continued to increase significantly each year.

## **ECONOMIC DEVELOPMENT ACTIVITIES**

Responding to and managing the many challenges caused by the Covid-19 pandemic dominated most of the economic development activities in 2021-22 fiscal year with the City continuing to

focus on developing grant programs to help small businesses impacted by the pandemic. However, despite the effects of the pandemic, the City of Fountain Valley was still able to enhance economic development both prior to and during the pandemic with many new restaurants and businesses opening.

**Under-Utilized Commercial Centers** – The City continues to target under-utilized commercial centers to encourage property owners to reinvest in Fountain Valley with notable success. The City Council also created the Commercial Property and Business Improvement Loan Program in 2017 to support existing property owners to upgrade the commercial centers through a low interest rate loan to update and improve existing commercial properties in the community. For program details, businesses can visit the City’s website.

**General Plan** – In a largely built-out community, planning to meet the challenges of housing and economic development while enhancing quality of life and services and infrastructure requires careful thought. To that end, the City is working on updating its General Plan, which last received a comprehensive update in 1995 and held multiple public workshops throughout the year to inform the public of potential changes. The General Plan is a long-range policy document that will guide the City’s growth for the next 20 years. The update effort kicked off in late 2018 and was completed in early fiscal year 2023.

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

## **LONG-TERM FINANCIAL PLANNING**

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

## RELEVANT FINANCIAL POLICIES

The City has adopted prudent fiscal policies to help assist the City Council and staff in making sound financial decisions. Several of the policies had a significant impact on the current financial statements and the 2021-22 budget followed 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 the culture and environment of "A Nice Place to Live"
- Attract and retain revenue producing businesses
- Achieve fiscal stability in accordance with the 20-Year Financial Plan
- Attract and retain quality staff

## 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, 2021. This was the seventh 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 Deborah Beckley, Accountant. Their dedicated efforts in the preparation of the final financial documents are reflected in the quality of this report. In addition, appreciation is extended to our independent auditors, Davis Farr, for their expertise and advice in preparing this year's financial report.

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

Respectfully submitted,

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

Ryan Smith  
Director of Finance / City Treasurer



City Council  
June 30, 2022  
City Council Directory  
City of Fountain Valley, CA



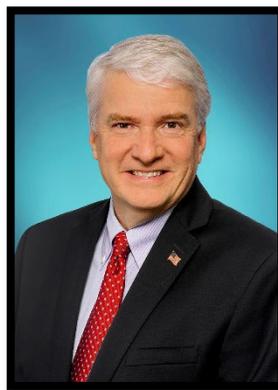
*Patrick Harper*  
Mayor



*Kim Constantine*  
Mayor Pro Tem



*Ted Bui*  
Council Member



*Glenn Grandis*  
Council Member



*Michael Vo*  
Council Member

# CITY DIRECTORY



## COUNCIL MEMBERS

Mayor	Patrick Harper
Mayor Pro Tempore	Kim Constantine
Council Member	Ted Bui
Council Member	Glenn Grandis
Council Member	Michael Vo

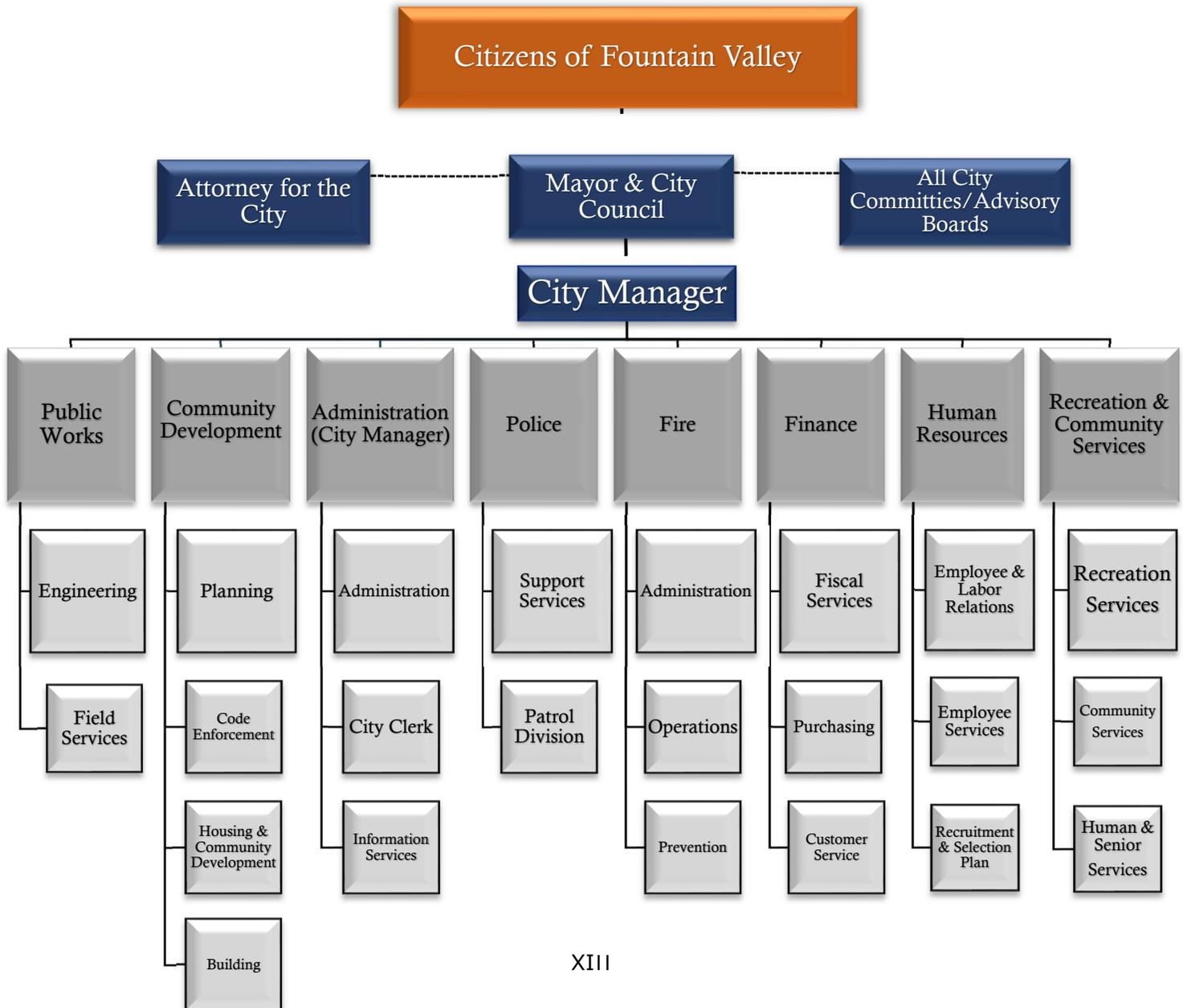
## CITY OFFICIALS

City Manager	Maggie Le
Chief of Police	Matt Sheppard
Director of Finance/Treasurer	Ryan Smith
Director of Human Resources	Carrie Hanes
Director of Community Development	Omar Dadabhoy
Director of Public Works/City Engineer	HyeJin Lee
Fire Chief	Ron Cookston

*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*



# Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Fountain Valley  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**CITY OF FOUNTAIN VALLEY  
FINANCIAL SECTION**

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## **Independent Auditor's Report**

City Council  
City of Fountain Valley  
Fountain Valley, California

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fountain Valley (City), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

During the year ended June 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87: Leases. Our opinion is not modified with respect to this matter.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison information and pension and other post employment benefit schedules* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

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

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

**Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Irvine, California  
January 25, 2023

## 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, 2022. 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, 2022, 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. Actual revenue results continue to show strength and resiliency to the COVID-19 pandemic. The City Council has made fiscally conservative steps over the last several years to ensure reserves are replenished, and has positioned Fountain Valley with the ability to manage through this period and towards long-term fiscal sustainability. The City's fiscal policy is guided by a 20-Year Financial Plan.

- The City's net position – the difference between its assets and deferred outflows compared to its liabilities and deferred inflows of resources – was \$153.5 million, an increase of \$25.5 million or 19.9%. The net position of governmental activities increased by \$22.1 million or 25.5%, while the net position of business-type activities increased by \$3.4 million or 8.2%.
- Net position of \$153.5 million consisted of: \$132.8 million of net investment in capital assets; \$29.9 million on resources that are subject to external restrictions on how they may be used; \$19.7 million that may be used to meet the City's obligations for its business-type activities; and a \$28.9 million deficit related to its governmental activities.
- Total revenues were \$107.8 million and total expenses were \$82.3 million. Revenues increased by \$6.6 million or 6.5%, and expenses decreased by \$1.2 million or 1.4%.
- The City's governmental funds reported a combined ending fund balances of \$113.3 million, an increase of \$13.3 million. Of this amount, \$53.5 million (the sum of assigned and unassigned fund balances) is available for spending at the City's discretion.
- The City has a Reserve Policy with committed and assigned balances. The Committed fund balance for the General Fund as of June 30, 2022, was \$18.4 million, or 56.3% of total sales tax revenue (inclusive of Measure HH). This percentage exceeds the 55% targeted reserve level, and is in accordance with the recommendation of the Governmental Finance Officers Association (GFOA). The Assigned fund balance for the General Fund as of June 30, 2022, was \$54.1 million, while the Unassigned fund balance was a deficit of \$0.7 million. This compares to an Assigned balance of \$41.5 million, and an Unassigned fund balance of \$53 thousand as of June 30, 2021.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### **Government-Wide Financial Statements**

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

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

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

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

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

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

### **Fund Financial Statements**

Fund financial statements are designed to report information about groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

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

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

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

of funds for fees assessed by other governments collected by the City on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs.

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

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

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

### **Other Information**

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Analysis of Net Position

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

City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$153.5 million as of June 30, 2022. This is an increase of \$25.5 million for the year, as the condensed summary of the statement of net position shows below. Last year, in comparison, the City's net position increased by \$17.8 million.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$ 126,230	\$ 109,102	\$ 35,268	\$ 29,591	\$ 161,498	\$ 138,693
Capital assets	121,078	121,454	34,960	36,474	156,038	157,928
Total assets	<u>247,308</u>	<u>230,556</u>	<u>70,228</u>	<u>66,065</u>	<u>317,536</u>	<u>296,621</u>
Deferred outflow of resources	<u>28,446</u>	<u>27,039</u>	<u>2,121</u>	<u>2,241</u>	<u>30,567</u>	<u>29,280</u>
<b>Liabilities:</b>						
Other liabilities	\$ 4,171	\$ 9,408	\$ 4,058	\$ 3,991	\$ 8,229	\$ 13,399
Long-term liabilities	100,156	145,149	17,793	21,786	117,949	166,935
Total liabilities	<u>104,327</u>	<u>154,557</u>	<u>21,851</u>	<u>25,777</u>	<u>126,178</u>	<u>180,334</u>
Deferred inflows of resources	<u>62,527</u>	<u>16,261</u>	<u>5,888</u>	<u>1,314</u>	<u>68,415</u>	<u>17,575</u>
<b>Net position:</b>						
Net investment in capital assets	107,890	107,618	24,914	25,736	132,804	133,354
Restricted	29,866	28,451	-	-	29,866	28,451
Unrestricted	(28,855)	(49,292)	19,696	15,478	(9,159)	(33,814)
Total net position	<u>\$ 108,901</u>	<u>\$ 86,777</u>	<u>\$ 44,610</u>	<u>\$ 41,214</u>	<u>\$ 153,511</u>	<u>\$ 127,991</u>

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

Net position – Restricted for governmental activities (\$29.9 million or 19.5% of total net position) represents resources that are subject to external restrictions on how they may be used. This is a \$1.4 million or 5.0% increase from prior year.

Net position – Net investment in capital assets represents the largest portion (86.5%) of the City's net position. The City's investment of \$132.8 million in capital assets is net of accumulated depreciation and any related outstanding debt used to acquire those assets. This is an overall decrease of \$0.6 million, or 0.4% from prior year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources, since the capital assets themselves

cannot be used to liquidate these liabilities.

Net position – Unrestricted has a deficit balance of \$9.2 million as of June 30, 2022. The deficit balance is the result of implementing Governmental Accounting Standards Board (GASB) statements related to pension and other post-employment benefits (OPEB) liabilities. The deficit reflects the extent to which the City must defer to future periods the financing of a portion of its pension and OPEB liabilities. Generally accepted accounting principles require financial statement recording when a liability is incurred. However, the City, like many other governments, raises and budgets resources needed to liquidate certain liabilities during the year in which the liability is incurred. In the case of the pension liability, the City will continue to fund this obligation on an actuarial basis, contributing the full amount of annual required contributions to the pension system every year. For the OPEB liability, the City pays this obligation on a pay-as-you-go basis. To assist with the pay down of these liabilities, the City set up two IRS Section 115 Trust Funds. Monies deposited into these accounts are restricted and may only be used for the purpose of the trust.

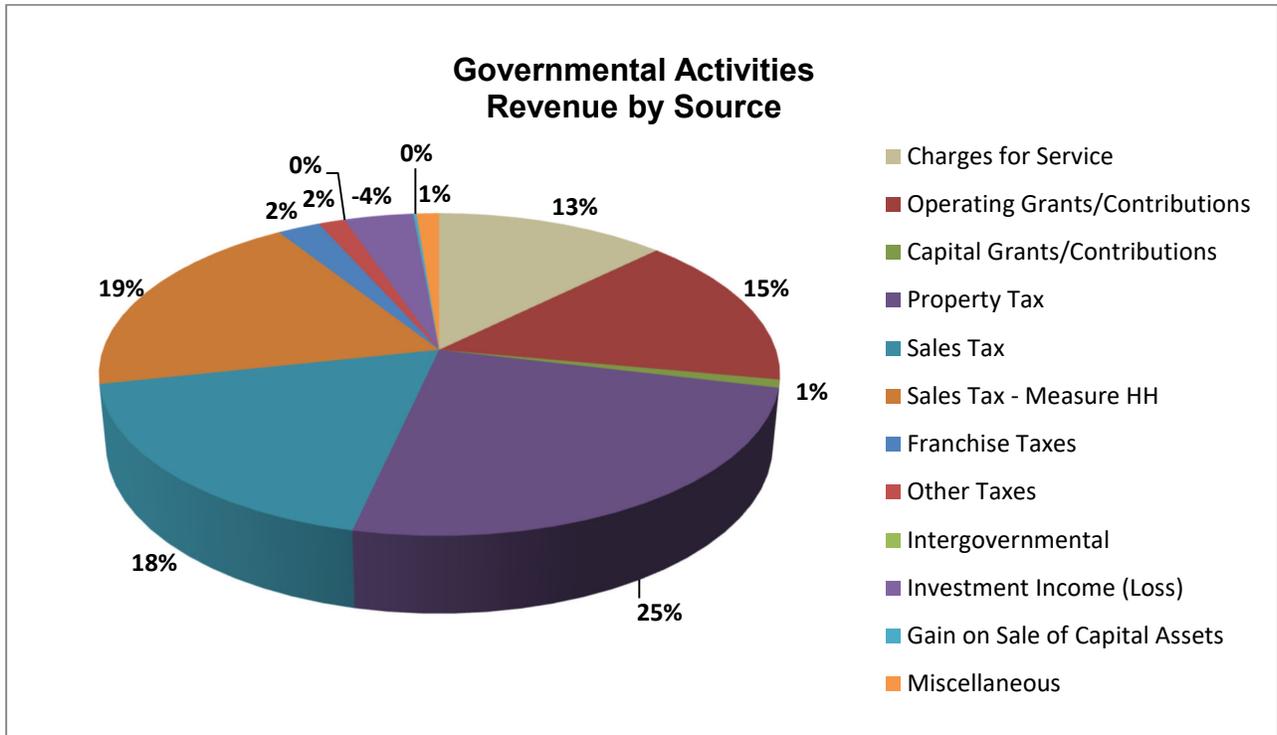
### **Analysis of Activities**

The statement of activities shows how the government's net position changed during the fiscal year 2021-22. The City's net position increased by \$25.5 million as shown on the condensed summary on the following page.

**CONDENSED STATEMENT OF ACTIVITIES**

(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Charges for services	\$ 11,271	\$ 11,189	\$ 26,320	\$ 25,554	\$ 37,591	\$ 36,743
Operating grants and contributions	13,554	6,565	-	-	13,554	6,565
Capital grants and contributions	705	1,131	71	99	776	1,230
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property taxes	22,019	21,341	-	-	22,019	21,341
Sales taxes	16,091	14,007	-	-	16,091	14,007
Sales taxes - Measure HH	17,162	14,062	-	-	17,162	14,062
Franchise taxes	2,089	1,972	-	-	2,089	1,972
Other taxes	1,305	2,749	-	-	1,305	2,749
Intergovernmental	-	240	-	-	-	240
Investment income (loss)	(3,390)	1,873	(669)	8	(4,059)	1,881
Gain on sale of capital assets	156	5	-	-	156	5
Miscellaneous	1,105	372	-	69	1,105	441
<b>Total Revenues</b>	<b>82,067</b>	<b>75,506</b>	<b>25,722</b>	<b>25,730</b>	<b>107,789</b>	<b>101,236</b>
<b>Expenses:</b>						
General government	7,138	5,497	-	-	7,138	5,497
Public safety	30,385	35,712	-	-	30,385	35,712
Transportation	12,599	11,973	-	-	12,599	11,973
Community development	6,638	6,637	-	-	6,638	6,637
Community services	3,736	2,807	-	-	3,736	2,807
Interest charges	453	477	-	-	453	477
Water	-	-	16,096	15,403	16,096	15,403
Solid waste	-	-	1,370	1,184	1,370	1,184
Sewer	-	-	3,854	3,731	3,854	3,731
<b>Total Expenses</b>	<b>60,949</b>	<b>63,103</b>	<b>21,320</b>	<b>20,318</b>	<b>82,269</b>	<b>83,421</b>
Transfers	1,006	914	(1,006)	(914)	-	-
Change in net position	22,124	13,317	3,396	4,498	25,520	17,815
Net position - beginning of year	86,777	73,460	41,214	36,716	127,991	110,176
Net position - ending of year	<u>\$108,901</u>	<u>\$ 86,777</u>	<u>\$ 44,610</u>	<u>\$ 41,214</u>	<u>\$ 153,511</u>	<u>\$127,991</u>



**Governmental activities** increased the City’s net position by \$22.1 million. Revenue increased by \$6.6 million or 8.7%. Taxes increased by \$4.5 million as the impacts of the COVID-19 pandemic on this category have not been as catastrophic as originally feared, and in fact have been resilient. A one-time payment of \$8.0 million from the American Rescue Plan Act of 2021 (ARPA) contributed to the increase in Operating grants and contributions. Investment income (loss) category reflects a \$3.4 million loss. The market value of the City’s investments at fiscal year-end, and the accounting practice of adjusting to this value, contributed to the overall negative balance. Overall expenditures decreased by \$2.2 million or 3.4%. Pension costs, which are recognized in the governmental wide financial statements, increased for the miscellaneous group by \$7.8 million or 172.4%, and decreased for the safety group by \$4.6 million or 58.1%. This was an overall increase of \$3.2 million or 25.5%. This overall pension costs increase was more than offset by reduced expenses brought on by staffing shortages and on-going supply chain shortages brought on by the pandemic.

Business-type activities increased the City’s net position by \$3.4 million. Revenues and expenses remained static when compared to prior year, and similar to governmental activities, one of the largest changes occurred in Investment income (loss).

### FINANCIAL ANALYSIS OF CITY FUNDS

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

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

available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$113.3 million an increase of \$13.3 million from the prior year balances. Approximately \$1.0 million, or 0.9% of this amount is not available for spending, \$40.0 million, or 35.7% is considered restricted, \$18.4 million, or 16.2% is committed, \$54.2 million, or 47.8% is assigned and (\$0.7) million, or (0.6)% is unassigned.

At June 30, 2022, the general fund's total fund balance was \$86.8 million. The general fund balance increased \$12.1 million from the 2021 fiscal year. The net increase is mostly attributable to a resilient local economy to the downturn pressures of the COVID-19 pandemic and a one-time payment of \$8.0 million from the American Rescue Plan Act of 2021 (ARPA).

At June 30, 2022, the special revenues fund balances were a combined \$26.5 million. These funds increased \$1.2 million from the 2021 fiscal year. The majority of this is due to an increase in the Measure M2 fund of \$1.1 million. Expenditures in this fund have been delayed during the COVID-19 pandemic and related supply shortage.

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, 2022, was \$18.8 million, an increase of \$0.2 million; this increase is mainly related to interest earnings.

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

Total net position for the Water Utility Fund increased by \$2.7 million and totaled \$29.4 million at June 30, 2022, of this amount an unrestricted net position amounted to \$12.4 million.

Total net position for the Sewer Fund increased by \$0.6 million and totaled \$14.1 million at June 30, 2022, of this amount the unrestricted net position amounted to \$6.2 million.

Total net position for the Solid Waste Fund increased by \$67 thousand and totaled \$1.1 million at June 30, 2022; the entire amount was unrestricted net position.

Revenues increased in the Water and Sewer funds as part of rate increases approved on February 6, 2018 with a five-year implementation that began July 1, 2018. Investment (loss) is due to recording the unrealized market loss to investments at June 30, 2022. The proprietary funds were static when compared to the prior year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the year ended June 30, 2022, is presented as required supplementary information following the notes to the financial statements. Revenues, transfers in, and proceeds from sale of capital assets were \$77.2 million, 2.5% lower than the City's final budget of \$79.2 million. Significant revenues over budget were largely due to Sales & Use Tax (including Measure HH Transaction Tax and Public Safety Sales Tax), which amounted to \$2.7 million higher than final budget. The most significant revenue under budget was investment income (loss) due to recording the unrealized market loss to investments at June 30, 2022. Expenditures and transfers out were \$65.0 million, 18.3% lower than the final budget of \$79.6 million. The primary differences between actual expenditures and final budget is due a number of vacancies during the year. In addition, work on capital projects were deferred due to ongoing staff and supply chain shortages as a result of the COVID-19 pandemic.

Differences between the original and final revenue budget reflect an increase of \$14.3 million or 22.0%. The original budget was developed during the COVID-19 pandemic and the impact on the economy was still uncertain. As such, revenues were conservatively budgeted. As the fiscal year progressed, the local economy showed strength and resiliency. The most notable adjustments were a budget amendment in the amounts of \$3.4 million for Sales & Use Tax (including Measure HH Transaction Tax), and \$8.0 million for monies from the American Rescue Plan Act of 2021 (intergovernmental).

Differences between the original and final total expenditures budget reflect an increase of \$9.3 million or 13.7%. Similar to revenues, as the economy seemed to stabilize, expenses were increased to complete previously deferred capital projects. However, the noted vacancies and supply chain issues did not allow for completion.

The following summarizes the General Fund's original budget, final budget and actual results for 2022 revenues, expenditures and transfers:

<b>GENERAL FUND BUDGETARY COMPARISON</b>				
(in thousands)				
	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues	\$ 63,501	\$ 77,792	\$ 75,715	\$ (2,077)
Expenditures	(67,973)	(77,301)	(63,278)	14,023
Other Financing Sources (Uses)				
Transfers in	1,375	1,375	1,281	(94)
Transfers out	(1,909)	(2,299)	(1,760)	539
Proceeds from Sale of Capital Assets	-	-	156	156
Net Change in Fund Balance	<u>\$ (5,006)</u>	<u>\$ (433)</u>	<u>\$ 12,114</u>	<u>\$ 12,547</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business type activities as of June 30, 2022, amounts to \$156.0 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 decrease in the City's investment in capital assets for the current fiscal year was \$1.9 million or (1.2%). The major additions were a tiller truck for the fire department at \$1.6 million, recreation center interior improvements of \$1.3 million (including a transfer from construction in progress of \$778 thousand, and completion of a portion of the ongoing ERP system at \$446 thousand (including a transfer from construction in progress at \$51 thousand). Depreciation of \$4.4 million accounted for a portion of the capital assets reduction.

### CAPITAL ASSETS

(net of accumulated depreciation)

(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 6,851	\$ 6,851	\$ 123	\$ 123	\$ 6,974	\$ 6,974
Vehicles and equipment	5,838	4,484	33	54	5,871	4,538
Furniture and fixtures	129	147	-	-	129	147
Buildings	8,777	7,984	19,633	20,275	28,410	28,259
Construction in Progress	548	1,795	55	20	603	1,815
Improvements other than structures	6,292	6,840	15,116	16,002	21,408	22,842
Rights of Way	17,948	17,948			17,948	17,948
Infrastructure	74,695	75,405	-	-	74,695	75,405
Net capital assets	<u>\$ 121,078</u>	<u>\$ 121,454</u>	<u>\$ 34,960</u>	<u>\$ 36,474</u>	<u>\$ 156,038</u>	<u>\$ 157,928</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 2022 was "Very Good" with a weighted average PCI of 85.7 based on the surface area of each segment. This reflects a slight downtick due to not being able to pave as many residential quadrants due to increasing costs. There have been no significant changes in the assessed condition of the infrastructure assets from the last fiscal year. The current condition of these assets complies with the condition levels adopted by the City. Variances in budgeted versus actual expenditures is due to timing of project completion. Additional information on the City's capital assets can be found in Note 4 in the Financial Section of this report.

**OUTSTANDING DEBT AS OF JUNE 30,**

(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenue bonds	\$ -	\$ -	\$ 10,888	\$ 11,563	\$ 10,888	\$ 11,563
Lease revenue bonds	13,187	13,837	-	-	13,187	13,837
Taxable pension obligation bonds	13,366	14,039	-	-	13,366	14,039
Compensated absences	2,366	2,243	225	245	2,591	2,488
Claims payable	4,830	4,794	-	-	4,830	4,794
Other post-employment benefits	20,560	28,790	2,168	3,126	22,728	31,916
Net pension liability	45,847	81,446	4,512	6,852	50,359	88,298
<b>Total Long Term Liabilities</b>	<b>\$ 100,156</b>	<b>\$ 145,149</b>	<b>\$ 17,793</b>	<b>\$ 21,786</b>	<b>\$ 117,949</b>	<b>\$ 166,935</b>

At year-end, the City had total long-term debt outstanding of \$117.9 million; this is a net decrease of \$49.0 million. The overall net decrease is comprised of a decrease of \$37.9 million to Net pension liability, a decrease of \$9.2 million to Other post-employment benefits, a net decrease of \$2.0 million in issued bond liabilities and a total \$0.1 million increase in Compensated absences and Claims payable.

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

**FISCAL YEAR 2022-23 OPERATING BUDGET AND ENTERPRISE RATES**

The City Council adopted the fiscal year 2022-2023 Budget with total appropriations of \$126.1 million and projected revenues of \$112.8 million.

The General Fund fiscal year 2022-23 estimated revenues are \$73.3 million and budgeted appropriations are \$70.1 million. The General Fund includes an additional \$10.3 million of one-time capital improvement projects that utilize reserves, which are legally required to be spent on specific capital projects. The General Fund Operating Budget is balanced with a healthy surplus of \$3.2 million, which will be used to build and maintain reserves. Measure HH provides the necessary funding to maintain essential city services, 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 2022-2023 budget includes an approved increase of 5.6 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 financial position of the City for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Fountain Valley, Finance Department, 10200 Slater Avenue, Fountain Valley, California 92708.

**CITY OF FOUNTAIN VALLEY**  
**BASIC FINANCIAL STATEMENTS**

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**CITY OF FOUNTAIN VALLEY**

**Statement of Net Position**

**June 30, 2022**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and investments	\$ 83,333,126	29,529,029	112,862,155
Restricted cash and investments	10	842,720	842,730
Restricted cash and investments - pension	11,118,080	-	11,118,080
Receivables:			
Accounts	9,220,724	4,574,240	13,794,964
Accrued interest	364,636	-	364,636
Loans	12,634,120	-	12,634,120
Lease	8,576,509	-	8,576,509
Inventories	27,590	262,540	290,130
Prepaid items	955,242	59,897	1,015,139
Capital assets:			
Not being depreciated	88,896,525	177,872	89,074,397
Being depreciated, net	32,181,251	34,781,966	66,963,217
<b>TOTAL ASSETS</b>	<u>247,307,813</u>	<u>70,228,264</u>	<u>317,536,077</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts from OPEB plan	8,160,951	860,595	9,021,546
Deferred amounts from pension plans	20,285,434	1,260,434	21,545,868
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>28,446,385</u>	<u>2,121,029</u>	<u>30,567,414</u>
<b>LIABILITIES:</b>			
Accounts payable	2,669,401	3,701,837	6,371,238
Accrued wages payable	618,621	-	618,621
Accrued interest payable	277,098	212,716	489,814
Unearned revenue	303,540	78,475	382,015
Deposits payable	302,136	64,475	366,611
Long-term liabilities:			
Due within one year	4,470,100	806,833	5,276,933
Due in more than one year:			
Other long-term liabilities	29,279,192	10,306,196	39,585,388
Net OPEB liability	20,559,953	2,168,106	22,728,059
Net pension liability	45,846,958	4,512,222	50,359,180
<b>TOTAL LIABILITIES</b>	<u>104,326,999</u>	<u>21,850,860</u>	<u>126,177,859</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amounts from OPEB plan	15,521,962	1,636,835	17,158,797
Deferred amounts from pension plans	38,588,480	4,250,743	42,839,223
Deferred amounts from leases	8,416,075	-	8,416,075
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>62,526,517</u>	<u>5,887,578</u>	<u>68,414,095</u>
<b>NET POSITION:</b>			
Net investment in capital assets	107,890,367	24,914,150	132,804,517
Restricted for:			
Public safety	1,304,076	-	1,304,076
Transportation	8,759,867	-	8,759,867
Housing	19,096,940	-	19,096,940
Community development	323,666	-	323,666
Capital projects	109,812	-	109,812
Other	271,306	-	271,306
Unrestricted	(28,855,352)	19,696,705	(9,158,647)
<b>TOTAL NET POSITION</b>	<u>\$ 108,900,682</u>	<u>44,610,855</u>	<u>153,511,537</u>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

**Statement of Activities**

**Year ended June 30, 2022**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 7,138,620	3,027,505	-	-
Public safety	30,384,895	4,314,296	8,175,697	-
Transportation	12,598,733	-	4,258,483	704,835
Community development	6,638,725	3,073,777	905,195	-
Community services	3,735,705	855,376	214,562	-
Interest on long-term debt	452,983	-	-	-
Total governmental activities	<u>60,949,661</u>	<u>11,270,954</u>	<u>13,553,937</u>	<u>704,835</u>
Business-type activities:				
Water	16,095,806	19,988,530	-	71,183
Sewer	1,369,997	2,417,275	-	-
Solid waste	3,853,705	3,913,741	-	-
Total business-type activities	<u>21,319,508</u>	<u>26,319,546</u>	<u>-</u>	<u>71,183</u>
Total	<u>\$ 82,269,169</u>	<u>37,590,500</u>	<u>13,553,937</u>	<u>776,018</u>

General revenues:

Taxes:

  Property taxes

  Sales taxes

  Sales taxes - Measure HH

  Franchise taxes

  Other taxes

Investment income (loss)

Miscellaneous

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
(4,111,115)	-	(4,111,115)
(17,894,902)	-	(17,894,902)
(7,635,415)	-	(7,635,415)
(2,659,753)	-	(2,659,753)
(2,665,767)	-	(2,665,767)
(452,983)	-	(452,983)
<u>(35,419,935)</u>	<u>-</u>	<u>(35,419,935)</u>
-	3,963,907	3,963,907
-	1,047,278	1,047,278
-	60,036	60,036
<u>-</u>	<u>5,071,221</u>	<u>5,071,221</u>
<u>(35,419,935)</u>	<u>5,071,221</u>	<u>(30,348,714)</u>
22,019,180	-	22,019,180
16,091,255	-	16,091,255
17,162,175	-	17,162,175
2,088,568	-	2,088,568
1,305,350	-	1,305,350
(3,390,470)	(668,648)	(4,059,118)
1,105,080	-	1,105,080
156,276	-	156,276
<u>1,006,157</u>	<u>(1,006,157)</u>	<u>-</u>
<u>57,543,571</u>	<u>(1,674,805)</u>	<u>55,868,766</u>
22,123,636	3,396,416	25,520,052
<u>86,777,046</u>	<u>41,214,439</u>	<u>127,991,485</u>
<u>\$ 108,900,682</u>	<u>44,610,855</u>	<u>153,511,537</u>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

**Balance Sheet - Governmental Funds**

**June 30, 2022**

	<u>General</u>	<u>Special Revenue Fund Housing Authority</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 69,707,081	6,171,102	7,454,943	83,333,126
Restricted cash and investments	7	-	3	10
Restricted cash and investments - pension	11,118,080	-	-	11,118,080
Receivables:				
Accounts	8,399,466	-	821,258	9,220,724
Accrued interest	239,466	125,170	-	364,636
Loans	-	12,467,222	166,898	12,634,120
Leases	8,576,509	-	-	8,576,509
Due from other funds	54,042	-	-	54,042
Inventories	27,590	-	-	27,590
Prepaid items	955,242	-	-	955,242
<b>TOTAL ASSETS</b>	<u>\$ 99,077,483</u>	<u>18,763,494</u>	<u>8,443,102</u>	<u>126,284,079</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,217,103	10	452,288	2,669,401
Accrued wages payable	618,621	-	-	618,621
Deposits payable	149,259	-	152,877	302,136
Unearned revenue	303,540	-	-	303,540
Due to other funds	-	-	54,042	54,042
<b>TOTAL LIABILITIES</b>	<u>3,288,523</u>	<u>10</u>	<u>659,207</u>	<u>3,947,740</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred amounts from leases	8,416,075	-	-	8,416,075
Unavailable revenues	588,770	-	-	588,770
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>9,004,845</u>	<u>-</u>	<u>-</u>	<u>9,004,845</u>
<b>FUND BALANCES:</b>				
<b>Nonspendable:</b>				
Inventories	27,590	-	-	27,590
Prepaid items	955,242	-	-	955,242
<b>Restricted:</b>				
Public safety	-	-	1,304,076	1,304,076
Transportation	2,238,242	-	5,932,855	8,171,097
Housing	-	18,763,484	333,456	19,096,940
Community development	171,115	-	152,551	323,666
Capital projects	109,812	-	-	109,812
Other purposes	271,299	-	-	271,299
Debt service	7	-	3	10
Pension	11,120,701	-	-	11,120,701
<b>Committed:</b>				
Emergencies	18,426,000	-	-	18,426,000
<b>Assigned:</b>				
Fleet replacement	2,892,562	-	-	2,892,562
Information technology replacement	1,421,229	-	-	1,421,229
Major facility replacement	3,036,647	-	-	3,036,647
Employee benefits	2,422,709	-	-	2,422,709
Self insurance	5,051,199	-	-	5,051,199
Capital equipment	1,096,362	-	-	1,096,362
Capital projects	35,592,386	-	60,954	35,653,340
Economic development	2,130,501	-	-	2,130,501
Contingency reserves	500,000	-	-	500,000
Unassigned	(679,488)	-	-	(679,488)
<b>TOTAL FUND BALANCES</b>	<u>86,784,115</u>	<u>18,763,484</u>	<u>7,783,895</u>	<u>113,331,494</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 99,077,483</u>	<u>18,763,494</u>	<u>8,443,102</u>	<u>126,284,079</u>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

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

**June 30, 2022**

Fund balances - total governmental funds	\$ 113,331,494
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	163,353,565
Accumulated depreciation	(42,275,789)
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	(13,595,000)
Bond discount	228,919
2016A Lease Revenue Bonds	(10,150,000)
Bond premium	(643,535)
2017 Clean Renewable Energy Bond	(2,393,874)
Compensated absences	(2,365,670)
Liability for claims and judgments	(4,830,132)
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	8,160,951
Deferred inflows of resources - OPEB plan	(15,521,962)
Net OPEB liability	(20,559,953)
Deferred outflows of resources - pension plans	20,285,434
Deferred inflows of resources - pension plans	(38,588,480)
Net pension liability	(45,846,958)
Receivables that are measurable but not available are recorded as a deferred inflow of resources under the modified accrual basis of accounting.	588,770
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	<u>(277,098)</u>
Net position of governmental activities	<u><u>\$ 108,900,682</u></u>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>General</b>	<b>Special Revenue Fund Housing Authority</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>REVENUES:</b>				
Taxes	\$ 58,666,528	-	-	58,666,528
Licenses and permits	2,200,559	-	-	2,200,559
Fines and penalties	678,489	-	-	678,489
Investment income (loss)	(3,390,470)	296,025	66,508	(3,027,937)
Rental income	933,454	25,667	-	959,121
Intergovernmental	8,325,741	-	5,145,646	13,471,387
Charges for services	6,861,058	-	73,281	6,934,339
Miscellaneous	1,439,378	225	5	1,439,608
<b>TOTAL REVENUES</b>	<b>75,714,737</b>	<b>321,917</b>	<b>5,285,440</b>	<b>81,322,094</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	4,721,463	-	-	4,721,463
Public safety	40,780,301	-	109,086	40,889,387
Transportation	6,652,216	-	3,841,730	10,493,946
Community development	4,706,247	108,849	686,125	5,501,221
Community services	3,183,772	-	9,531	3,193,303
Capital outlay	2,539,639	-	10,481	2,550,120
<b>Debt service:</b>				
Principal	690,000	-	604,603	1,294,603
Interest	4,468	-	487,889	492,357
<b>TOTAL EXPENDITURES</b>	<b>63,278,106</b>	<b>108,849</b>	<b>5,749,445</b>	<b>69,136,400</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,436,631</b>	<b>213,068</b>	<b>(464,005)</b>	<b>12,185,694</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,280,873	-	3,326,920	4,607,793
Transfers out	(1,760,282)	-	(1,841,354)	(3,601,636)
Proceeds from sale of capital assets	156,276	-	-	156,276
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(323,133)</b>	<b>-</b>	<b>1,485,566</b>	<b>1,162,433</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>12,113,498</b>	<b>213,068</b>	<b>1,021,561</b>	<b>13,348,127</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>74,670,617</b>	<b>18,550,416</b>	<b>6,762,334</b>	<b>99,983,367</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 86,784,115</b>	<b>18,763,484</b>	<b>7,783,895</b>	<b>113,331,494</b>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

Net change in fund balances - total governmental funds \$ 13,348,127

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlay	2,523,889
Depreciation expense	(2,900,543)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in the governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the Statement of Net Position. The amounts are the net effect of these differences in the treatment of long-term debt:

Repayment of principal	1,294,603
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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	(122,764)
Change in the liability for claims and judgments	(35,608)
Change in accrued interest on long-term debt	11,863
Amortization of bond premium	44,897
Amortization of bond discount	(17,386)

OPEB expense reported in the governmental funds includes the insurance premiums paid. In the Statement of Activities, OPEB expense includes the change in the net OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.

1,742,894

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

5,644,894

Revenues that are measurable but not available are not recorded as revenue under the modified accrual basis of accounting.

588,770

Change in net position of governmental activities \$ 22,123,636

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

**Statement of Net Position  
Proprietary Funds**

**June 30, 2022**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Water Utility</b>	<b>Sewer</b>	<b>Solid Waste</b>	
<b>ASSETS:</b>				
<b>CURRENT ASSETS:</b>				
<b>UNRESTRICTED ASSETS:</b>				
Cash and investments	\$ 20,965,676	7,731,938	831,415	29,529,029
Accounts receivable	3,516,931	392,619	664,690	4,574,240
Inventory	262,540	-	-	262,540
Prepaid items	59,897	-	-	59,897
<b>TOTAL UNRESTRICTED ASSETS</b>	<b>24,805,044</b>	<b>8,124,557</b>	<b>1,496,105</b>	<b>34,425,706</b>
<b>RESTRICTED ASSETS:</b>				
Cash and investments	842,720	-	-	842,720
<b>TOTAL CURRENT ASSETS</b>	<b>25,647,764</b>	<b>8,124,557</b>	<b>1,496,105</b>	<b>35,268,426</b>
<b>NONCURRENT ASSETS:</b>				
<b>Capital assets:</b>				
Not being depreciated	158,147	19,725	-	177,872
Being depreciated, net	26,886,136	7,895,830	-	34,781,966
<b>TOTAL NONCURRENT ASSETS</b>	<b>27,044,283</b>	<b>7,915,555</b>	<b>-</b>	<b>34,959,838</b>
<b>TOTAL ASSETS</b>	<b>52,692,047</b>	<b>16,040,112</b>	<b>1,496,105</b>	<b>70,228,264</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred amounts from OPEB plan	733,312	127,283	-	860,595
Deferred amounts from pension plans	1,021,135	239,299	-	1,260,434
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,754,447</b>	<b>366,582</b>	<b>-</b>	<b>2,121,029</b>
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	3,388,084	2,772	310,981	3,701,837
Unearned revenue	-	-	78,475	78,475
Deposits payable	64,475	-	-	64,475
Interest payable	212,716	-	-	212,716
Compensated absences, current portion	138,843	37,990	-	176,833
Bonds payable, current portion	630,000	-	-	630,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,434,118</b>	<b>40,762</b>	<b>389,456</b>	<b>4,864,336</b>
<b>NONCURRENT LIABILITIES:</b>				
Compensated absences, net	37,521	10,267	-	47,788
Bonds payable, net	10,258,408	-	-	10,258,408
Net OPEB liability	1,847,440	320,666	-	2,168,106
Net pension liability	3,655,557	856,665	-	4,512,222
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>15,798,926</b>	<b>1,187,598</b>	<b>-</b>	<b>16,986,524</b>
<b>TOTAL LIABILITIES</b>	<b>20,233,044</b>	<b>1,228,360</b>	<b>389,456</b>	<b>21,850,860</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred amounts from OPEB plan	1,394,745	242,090	-	1,636,835
Deferred amounts from pension plans	3,443,721	807,022	-	4,250,743
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,838,466</b>	<b>1,049,112</b>	<b>-</b>	<b>5,887,578</b>
<b>NET POSITION:</b>				
Net investment in capital assets	16,998,595	7,915,555	-	24,914,150
Unrestricted	12,376,389	6,213,667	1,106,649	19,696,705
<b>TOTAL NET POSITION</b>	<b>\$ 29,374,984</b>	<b>14,129,222</b>	<b>1,106,649</b>	<b>44,610,855</b>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Water Utility</b>	<b>Sewer</b>	<b>Solid Waste</b>	
OPERATING REVENUES:				
Charges for services	\$ 19,988,530	2,417,275	3,913,741	26,319,546
<b>TOTAL OPERATING REVENUES</b>	<b>19,988,530</b>	<b>2,417,275</b>	<b>3,913,741</b>	<b>26,319,546</b>
OPERATING EXPENSES:				
Distribution maintenance	482,729	-	-	482,729
Utility administration	1,985,847	857,779	-	2,843,626
Contract services	-	170,237	3,853,705	4,023,942
Pumping and maintenance	1,352,161	-	-	1,352,161
Water treatment	10,716,969	-	-	10,716,969
Depreciation	1,207,341	341,981	-	1,549,322
<b>TOTAL OPERATING EXPENSES</b>	<b>15,745,047</b>	<b>1,369,997</b>	<b>3,853,705</b>	<b>20,968,749</b>
<b>OPERATING INCOME</b>	<b>4,243,483</b>	<b>1,047,278</b>	<b>60,036</b>	<b>5,350,797</b>
NONOPERATING REVENUES (EXPENSES):				
Investment income (loss)	(480,559)	(195,389)	7,300	(668,648)
Intergovernmental	71,183	-	-	71,183
Interest expense	(350,759)	-	-	(350,759)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(760,135)</b>	<b>(195,389)</b>	<b>7,300</b>	<b>(948,224)</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>3,483,348</b>	<b>851,889</b>	<b>67,336</b>	<b>4,402,573</b>
TRANSFERS:				
Transfers out	(737,470)	(268,687)	-	(1,006,157)
<b>TOTAL TRANSFERS</b>	<b>(737,470)</b>	<b>(268,687)</b>	<b>-</b>	<b>(1,006,157)</b>
<b>CHANGES IN NET POSITION</b>	<b>2,745,878</b>	<b>583,202</b>	<b>67,336</b>	<b>3,396,416</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>26,629,106</b>	<b>13,546,020</b>	<b>1,039,313</b>	<b>41,214,439</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 29,374,984</b>	<b>14,129,222</b>	<b>1,106,649</b>	<b>44,610,855</b>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

**Statement of Cash Flows  
Proprietary Funds**

**Year ended June 30, 2022**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Water Utility</b>	<b>Sewer</b>	<b>Solid Waste</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 19,829,550	2,271,350	3,831,498	25,932,398
Cash payments to suppliers of goods and services	(10,750,821)	(388,377)	(3,841,058)	(14,980,256)
Cash payments to employees for services	(2,392,534)	(538,626)	-	(2,931,160)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>6,686,195</b>	<b>1,344,347</b>	<b>(9,560)</b>	<b>8,020,982</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash paid to other funds	(761,610)	(268,687)	-	(1,030,297)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(761,610)</b>	<b>(268,687)</b>	<b>-</b>	<b>(1,030,297)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Cash received from grants	71,183	-	78,475	149,658
Cash paid for acquisition and construction of capital assets	(35,071)	-	-	(35,071)
Principal paid on debt	(600,000)	-	-	(600,000)
Interest paid on debt	(437,431)	-	-	(437,431)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,001,319)</b>	<b>-</b>	<b>78,475</b>	<b>(922,844)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income (loss)	(480,559)	(195,389)	7,300	(668,648)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>(480,559)</b>	<b>(195,389)</b>	<b>7,300</b>	<b>(668,648)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,442,707</b>	<b>880,271</b>	<b>76,215</b>	<b>5,399,193</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>17,365,689</b>	<b>6,851,667</b>	<b>755,200</b>	<b>24,972,556</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 21,808,396</b>	<b>7,731,938</b>	<b>831,415</b>	<b>30,371,749</b>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Water Utility</b>	<b>Sewer</b>	<b>Solid Waste</b>	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income	\$ 4,243,483	1,047,278	60,036	5,350,797
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,207,341	341,981	-	1,549,322
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(158,805)	(47,680)	(82,243)	(288,728)
(Increase) decrease in prepaid items	34,224	-	-	34,224
(Increase) decrease in deferred outflows of resources from OPEB plan	31,489	45,775	-	77,264
(Increase) decrease in deferred outflows of resources from pension plans	28,492	13,948	-	42,440
Increase (decrease) in accounts payable	99,152	(12,866)	12,647	98,933
Increase (decrease) in deposits payable	(175)	(98,245)	-	(98,420)
Increase (decrease) in compensated absences	(1,950)	(18,267)	-	(20,217)
Increase (decrease) in net OPEB liability	(702,074)	(256,231)	-	(958,305)
Increase (decrease) in net pension liability	(1,864,471)	(475,172)	-	(2,339,643)
Increase (decrease) in deferred inflows of resources from OPEB plan	552,557	51,522	-	604,079
Increase (decrease) in deferred inflows of resources from pension plans	3,216,932	752,304	-	3,969,236
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 6,686,195</u>	 <u>1,344,347</u>	 <u>(9,560)</u>	 <u>8,020,982</u>
 CASH AND CASH EQUIVLENTS - FINANCIAL STATEMENT CLASSIFICATION:				
Cash and investments	\$ 20,965,676	7,731,938	831,415	29,529,029
Restricted cash and investments	842,720	-	-	842,720
 TOTAL CASH AND CASH EQUIVALENTS	 <u>\$ 21,808,396</u>	 <u>7,731,938</u>	 <u>831,415</u>	 <u>30,371,749</u>
 NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Changes in fair value of investments	\$ 266,892	-	-	266,892
Amortization of bond premium	74,672	-	-	74,672
Total noncash investing, capital and financing activities	<u>\$ 341,564</u>	<u>-</u>	<u>-</u>	<u>341,564</u>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

**Statement of Fiduciary Net Position**

**June 30, 2022**

	<b>Private-Purpose Trust Funds</b>	
	<b>Successor Agency</b>	<b>Custodial Fund</b>
	<u>                    </u>	<u>                    </u>
ASSETS:		
Cash and investments	<u>\$      530,291</u>	<u>      220,716</u>
TOTAL ASSETS	<u>          530,291</u>	<u>          220,716</u>
LIABILITIES:		
Accounts payable	<u>                  -</u>	<u>      68,595</u>
TOTAL LIABILITIES	<u>                  -</u>	<u>      68,595</u>
NET POSITION:		
Restricted for:		
Successor Agency	530,291	-
Individuals, organizations, and other governments	<u>                  -</u>	<u>      152,121</u>
TOTAL NET POSITION	<u><u>          \$      530,291</u></u>	<u><u>          152,121</u></u>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**

**Statement of Changes in Fiduciary Net Position**

**Year ended June 30, 2022**

	<b>Private-Purpose Trust Funds</b>	
	<b>Successor Agency</b>	<b>Custodial Fund</b>
	<hr/>	<hr/>
ADDITIONS:		
Net investment income	\$ 5,206	19
Fees assessed by other governments	-	484,632
	<hr/>	<hr/>
TOTAL ADDITIONS	5,206	484,651
	<hr/>	<hr/>
DEDUCTIONS:		
Community development	100,000	-
Payments to other governments	-	431,476
	<hr/>	<hr/>
TOTAL DEDUCTIONS	100,000	431,476
	<hr/>	<hr/>
CHANGE IN NET POSITION	(94,794)	53,175
	<hr/>	<hr/>
NET POSITION - BEGINNING OF YEAR	625,085	98,946
	<hr/>	<hr/>
NET POSITION - END OF YEAR	\$ 530,291	152,121
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**CITY OF FOUNTAIN VALLEY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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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.

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

**Government-Wide Financial Statements**

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

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

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

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

**Fund Financial Statements**

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

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**Governmental Funds**

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

Sales taxes, property taxes, franchise taxes, intergovernmental, rental income, transient occupancy taxes and special assessments are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period to the extent normally collected within the availability period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end for all revenue except for grant revenue for which the availability period is 90 days). Other revenue items are considered to be measurable and available when cash is received by the government.

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

**Proprietary Funds**

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

**Fiduciary Funds**

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's Fiduciary private-purpose trust funds are accounted for using the economic resources measurement focus and accrual basis of accounting. The private-purpose trust funds account for the assets held by the City for the Successor Agency to the Fountain Valley Agency for Community Development. The City's Fiduciary custodial funds use the economic resources measurement focus and utilize the accrual basis for reporting its assets and liabilities. The City uses custodial funds to account for the collection and disbursement of funds for fees assessed by other governments collected by the City on behalf of others. Because these funds are not available for use by the City, fiduciary funds are not included in the governmental-wide statements.

c. Fund Classifications

The City reports the following major governmental funds:

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

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

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

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

Additionally, the government reports the following fund types:

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

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

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

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

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

d. Accounting Changes

New Governmental Accounting Standards Implemented for the Year Ended June 30, 2022:

- GASB Statement No. 87 – “Leases.” The requirements of this Statement take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- GASB Statement No. 92 – “Omnibus 2020.” The requirements of this Statement take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- GASB Statement No. 93 – “Replacement of Interbank Offered Rates.” The requirement in paragraph 11b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Upcoming Governmental Accounting Standards Implementation:

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

- GASB Statement No. 91 – “Conduit Debt Obligations.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.
- GASB Statement No. 94 – “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.
- GASB Statement No. 96 – “Subscription-Based Information Technology Arrangements.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

e. Cash and Investments

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

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

f. Cash Equivalents

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

Buildings	25 - 40 years
Improvements other than buildings	10 - 50 years
Vehicles	3 - 25 years
Machinery and equipment	10 years
Furniture and fixtures	10 years
Infrastructure	20 - 50 years
Reservoirs	60 years
Wells, pumps, and mains	25 - 75 years
Water meters and hydrants	30 years
Other water equipment	6 - 25 years

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

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

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

j. Deferred Outflows/Inflows of Resources

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

k. Property Taxes

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

The property tax calendar is as follows:

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

l. Claims and Judgments

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

m. Employee Leave Benefits

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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.

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.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

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

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

The emergencies stabilization arrangement amount of \$18,426,000 is presented as committed fund balance in the General Fund and has been formally approved by the City Council. This balance is to be utilized when the City Council declares an emergency for natural disasters or financial emergencies. A financial emergency is considered when annual general fund operating revenues decrease or expenditures increase by 5% or more. City Council authorization through the declaration of an emergency is required for use of this amount.

q. OPEB

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

r. Pensions

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

s. Use of Estimates

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**NOTE 2 - CASH AND INVESTMENTS**

**Cash and Investments**

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 112,862,155
Restricted cash and investments	842,730
Restricted cash and investments - pension	11,118,080
Statement of Fiduciary Net Position:	
Cash and investments	<u>751,007</u>
Total cash and investments	<u>\$ 125,573,972</u>

Cash and investments held by the City at June 30, 2022 consisted of the following:

Cash on hand	\$ 43,075
Deposits with financial institutions	12,708,441
Investments	<u>112,822,456</u>
Total cash and investments	<u>\$ 125,573,972</u>

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

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

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

N/A - Not Applicable

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**Disclosures Relating to Interest Rate Risk**

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

Investment Type	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
Local Agency Investment Fund	\$ 59,240,694	-	-	59,240,694
U.S. Government Sponsored				
Agency Securities	999,613	6,669,484	2,351,572	10,020,669
U.S. Treasury Notes	741,358	4,928,323	6,124,199	11,793,880
Money Market Mutual Funds	547,380	-	-	547,380
Medium-Term Notes	1,535,439	6,562,407	3,125,298	11,223,144
Mortgage Pass-Through Securities	-	1,721,118	2,631,549	4,352,667
Supranational Investments	324,783	1,072,856	1,955,213	3,352,852
Collateralized Mortgage Obligations	-	-	348,360	348,360
Held by Fiscal Agent:				
Money Market Mutual Funds	824,730	-	-	824,730
Held by Trust:				
PARS Pooled Trust - Pension:				
Money Market Mutual Funds	618,494	-	-	618,494
Mutual Funds - Equity	4,225,737	-	-	4,225,737
Mutual Funds - Fixed Income	6,273,849	-	-	6,273,849
Total	<u>\$ 75,332,077</u>	<u>20,954,188</u>	<u>16,536,191</u>	<u>112,822,456</u>

**Disclosures Relating to Credit Risk**

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

Investment Type	Minimum Legal Rating	Total as of June 30, 2022	AAA	Other	Not Rated
Local Agency Investment Fund	N/A	\$ 59,240,694	-	-	59,240,694
U.S. Government Sponsored Agency Securities	N/A	10,020,669	10,020,669	-	-
U.S. Treasury Notes	N/A	11,793,880	11,793,880	-	-
Money Market Mutual Funds	A	547,380	547,380	-	-
Medium-Term Notes	A	11,223,144	-	11,223,144	-
Mortgage Pass-Through Securities	AA	4,352,667	4,352,667	-	-
Supranational Investments	AA	3,352,852	3,352,852	-	-
Collateralized Mortgage Obligations	AA	348,360	348,360	-	-
Held by Fiscal Agent:					
Money Market Mutual Funds	A	824,730	824,730	-	-
Held by Trust:					
PARS Pooled Trust - Pension:					
Money Market Mutual Funds	N/A	618,494	618,494	-	-
Mutual Funds - Equity	N/A	4,225,737	-	-	4,225,737
Mutual Funds - Fixed Income	N/A	6,273,849	-	-	6,273,849
Total		<u>\$ 112,822,456</u>	<u>31,859,032</u>	<u>11,223,144</u>	<u>69,740,280</u>

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

Investment Type	Total as of June 30, 2022	AA+	AA	AA-	A+	A	A-	BBB+
Medium-Term Notes	\$ 11,223,144	496,828	1,957,291	509,555	1,184,548	3,663,137	3,297,762	114,023

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2022, 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.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**Investment in State Investment Pool**

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

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**Fair Value Measurements**

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

The City has the following recurring fair value measurements as of June 30, 2022:

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Government Sponsored				
Agency Securities	\$ -	10,020,669	-	10,020,669
U.S. Treasury Notes	-	11,793,880	-	11,793,880
Medium-Term Notes	-	11,223,144	-	11,223,144
Mortgage Pass-Through Securities	-	4,352,667	-	4,352,667
Supranational Investments	-	3,352,852	-	3,352,852
Collateralized Mortgage Obligations	-	348,360	-	348,360
Held by Trust:				
PARS Pooled Trust - Pension:				
Mutual Funds - Equity	4,225,737	-	-	4,225,737
Mutual Funds - Fixed Income	623,849	-	-	6,273,849
Total Levelled Investments	\$ 4,849,586	41,091,572	-	51,591,158
Local Agency Investment Fund *				59,240,694
Money Market Mutual Funds *				547,380
Held by Fiscal Agent:				
Money Market Mutual Funds *				824,730
Held by Trust:				
PARS Pooled Trust - Pension:				
Money Market Mutual Funds *				618,494
Total Investment Portfolio				\$ 112,822,456

\* 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, 2022.

**Due to/From Other Funds**

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 54,042

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, 2022**

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

**Transfers In/Out**

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds (a)	\$ 406,268
	Water Utility Fund (b)	672,098
	Sewer Fund (b)	202,507
Other Governmental Funds	General Fund (c)	1,760,282
	Other Governmental Funds (d)	1,435,086
	Water Utility Fund (e)	65,372
	Sewer Fund (f)	66,180
		<u>\$ 4,607,793</u>

- (a) Transfers into the General Fund include \$374,972 from Other Government Funds to fund HUT 2107 Pass-Thru to General Fund and \$31,296 from the Measure M2 Special Revenue Fund for funding assistance for the Senior Mobility Program.
- (b) Transfers into the General Fund include \$672,098 that was transferred from the Water Utility Fund and \$202,507 from the Sewer Fund to the General Fund to pay for OPEB & UAL and 2015 Pension Obligation Bond charges by fund.
- (c) Transfers out of the General Fund include \$1,092,489 to the Fountain Valley Public Financing Authority Debt Service Fund for debt service payments on the Lease Revenue Bonds, Series 2016A and the 2017 Clean Revenue Renewal Energy Bonds, \$667,793 to the Gas Tax fund for residential road rehabilitation.
- (d) Transfers out of the Measure M2 Special Revenue Fund into the Traffic Improvement Fund for \$327,840 for funding assistance for various capital projects. Transfers out Road Maintenance and Rehabilitation (SB1) Fund for \$1,107,246 into the Traffic Improvement Fund for the Euclid Arterial Project.
- (e) Transfers out of the Water Utility Proprietary Fund into Traffic Improvement Fund for \$25,172 to fund water related expenses incurred by project TI271 Euclid St. Rehabilitation, and into the Gas Tax Fund for \$40,200 to fund water related expenses incurred by residential road rehabilitation projects.
- (f) Transfers out of the Sewer Proprietary Fund into Traffic Improvement Fund for \$23,580 to fund water related expenses incurred by project TI271 Euclid St. Rehabilitation, and into the Gas Tax Fund for \$42,600 to fund water related expenses incurred by residential road rehabilitation projects.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**NOTE 4 - CAPITAL ASSETS**

**Governmental Activities**

Changes in capital assets for governmental activities for the year ended June 30, 2022 were as follows:

Governmental Activities:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets, not depreciated:				
Infrastructure				
(Modified approach)	\$ 63,548,697	-	-	63,548,697
Land	6,851,368	-	-	6,851,368
Right of way	17,948,464	-	-	17,948,464
Construction in progress	1,794,892	185,900	(1,432,796)	547,996
Total capital assets, not depreciated	<u>90,143,421</u>	<u>185,900</u>	<u>(1,432,796)</u>	<u>88,896,525</u>
Capital assets, being depreciated:				
Buildings	19,389,707	1,258,721	-	20,648,428
Improvements	10,140,798	-	-	10,140,798
Vehicles and equipment	12,989,461	2,512,064	(1,014,303)	14,487,222
Furniture and fixtures	201,642	-	-	201,642
Infrastructure				
(Depreciation approach)	28,978,950	-	-	28,978,950
Total capital assets, being depreciated	<u>71,700,558</u>	<u>3,770,785</u>	<u>(1,014,303)</u>	<u>74,457,040</u>
Less accumulated depreciation:				
Buildings	(11,405,755)	(465,913)	-	(11,871,668)
Improvements	(3,300,887)	(548,175)	-	(3,849,062)
Vehicles and equipment	(8,505,427)	(1,157,690)	1,014,303	(8,648,814)
Furniture and fixtures	(54,513)	(19,507)	-	(74,020)
Infrastructure				
(Depreciation approach)	(17,122,967)	(709,258)	-	(17,832,225)
Total accumulated depreciation	<u>(40,389,549)</u>	<u>(2,900,543)</u>	<u>1,014,303</u>	<u>(42,275,789)</u>
Total capital assets, being depreciated, net	<u>31,311,009</u>	<u>870,242</u>	<u>-</u>	<u>32,181,251</u>
Governmental activities capital assets, net	<u>\$ 121,454,430</u>	<u>1,056,142</u>	<u>(1,432,796)</u>	<u>121,077,776</u>

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

General government	\$ 349,216
Transportation	5,813
Public safety	870,217
Community development	1,128,492
Community services	546,805
Total	<u>\$ 2,900,543</u>

**Business-type Activities**

Changes in capital assets for business-type activities for the fiscal year ended June 30, 2022 were as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets, not depreciated:				
Land	\$ 123,076	-	-	123,076
Construction in progress	19,725	35,071	-	54,796
Total capital assets, not depreciated	<u>142,801</u>	<u>35,071</u>	<u>-</u>	<u>177,872</u>
Capital assets, being depreciated:				
Buildings	30,276,823	-	-	30,276,823
Improvements	30,652,308	-	-	30,652,308
Machinery and equipment	252,088	-	-	252,088
Total capital assets, being depreciated	<u>61,181,219</u>	<u>-</u>	<u>-</u>	<u>61,181,219</u>
Less accumulated depreciation:				
Buildings	(10,001,221)	(642,774)	-	(10,643,995)
Improvements	(14,650,454)	(886,117)	-	(15,536,571)
Machinery and equipment	(198,256)	(20,431)	-	(218,687)
Total accumulated depreciation	<u>(24,849,931)</u>	<u>(1,549,322)</u>	<u>-</u>	<u>(26,399,253)</u>
Total capital assets, being depreciated, net	<u>36,331,288</u>	<u>(1,549,322)</u>	<u>-</u>	<u>34,781,966</u>
Business-type activities capital assets, net	<u>\$ 36,474,089</u>	<u>(1,514,251)</u>	<u>-</u>	<u>34,959,838</u>

Depreciation expense in the amount of \$1,207,341 and \$341,981 was charged to the Water Utility and Sewer Funds, respectively.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**NOTE 5 - LONG-TERM LIABILITIES**

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2022 (including unamortized discounts and refunding costs) are as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due within One Year
<b>Governmental Activities:</b>					
Taxable Pension Obligation Bonds					
Series 2015A	\$ 14,285,000	-	(690,000)	13,595,000	765,000
Less: Unamortized Bond Discount	(246,305)	-	17,386	(228,919)	-
Lease Revenue Bonds, Series 2016A	10,640,000	-	(490,000)	10,150,000	515,000
Add: Unamortized Bond Premium	688,432	-	(44,897)	643,535	-
2017 Clean Renewable Energy Bonds	2,508,477	-	(114,603)	2,393,874	120,193
Compensated Absences	2,242,906	2,625,411	(2,502,647)	2,365,670	1,862,374
Claims and Judgements (Note 6)	4,794,524	641,277	(605,669)	4,830,132	1,207,533
<b>Total</b>	<b>\$ 34,913,034</b>	<b>3,266,688</b>	<b>(4,430,430)</b>	<b>33,749,292</b>	<b>4,470,100</b>

**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, 2022 is \$2,393,874.

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 120,193	104,985	225,178
2024	125,968	99,586	225,554
2025	131,939	93,928	225,867
2026	138,111	88,002	226,113
2027	144,490	81,800	226,290
2028-2032	825,825	305,641	1,131,466
2033-2037	907,348	103,487	1,010,835
<b>Total</b>	<b>\$ 2,393,874</b>	<b>877,429</b>	<b>3,271,303</b>

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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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 \$1,440,000.

The amount of bonds outstanding at June 30, 2022 is \$13,595,000.

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
2023	\$ 765,000	529,079	1,294,079
2024	840,000	503,476	1,343,476
2025	925,000	473,638	1,398,638
2026	1,010,000	439,144	1,449,144
2027	1,110,000	398,638	1,508,638
2028-2032	5,340,000	1,276,392	6,616,392
2033-2036	3,605,000	332,611	3,937,611
Total	<u>\$ 13,595,000</u>	<u>3,952,978</u>	<u>17,547,978</u>

**Lease Revenue Bonds, Series 2016A**

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

The amount of bonds outstanding at June 30, 2022 is \$10,150,000.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 515,000	357,650	872,650
2024	535,000	336,650	871,650
2025	550,000	314,950	864,950
2026	570,000	292,550	862,550
2027	595,000	269,250	864,250
2028-2032	3,370,000	960,750	4,330,750
2033-2037	4,015,000	316,894	4,331,894
Total	<u>\$ 10,150,000</u>	<u>2,848,694</u>	<u>12,998,694</u>

**Compensated Absences**

Governmental compensated absences are generally liquidated by the general fund.

**Business-type Activities**

Changes in long-term liabilities for business-type activities for the year ended June 30, 2022 are as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due within One Year
<b>Business-Type Activities:</b>					
2014A Revenue Bond	\$ 10,555,000	-	(600,000)	9,955,000	630,000
Add: Unamortized Bond Premium	1,008,077	-	(74,672)	933,405	-
Compensated Absences	244,841	286,997	(307,214)	224,624	176,833
Total	<u>\$ 11,807,918</u>	<u>286,997</u>	<u>(981,886)</u>	<u>11,113,029</u>	<u>806,833</u>

**2014A Revenue Bonds**

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

The 2014A Revenue Bonds were issued to provide for the refinancing of the OCWD Well Loan and the financing of the 2014 Project, which installment payments will be payable from net revenues of the City’s water system. The Installment Purchase Agreement also requires the water fund to fix, prescribe and collect rates and charges for the water service which will be at least sufficient to yield during each fiscal year net revenues equal to 120% of the debt service for such fiscal year. For fiscal year 2021-2022, the net revenues equal 473.6% of the debt service. Total interest expense for the 2014A bonds was \$449,431 for the year ended June 30, 2022.

Future requirements to amortize outstanding 2014A Revenue Bonds as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 630,000	425,431	1,055,431
2024	595,000	393,931	988,931
2025	625,000	364,181	989,181
2026	655,000	332,931	987,931
2027	690,000	300,181	990,181
2028-2032	3,985,000	971,456	4,956,456
2033-2035	2,775,000	185,906	2,960,906
Total	<u>\$ 9,955,000</u>	<u>2,974,017</u>	<u>12,929,017</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, 2022, the City was self-insured for workers’ compensation, employee long-term disability, and earthquake and flood insurance. Additionally, the City has purchased coverage for individual workers’ compensation claims in excess of \$750,000 for general employees and \$1,000,000 for public safety. The City has also purchased coverage for individual earthquake and flood claims in excess of \$50,000 up to a limit of \$10,000,000 per occurrence.

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

The City’s general and auto liability self-insurance retention is \$350,000, and the balance extending to \$25,000,000 is covered by the use of pooling maintained through the California State Association of Counties Excess Insurance Authority (CSAC-EIA). The City also purchased commercial insurance for other risks of loss, including pollution, property loss, fidelity, and vehicle physical damage.

**CITY OF FOUNTAIN VALLEY**  
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**June 30, 2022**

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

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

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

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

**Purchased Insurance**

Pollution Legal Liability Insurance

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

Property Insurance

The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. The City property currently has all-risk property insurance protection in the amount of \$79 million. There is a \$10,000 deductible per occurrence.

Crime Insurance

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

**Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2021-22.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**Changes in Claims and Judgments Payable**

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

Fiscal Year	Beginning Balance	Claims Incurred and Changes in Estimates	Claim Payments	Ending Balance
2020-2021	\$ 5,053,324	393,046	(651,846)	4,794,524
2021-2022	4,794,524	641,277	(605,669)	4,830,132

**NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS**

a. Plan Description

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

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

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

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

**Benefits Provided**

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

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

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

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

**Employees Covered**

As of measurement date June 30, 2021, 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>210</u>
	<u><u>391</u></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, 2022, the City contributed \$1,804,338 for current premiums. No contributions were made to the PARS OPEB Trust for the fiscal year ended June 30, 2022. The contributions to the OPEB plan are generally made from the general fund. The water utility and sewer proprietary funds are responsible for the pay-as-you-go amounts for their respective employees.

**Method Used to Value Investments**

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

b. Total OPEB liability

The City's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry age normal, level percentage of payroll
Actuarial Assumptions:	
Discount Rate	5.85%
Long-Term Expected Rate of Return on Investments	5.85%
Inflation	2.50%
Healthcare Trend Rates	4%
Mortality, Retirement, Disability, Termination	2017 CalPERS Mortality for Safety and Miscellaneous Employees
Salary Increases	2.75%

The long-term expected rate of return estimates are presented as geometric means developed by the actuary over a 27-year period. The long-term expected real rates of return for each major asset class included in the OPEB plan's target asset allocation for the PARS OPEB Trust as of June 30, 2021, are summarized in the following table:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	60%	7.5450%
Long-Term Corporate Bonds	5%	5.0450%
Intermediate-Term Government Bonds	30%	4.2500%
Short-Term Gov't Fixed	5%	3.0000%
	100%	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.85%. The projection of cash flows used to determine the discount rate assumed that the City would make benefit payments outside of the trust. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the PARS OPEB was applied to all periods of the projected benefit payments to determine the total OPEB liability.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

c. Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 (Measurement Date)	\$ 43,604,515	11,688,116	31,916,399
Changes in the Year:			
Service Cost	918,710	-	918,710
Interest on Total OPEB Liability	2,608,735	2,642,278	(33,543)
Administrative Expenses	-	(54,189)	54,189
Employer Contributions as Benefit Payments	-	2,692,398	(2,692,398)
Actual Benefit Payments from Employer	(2,692,398)	(2,692,398)	-
Changes in Assumptions	891,311	-	891,311
Investment Gains/Losses	(8,326,609)		(8,326,609)
Net Changes	<u>(6,600,251)</u>	<u>2,588,089</u>	<u>(9,188,340)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 37,004,264</u>	<u>14,276,205</u>	<u>22,728,059</u>

**Change of Assumptions**

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

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

**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 (4.85%) or 1-percentage point higher (6.85%) than the current discount rate:

	1% Decrease 4.85%	Discount Rate 5.85%	1% Increase 6.85%
Net OPEB Liability	\$ 26,685,884	22,728,059	19,366,756

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 18,791,295	22,728,059	27,456,484

**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

For the year ended June 30, 2022, the City recognized OPEB expense of \$602,849. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experiences	\$ 1,006,978	(7,300,370)
Changes of Assumptions	6,052,344	(8,288,857)
Differences Between Projected and Actual Earnings on Plan Investments	157,886	(1,569,570)
Contributions Subsequent to the Measurement Date	1,804,338	-
Total	<u>\$ 9,021,546</u>	<u>(17,158,797)</u>

The differences between projected and actual earnings on plan investments is amortized over 5 years, while differences between expected and actual experiences, and changes in assumptions are amortized over 8.5 years.

\$1,804,338 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2023	\$ (2,197,711)
2024	(2,196,685)
2025	(2,184,796)
2026	(2,237,420)
2027	(453,396)
Thereafter	(671,581)

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**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.

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)**

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

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

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

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**Contributions**

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

**Actuarial Assumptions**

For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability determined in the June 30, 2020 actuarial accounting valuation.

The June 30, 2021 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry age normal Cost Method	Entry age normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

(1) - Varies by entry age and service.

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

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

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

**Change of Assumptions**

There were no changes of assumptions for the measurement period ended June 30, 2021.

**Discount Rate**

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

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

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

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

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

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

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

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

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

**Pension Plans Fiduciary Net Position**

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

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

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

As of June 30, 2022, 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	\$ 22,663,092
Safety	27,696,088
	<u>\$ 50,359,180</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, 2021, 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, 2020 using standard update procedures. The City’s proportionate share of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City’s proportionate share of the net pension liability for each Plan as of the measurement dates ended June 30, 2020 and 2021 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2020	0.80281%	0.81705%
Proportion - June 30, 2021	1.19355%	0.78918%
Change - Increase (Decrease)	<u>0.39074%</u>	<u>-0.02787%</u>

**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:

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

	<u>Miscellaneous</u>		<u>Safety</u>
1% Decrease	6.15%		6.15%
Net Pension Liability	\$ 38,146,360	\$	58,307,634
Current Discount Rate	7.15%		7.15%
Net Pension Liability	\$ 22,663,092	\$	27,696,088
1% Increase	8.15%		8.15%
Net Pension Liability	\$ 9,863,296	\$	2,552,484

For the year ended June 30, 2022, the City recognized pension expense of \$12,352,255 for the miscellaneous plan and \$3,341,805 for the safety plan. At June 30, 2022, 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>
Differences between Expected and Actual Experience	\$ 2,541,423	-
Differences between Projected and Actual Investment Earnings	-	(19,783,681)
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(879,363)
Change in Employer's Proportion	296,020	(686,744)
Pension Contributions Made Subsequent to Measurement Date	6,493,212	-
Total	<u>\$ 9,330,655</u>	<u>(21,349,788)</u>
	<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 4,731,853	-
Differences between Projected and Actual Investment Earnings	-	(16,484,497)
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(3,845,124)
Change in Employer's Proportion	985,418	(1,159,814)
Pension Contributions Made Subsequent to Measurement Date	6,497,942	-
Total	<u>\$ 12,215,213</u>	<u>(21,489,435)</u>

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

\$6,493,212 and \$6,497,942 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the miscellaneous and safety plan, respectively, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Miscellaneous	Safety	Total
2023	\$ (4,103,399)	(3,958,424)	(8,061,823)
2024	(4,290,382)	(3,704,884)	(7,995,266)
2025	(4,651,375)	(3,572,552)	(8,223,927)
2026	(5,467,189)	(4,536,304)	(10,003,493)
2027	-	-	-
Thereafter	-	-	-

**Subsequent Events**

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.93% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.30%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

**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, 2022, the City's payroll covered by the plan was \$723,551 and the City made employer contributions of \$1,163 (3.75% of current covered payroll for employees hired before August 29, 2014).

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**NOTE 10 - LOANS RECEIVABLE**

The City has outstanding rehabilitation and first-time home buyer loans receivable totaling \$868,117 from qualified applicants. Loans receivable of \$12,467,222 is recorded in the Housing Authority Fund; \$152,550 in the Community Development Block Grant (CDBG) Special Revenue Fund; and \$14,348 in the HOME Grant Special Revenue Fund. All housing rehabilitation loans are repaid when title to the property changes or according to payment schedules.

On October 1, 2002, the City entered into an Affordable Housing Agreement with Fountain Valley Partners, L.P. for the development of an apartment complex for seniors. Under the agreement, the City agreed to loan Fountain Valley Housing Partners, L.P. \$5,606,071 at an interest rate of 2%. Principal and interest are due at various maturity dates but no later than 55 years from the date of the note. The amount outstanding at June 30, 2022 is \$3,566,003.

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

Under the loan agreement, the Housing Authority will advance and loan Developer up to \$6,443,882 for the sole purposes of acquisition of the property and termination of the billboard lease of the proposed project. The loan will be funded from the Housing Authority Special Revenue Fund utilizing low and moderate housing asset funds of the former Fountain Valley Agency for Community Development. The outstanding principal balance of the loan shall bear simple interest at the rate of zero percent (0%) per annum. The loan will have a 60-year term to be repaid from residual receipts from operation of the proposed project. The amount outstanding at June 30, 2022 is \$8,200,000.

**NOTE 11 - LEASE RECEIVABLE**

On July 18, 2002, the City entered into a lease with Mike Thompson's Recreational Vehicle for the use of approximately 8.25 acres of City owned property. The lease was subsequently amended to include six 5 year extensions through June 2042. Annual payments of \$424,900 are fixed for the first twelve years and then escalate by the lesser of 7.5% or CPI each 5 years. As of June 30, 2022, the lease receivable is \$7,498,447, calculated at an estimated interest rate of 3%. At June 30, 2022, deferred inflow of resources related to the lease was \$7,326,257. The City recognized \$194,123 of lease revenue and \$230,777 of interest revenue during the fiscal year.

On August 18, 2009 and December 15, 2009, the City entered into a lease with Mobilitie for cell sites on two city properties, Well No. 7 and Harper Park, respectively. The lease includes 5 extension options each option for a 30 year period. Payments of \$2,000 and 2,500 per year for year one, increasing by 3.5% thereafter. As of June 30, 2022, the lease receivable is \$648,273 and \$820,621, calculated at an estimated interest rate of 3%. At June 30, 2022, deferred inflow of resources related to the lease was \$629,340 and \$795,425. The City recognized \$34,963 and \$44,190 of lease revenue and \$19,929 and \$25,188 of interest revenue during the fiscal year.

On February 6, 1996, the City entered into a lease with City of Newport Beach for the use of a parcel of land. The lease includes 3 extension options, each option for a 25 year period. Payments of \$25,000 per year paid annually for years 1-25. As of June 30, 2022, the lease receivable is \$423,389, calculated at an estimated interest rate of 3%. At June 30, 2022, deferred inflow of resources related to the lease was \$417,916. The City recognized \$17,413 of lease revenue and \$13,060 of interest revenue during the fiscal year.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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***NOTE 12 - TAX ABATEMENT***

**Hotel Incentive Program**

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

**CITY OF FOUNTAIN VALLEY**  
**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF FOUNTAIN VALLEY**

**Schedule of Proportionate Share of the Net Pension Liability**

**Last Ten Fiscal Years\***

	<b>Miscellaneous Plan</b>			
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Fiscal year ended				
Measurement period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Plan's proportion of the net pension liability	1.19355%	0.80281%	0.84022%	0.74471%
Plan's proportionate share of the net pension liability	\$ 22,663,092	33,863,123	31,665,411	29,356,769
Plan's covered payroll	\$ 9,141,003	9,466,034	8,846,622	8,117,618
Plan's proportionate share of the net pension liability as percentage of covered payroll	247.93%	357.73%	357.94%	361.64%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	80.67%	70.17%	71.08%	72.18%
Plan's proportionate share of aggregate employer contributions	\$ 6,493,212	3,172,753	2,888,943	2,482,065

Notes to Schedule:

Benefit changes:

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions:

Fiscal year June 30, 2016:

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

Fiscal year June 30, 2018:

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

Fiscal year June 30, 2019:

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

Fiscal year June 30, 2020, June 30, 2021, and June 30, 2022:

No changes to assumptions

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

**CITY OF FOUNTAIN VALLEY**

**Schedule of Proportionate Share of the Net Pension Liability**

**Last Ten Fiscal Years\***

	<b>Miscellaneous Plan</b>			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Fiscal year ended				
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.75405%	0.76029%	1.00465%	0.88131%
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 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	71.55%	72.57%	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 to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions:

Fiscal year June 30, 2016:

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

Fiscal year June 30, 2018:

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

Fiscal year June 30, 2019:

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

Fiscal year June 30, 2020, June 30, 2021, and June 30, 2022:

No changes to assumptions

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

**CITY OF FOUNTAIN VALLEY**

**Schedule of Contributions**

**Last Ten Fiscal Years\***

Fiscal year ended	<b>Miscellaneous Plan</b>			
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution (actuarially determined)	\$ 6,493,212	3,172,753	2,888,943	2,482,065
Contributions in relation to the actuarially determined contributions	<u>(6,493,212)</u>	<u>(3,172,753)</u>	<u>(2,888,943)</u>	<u>(2,482,065)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 9,687,647	9,141,003	9,466,034	8,846,622
Contributions as a percentage of covered payroll	67.03%	34.71%	30.52%	28.06%

Notes to Schedule:

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
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Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date	June 30, 2019
Agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair Value
Inflation	2.50%
Salary increases	Depending on age, service, and type of employment
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 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 eight years are shown.

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

**CITY OF FOUNTAIN VALLEY**

**Schedule of Contributions**

**Last Ten Fiscal Years\***

Fiscal year ended	<b>Miscellaneous Plan</b>			
	June 30, 2018	June 30, 2017	June 30, 2016 <sup>(1)</sup>	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	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date	June 30, 2019
Agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair Value
Inflation	2.50%
Salary increases	Depending on age, service, and type of employment
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 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 eight years are shown.

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

**CITY OF FOUNTAIN VALLEY**

**Schedule of Proportionate Share of the Net Pension Liability**

**Last Ten Fiscal Years\***

	<b>Safety Plan</b>			
Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Measurement period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Plan's proportion of the net pension liability	0.78918%	0.81705%	0.85261%	0.86844%
Plan's proportionate share of the net pension liability	\$ 27,696,088	54,435,083	53,224,533	50,956,240
Plan's covered payroll	\$ 11,920,540	12,089,065	11,659,261	10,615,883
Plan's proportionate share of the net pension liability as percentage of covered payroll	232.34%	450.28%	456.50%	480.00%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	87.82%	74.97%	74.43%	74.40%
Plan's proportionate share of aggregate employer contributions	\$ 6,497,942	7,861,650	5,503,036	4,870,231

Notes to Schedule:

Benefit changes:

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions:

Fiscal year June 30, 2016:

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

Fiscal year June 30, 2018:

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

Fiscal year June 30, 2019:

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

Fiscal year June 30, 2020, June 30, 2021, and June 30, 2022:

No changes to assumptions

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

**CITY OF FOUNTAIN VALLEY**

**Schedule of Proportionate Share of the Net Pension Liability**

**Last Ten Fiscal Years\***

	<b>Safety Plan</b>			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Fiscal year ended	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	0.87905%	0.89557%	1.11371%	1.07112%
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 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	72.68%	73.89%	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 to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions:

Fiscal year June 30, 2016:

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

Fiscal year June 30, 2018:

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

Fiscal year June 30, 2019:

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

Fiscal year June 30, 2020, June 30, 2021, and June 30, 2022:

No changes to assumptions

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

**CITY OF FOUNTAIN VALLEY**

**Schedule of Contributions**

**Last Ten Fiscal Years\***

	<b>Safety Plan</b>			
Fiscal year ended	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution (actuarially determined)	\$ 6,497,942	7,861,650	5,503,036	4,870,231
Contributions in relation to the actuarially determined contributions	<u>(6,497,942)</u>	<u>(7,861,650)</u>	<u>(5,503,036)</u>	<u>(4,870,231)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 11,123,636	11,920,540	12,089,065	11,659,261
Contributions as a percentage of covered payroll	58.42%	65.95%	45.52%	41.77%

Notes to Schedule:

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
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Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date	June 30, 2019
Agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair value
Inflation	2.500%
Salary increases	Depending on age, service, and type of employment
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPPRA 2% @ 62
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

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

**CITY OF FOUNTAIN VALLEY**

**Schedule of Contributions**

**Last Ten Fiscal Years\***

Fiscal year ended	<b>Safety Plan</b>			
	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	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date	June 30, 2019
Agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair value
Inflation	2.500%
Salary increases	Depending on age, service, and type of employment
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPPRA 2% @ 62
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

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

**CITY OF FOUNTAIN VALLEY**

**Schedule of Changes in the Net OPEB Liability and Related Ratios**

**Last Ten Fiscal Years\***

Fiscal year end	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement date	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
<b>Total OPEB Liability:</b>					
Service cost	\$ 918,710	\$ 894,122	\$ 110,595	\$ 853,490	\$ 783,000
Interest on total OPEB liability	2,608,735	2,554,439	2,042,543	2,792,205	2,737,000
Benefit payments, including refunds and the implied subsidy benefit payments	(2,692,398)	(2,620,294)	(1,647,702)	(2,256,000)	(2,209,000)
Expected minus actual benefit payments	96,952	74,233	-	-	-
Actuarial - Experience Gains (Losses)	(8,423,561)	-	(226,446)	1,808,185	-
Actuarial - Changes in Assumptions	891,311	-	8,170,158	(16,183,013)	-
Net Change in Total OPEB Liability	<u>(6,600,251)</u>	<u>902,500</u>	<u>8,449,148</u>	<u>(12,985,133)</u>	<u>1,311,000</u>
Total OPEB Liability - Beginning of Year	<u>43,604,515</u>	<u>42,702,015</u>	<u>34,252,867</u>	<u>47,238,000</u>	<u>45,927,000</u>
Total OPEB Liability - End of Year (a)	<u>37,004,264</u>	<u>43,604,515</u>	<u>42,702,015</u>	<u>34,252,867</u>	<u>47,238,000</u>
<b>Plan Fiduciary Net Position:</b>					
Contributions - employer	2,692,398	2,620,294	1,647,702	3,956,000	2,209,000
Net investment income	711,322	(263,144)	59,466	555,665	807,000
Administrative expenses	(54,189)	(50,751)	(43,248)	(45,829)	(20,000)
Benefit payments, including refunds and the implied subsidy benefit payments	(2,692,398)	(2,620,294)	(1,647,702)	(2,256,000)	(2,209,000)
Actuarial - Investment Gains (Losses)	<u>1,930,956</u>	<u>688,572</u>	<u>648,267</u>	<u>5,118</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	<u>2,588,089</u>	<u>374,677</u>	<u>664,485</u>	<u>2,214,954</u>	<u>787,000</u>
Plan Fiduciary Net Position - Beginning of Year	<u>11,688,116</u>	<u>11,313,439</u>	<u>10,648,954</u>	<u>8,434,000</u>	<u>7,647,000</u>
Plan Fiduciary Net Position - End of Year (b)	<u>14,276,205</u>	<u>11,688,116</u>	<u>11,313,439</u>	<u>10,648,954</u>	<u>8,434,000</u>
<b>Net OPEB Liability - Ending (a)-(b)</b>	<u><b>\$ 22,728,059</b></u>	<u><b>\$ 31,916,399</b></u>	<u><b>\$ 31,388,576</b></u>	<u><b>\$ 23,603,913</b></u>	<u><b>\$ 38,804,000</b></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>38.58%</b>	<b>26.80%</b>	<b>26.49%</b>	<b>31.09%</b>	<b>17.85%</b>
<b>Covered - employee payroll <sup>(1)</sup></b>	<b>\$ 22,318,151</b>	<b>\$ 21,061,543</b>	<b>\$ 21,555,000</b>	<b>\$ 18,734,000</b>	<b>\$ 19,742,000</b>
<b>Net OPEB liability as percentage of covered - employee payroll</b>	<b>101.84%</b>	<b>151.54%</b>	<b>145.62%</b>	<b>126.00%</b>	<b>174.15%</b>

Notes to Schedule:

Changes in Assumptions:

Year ended June 30, 2020

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

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

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

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

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 51,913,000	55,659,600	58,666,528	3,006,928
Licenses and permits	1,554,500	1,739,500	2,200,559	461,059
Fines and penalties	546,500	546,500	678,489	131,989
Investment income (loss)	960,000	960,000	(3,390,470)	(4,350,470)
Rental income	922,000	1,017,000	933,454	(83,546)
Intergovernmental	842,000	10,151,418	8,325,741	(1,825,677)
Charges of services	6,133,499	6,684,099	6,861,058	176,959
Miscellaneous	629,746	1,033,672	1,439,378	405,706
<b>TOTAL REVENUES</b>	<b>63,501,245</b>	<b>77,791,789</b>	<b>75,714,737</b>	<b>(2,077,052)</b>
EXPENDITURES:				
Current:				
General government	4,496,511	5,630,272	4,721,463	908,809
Public safety	39,590,365	42,174,743	40,780,301	1,394,442
Transportation	7,148,341	7,417,911	6,652,216	765,695
Community development	4,224,799	5,062,032	4,706,247	355,785
Community services	3,402,161	3,596,577	3,183,772	412,805
Capital outlay	8,416,078	12,724,616	2,539,639	10,184,977
Debt service:				
Principal	690,000	690,000	690,000	-
Interest	5,000	5,000	4,468	532
<b>TOTAL EXPENDITURES</b>	<b>67,973,255</b>	<b>77,301,151</b>	<b>63,278,106</b>	<b>14,023,045</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,472,010)</u>	<u>490,638</u>	<u>12,436,631</u>	<u>11,945,993</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,375,054	1,375,054	1,280,873	(94,181)
Transfers out	(1,909,492)	(2,298,778)	(1,760,282)	538,496
Proceeds from sale of capital assets	-	-	156,276	156,276
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(534,438)</b>	<b>(923,724)</b>	<b>(323,133)</b>	<b>600,591</b>
NET CHANGE IN FUND BALANCE	(5,006,448)	(433,086)	12,113,498	12,546,584
FUND BALANCE - BEGINNING OF YEAR	<u>74,670,617</u>	<u>74,670,617</u>	<u>74,670,617</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 69,664,169</u>	<u>74,237,531</u>	<u>86,784,115</u>	<u>12,546,584</u>

See accompanying notes to the required supplementary information.

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
REVENUES:				
Investment income (loss)	\$ 216,500	216,500	296,025	79,525
Rental income	-	-	25,667	25,667
Miscellaneous	-	-	225	225
<b>TOTAL REVENUES</b>	<b>216,500</b>	<b>216,500</b>	<b>321,917</b>	<b>105,417</b>
EXPENDITURES:				
Current:				
Community development	381,047	381,047	108,849	272,198
<b>TOTAL EXPENDITURES</b>	<b>381,047</b>	<b>381,047</b>	<b>108,849</b>	<b>272,198</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(164,547)</b>	<b>(164,547)</b>	<b>213,068</b>	<b>377,615</b>
FUND BALANCE - BEGINNING OF YEAR	18,550,416	18,550,416	18,550,416	-
FUND BALANCE - END OF YEAR	<u>\$ 18,385,869</u>	<u>18,385,869</u>	<u>18,763,484</u>	<u>377,615</u>

See accompanying notes to the required supplementary information.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Required Supplementary Information**  
**June 30, 2022**

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**NOTE 1 - BUDGETS AND BUDGETARY DATA**

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

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

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

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

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

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

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

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

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

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

**CITY OF FOUNTAIN VALLEY**  
**Notes to Required Supplementary Information**  
**June 30, 2022**

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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)	28.0	57.7	85.8	52.3%
Good	(75-85)	15.2	41.9	57.1	34.8%
Fair	(60-74)	9.0	9.4	18.5	11.3%
Poor	(41-59)	1.9	0.7	2.7	1.6%
Very Poor	(0-40)	0.0	0.1	0.1	0%
Totals		54.2	109.9	164.1	100%

The overall condition of the City’s pavement network based on the most recent complete assessment performed in fiscal year 2022 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 2020, 2018, 2016, and 2014 were “Very Good” to “Good” with a weighted average Overall Condition Index (OCI) of 86.4, 86.1, 85.1, and 81.4, respectively.

**CITY OF FOUNTAIN VALLEY**  
**Notes to Required Supplementary Information**  
**June 30, 2022**

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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				
	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Sidewalks, Curbs and					
Budgeted	575,000	575,000	296,000	-	296,000
Actual	348,134	152,184	9,310	12,540	-
Roadway Classification:					
Arterial and Collectors:					
Budgeted	1,920,000	1,819,743	3,800,494	3,259,479	1,426,127
Actual	1,353,847	1,267,756	2,106,312	1,287,645	43,755
Residential Roadway:					
Budgeted	2,000,000	2,921,000	2,300,000	1,800,000	1,800,000
Actual	1,798,038	2,615,071	2,287,898	1,485,305	1,535,470

**CITY OF FOUNTAIN VALLEY  
SUPPLEMENTARY SCHEDULES**

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## CITY OF FOUNTAIN VALLEY

### Other Governmental Funds

June 30, 2022

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

### DEBT SERVICE FUNDS

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

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

**CITY OF FOUNTAIN VALLEY**

**Other Governmental Funds  
(Continued)**

**June 30, 2022**

**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.

**CITY OF FOUNTAIN VALLEY**

**Combining Balance Sheet  
Other Governmental Funds**

**June 30, 2022**

<b>Special Revenue Funds</b>					
	<b>Criminal Activities</b>	<b>Road Maint and Rehab Program SB1</b>	<b>Gas Tax</b>	<b>Abandoned Vehicle Abatement</b>	<b>Traffic Improvement</b>
<b>ASSETS</b>					
Cash and investments	\$ 705,509	15,422	1,317,077	5,816	1,602,932
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	21,885	198,939	239,877	-	-
Loans	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 727,394</b>	<b>214,361</b>	<b>1,556,954</b>	<b>5,816</b>	<b>1,602,932</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	-	148,871	-	261,433
Deposits payable	-	-	86,120	-	66,757
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>234,991</b>	<b>-</b>	<b>328,190</b>
<b>FUND BALANCES:</b>					
Restricted for:					
Public safety	727,394	-	-	-	-
Transportation	-	214,361	1,321,963	5,816	1,274,742
Housing	-	-	-	-	-
Community development	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>727,394</b>	<b>214,361</b>	<b>1,321,963</b>	<b>5,816</b>	<b>1,274,742</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 727,394</b>	<b>214,361</b>	<b>1,556,954</b>	<b>5,816</b>	<b>1,602,932</b>

<b>Special Revenue Funds (Continued)</b>				<b>Debt Service Fund</b>	<b>Capital Projects Funds</b>	
<b>Pollution Reduction</b>	<b>HOME Grant</b>	<b>Measure M2</b>	<b>Community Development Block Grant</b>	<b>Fountain Valley Public Financing Authority</b>	<b>Drainage</b>	<b>Total</b>
561,603	319,108	2,863,460	-	-	64,016	7,454,943
-	-	-	-	3	-	3
18,074	-	252,513	89,970	-	-	821,258
-	14,348	-	152,550	-	-	166,898
<u>579,677</u>	<u>333,456</u>	<u>3,115,973</u>	<u>242,520</u>	<u>3</u>	<u>64,016</u>	<u>8,443,102</u>
2,995	-	-	35,927	-	3,062	452,288
-	-	-	-	-	-	152,877
-	-	-	54,042	-	-	54,042
<u>2,995</u>	<u>-</u>	<u>-</u>	<u>89,969</u>	<u>-</u>	<u>3,062</u>	<u>659,207</u>
576,682	-	-	-	-	-	1,304,076
-	-	3,115,973	-	-	-	5,932,855
-	333,456	-	-	-	-	333,456
-	-	-	152,551	-	-	152,551
-	-	-	-	3	-	3
-	-	-	-	-	60,954	60,954
<u>576,682</u>	<u>333,456</u>	<u>3,115,973</u>	<u>152,551</u>	<u>3</u>	<u>60,954</u>	<u>7,783,895</u>
<u>579,677</u>	<u>333,456</u>	<u>3,115,973</u>	<u>242,520</u>	<u>3</u>	<u>64,016</u>	<u>8,443,102</u>

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>Special Revenue Funds</b>				
	<b>Criminal Activities</b>	<b>Road Maint and Rehab Program SB1</b>	<b>Gas Tax</b>	<b>Abandoned Vehicle Abatement</b>	<b>Traffic Improvement</b>
REVENUES:					
Investment income	\$ 5,859	5,605	10,505	83	10,555
Intergovernmental	209,442	1,123,831	1,534,914	-	73,960
Charges for services	-	-	-	-	24,797
Miscellaneous	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>215,301</b>	<b>1,129,436</b>	<b>1,545,419</b>	<b>83</b>	<b>109,312</b>
EXPENDITURES:					
Current:					
Public safety	105,789	-	-	-	-
Transportation	-	-	2,211,928	-	1,629,802
Community development	-	-	-	-	-
Community services	-	-	-	9,531	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>105,789</b>	<b>-</b>	<b>2,211,928</b>	<b>9,531</b>	<b>1,629,802</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>109,512</b>	<b>1,129,436</b>	<b>(666,509)</b>	<b>(9,448)</b>	<b>(1,520,490)</b>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	750,593	-	1,483,838
Transfers out	-	(1,107,246)	(374,972)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(1,107,246)</b>	<b>375,621</b>	<b>-</b>	<b>1,483,838</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>109,512</b>	<b>22,190</b>	<b>(290,888)</b>	<b>(9,448)</b>	<b>(36,652)</b>
FUND BALANCES - BEGINNING OF YEAR	617,882	192,171	1,612,851	15,264	1,311,394
FUND BALANCES - END OF YEAR	\$ 727,394	214,361	1,321,963	5,816	1,274,742

<b>Special Revenue Funds (Continued)</b>				<b>Debt Service Fund</b>	<b>Capital Projects Funds</b>	
<b>Pollution Reduction</b>	<b>HOME Grant</b>	<b>Measure M2</b>	<b>Community Development Block Grant</b>	<b>Fountain Valley Public Financing Authority</b>	<b>Drainage</b>	<b>Total</b>
5,005	2,995	25,897	-	4	-	66,508
70,718	-	1,446,656	686,125	-	-	5,145,646
-	-	-	-	-	48,484	73,281
5	-	-	-	-	-	5
<b>75,728</b>	<b>2,995</b>	<b>1,472,553</b>	<b>686,125</b>	<b>4</b>	<b>48,484</b>	<b>5,285,440</b>
3,297	-	-	-	-	-	109,086
-	-	-	-	-	-	3,841,730
-	-	-	686,125	-	-	686,125
-	-	-	-	-	-	9,531
-	-	-	-	-	10,481	10,481
-	-	-	-	604,603	-	604,603
-	-	-	-	487,889	-	487,889
<b>3,297</b>	<b>-</b>	<b>-</b>	<b>686,125</b>	<b>1,092,492</b>	<b>10,481</b>	<b>5,749,445</b>
<b>72,431</b>	<b>2,995</b>	<b>1,472,553</b>	<b>-</b>	<b>(1,092,488)</b>	<b>38,003</b>	<b>(464,005)</b>
-	-	-	-	1,092,489	-	3,326,920
-	-	(359,136)	-	-	-	(1,841,354)
-	-	(359,136)	-	1,092,489	-	1,485,566
72,431	2,995	1,113,417	-	1	38,003	1,021,561
504,251	330,461	2,002,556	152,551	2	22,951	6,762,334
<b>576,682</b>	<b>333,456</b>	<b>3,115,973</b>	<b>152,551</b>	<b>3</b>	<b>60,954</b>	<b>7,783,895</b>

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment income	\$ 5,100	5,100	5,859	759
Intergovernmental	150,000	248,075	209,442	(38,633)
Miscellaneous	5,000	5,000	-	(5,000)
TOTAL REVENUES	<u>160,100</u>	<u>258,175</u>	<u>215,301</u>	<u>(42,874)</u>
EXPENDITURES:				
Current:				
Public safety	<u>153,947</u>	<u>252,022</u>	<u>105,789</u>	<u>146,233</u>
TOTAL EXPENDITURES	<u>153,947</u>	<u>252,022</u>	<u>105,789</u>	<u>146,233</u>
EXCESS OF REVENUES OVER EXPENDITURES	6,153	6,153	109,512	103,359
FUND BALANCE - BEGINNING OF YEAR	<u>617,882</u>	<u>617,882</u>	<u>617,882</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 624,035</u>	<u>624,035</u>	<u>727,394</u>	<u>103,359</u>

**CITY OF FOUNTAIN VALLEY**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Road Maintenance and Rehabilitation Program (SB1) Special Revenue Fund**

**Year ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment income	\$ 1,000	1,000	5,605	4,605
Intergovernmental	<u>1,107,246</u>	<u>1,107,246</u>	<u>1,123,831</u>	<u>16,585</u>
TOTAL REVENUES	<u>1,108,246</u>	<u>1,108,246</u>	<u>1,129,436</u>	<u>21,190</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,107,246)</u>	<u>(1,107,246)</u>	<u>(1,107,246)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,107,246)</u>	<u>(1,107,246)</u>	<u>(1,107,246)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,000	1,000	22,190	21,190
FUND BALANCE - BEGINNING OF YEAR	<u>192,171</u>	<u>192,171</u>	<u>192,171</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 193,171</u>	<u>193,171</u>	<u>214,361</u>	<u>21,190</u>

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment income	\$ 19,000	19,000	10,505	(8,495)
Intergovernmental	1,676,467	1,676,467	1,534,914	(141,553)
TOTAL REVENUES	<u>1,695,467</u>	<u>1,695,467</u>	<u>1,545,419</u>	<u>(150,048)</u>
EXPENDITURES:				
Current:				
Transportation	2,711,000	2,711,000	2,211,928	499,072
TOTAL EXPENDITURES	<u>2,711,000</u>	<u>2,711,000</u>	<u>2,211,928</u>	<u>499,072</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(1,015,533)</u>	<u>(1,015,533)</u>	<u>(666,509)</u>	<u>349,024</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	757,000	757,000	750,593	(6,407)
Transfers out	(422,000)	(422,000)	(374,972)	47,028
TOTAL OTHER FINANCING SOURCES (USES)	<u>335,000</u>	<u>335,000</u>	<u>375,621</u>	<u>40,621</u>
NET CHANGE IN FUND BALANCE	(680,533)	(680,533)	(290,888)	389,645
FUND BALANCE - BEGINNING OF YEAR	<u>1,612,851</u>	<u>1,612,851</u>	<u>1,612,851</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 932,318</u>	<u>932,318</u>	<u>1,321,963</u>	<u>389,645</u>

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
REVENUES:				
Investment income	\$ -	-	83	83
TOTAL REVENUES	-	-	83	83
EXPENDITURES:				
Current:				
Community services	10,909	10,909	9,531	1,378
TOTAL EXPENDITURES	10,909	10,909	9,531	1,378
EXCESS OF REVENUES UNDER EXPENDITURES	(10,909)	(10,909)	(9,448)	1,461
FUND BALANCE - BEGINNING OF YEAR	15,264	15,264	15,264	-
FUND BALANCE - END OF YEAR	\$ 4,355	4,355	5,816	1,461

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 11,000	11,000	10,555	(445)
Intergovernmental	1,851,209	1,851,209	73,960	(1,777,249)
Charges for services	10,000	10,000	24,797	14,797
<b>TOTAL REVENUES</b>	<b>1,872,209</b>	<b>1,872,209</b>	<b>109,312</b>	<b>(1,762,897)</b>
EXPENDITURES:				
Current:				
Transportation	5,055,000	5,651,790	1,629,802	4,021,988
<b>TOTAL EXPENDITURES</b>	<b>5,055,000</b>	<b>5,651,790</b>	<b>1,629,802</b>	<b>4,021,988</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>(3,182,791)</b>	<b>(3,779,581)</b>	<b>(1,520,490)</b>	<b>2,259,091</b>
OTHER FINANCING SOURCES:				
Transfers in		3,755,666	1,483,838	(2,271,828)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>3,755,666</b>	<b>1,483,838</b>	<b>(2,271,828)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,182,791)</b>	<b>(23,915)</b>	<b>(36,652)</b>	<b>(12,737)</b>
FUND BALANCE - BEGINNING OF YEAR	1,311,394	1,311,394	1,311,394	-
FUND BALANCE - END OF YEAR	<u>\$ (1,871,397)</u>	<u>1,287,479</u>	<u>1,274,742</u>	<u>(12,737)</u>

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
REVENUES:				
Investment income	\$ 1,800	1,800	5,005	3,205
Intergovernmental	74,000	74,000	70,718	(3,282)
Miscellaneous	-	-	5	5
TOTAL REVENUES	<u>75,800</u>	<u>75,800</u>	<u>75,728</u>	<u>(72)</u>
EXPENDITURES:				
Current:				
Public safety	<u>2,140</u>	<u>5,135</u>	<u>3,297</u>	<u>1,838</u>
TOTAL EXPENDITURES	<u>2,140</u>	<u>5,135</u>	<u>3,297</u>	<u>1,838</u>
EXCESS OF REVENUES OVER EXPENDITURES	73,660	70,665	72,431	1,766
FUND BALANCE - BEGINNING OF YEAR	<u>504,251</u>	<u>504,251</u>	<u>504,251</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 577,911</u>	<u>574,916</u>	<u>576,682</u>	<u>1,766</u>

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment income	\$ -	-	2,995	2,995
TOTAL REVENUES	-	-	2,995	2,995
EXCESS OF REVENUES OVER EXPENDITURES	-	-	2,995	2,995
FUND BALANCE - BEGINNING OF YEAR	330,461	330,461	330,461	-
FUND BALANCE - END OF YEAR	<u>\$ 330,461</u>	<u>330,461</u>	<u>333,456</u>	<u>2,995</u>

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
REVENUES:				
Investment income	\$ 56,000	56,000	25,897	(30,103)
Intergovernmental	1,118,855	1,118,855	1,446,656	327,801
TOTAL REVENUES	1,174,855	1,174,855	1,472,553	297,698
OTHER FINANCING USES:				
Transfers out	(2,267,994)	(2,282,583)	(359,136)	1,923,447
TOTAL OTHER FINANCING USES	(2,267,994)	(2,282,583)	(359,136)	1,923,447
NET CHANGE IN FUND BALANCE	(1,093,139)	(1,107,728)	1,113,417	2,221,145
FUND BALANCE - BEGINNING OF YEAR	2,002,556	2,002,556	2,002,556	-
FUND BALANCE - END OF YEAR	\$ 909,417	894,828	3,115,973	2,221,145

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
REVENUES:				
Intergovernmental	\$ 500,000	1,012,995	686,125	(326,870)
TOTAL REVENUES	<u>500,000</u>	<u>1,012,995</u>	<u>686,125</u>	<u>(326,870)</u>
EXPENDITURES:				
Current:				
Community development	504,109	1,017,104	686,125	330,979
TOTAL EXPENDITURES	<u>504,109</u>	<u>1,017,104</u>	<u>686,125</u>	<u>330,979</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(4,109)	(4,109)	-	4,109
FUND BALANCE - BEGINNING OF YEAR	<u>152,551</u>	<u>152,551</u>	<u>152,551</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 148,442</u>	<u>148,442</u>	<u>152,551</u>	<u>4,109</u>

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
REVENUES:				
Investment income	\$ -	-	4	4
TOTAL REVENUES	-	-	4	4
EXPENDITURES:				
Debt service:				
Principal	604,607	604,607	604,603	4
Interest	487,885	487,885	487,889	(4)
TOTAL EXPENDITURES	1,092,492	1,092,492	1,092,492	-
EXCESS OF REVENUES UNDER EXPENDITURES	(1,092,492)	(1,092,492)	(1,092,488)	4
OTHER FINANCING				
SOURCES:				
Transfers in	1,092,492	1,092,492	1,092,489	(3)
TOTAL OTHER FINANCING SOURCES	1,092,492	1,092,492	1,092,489	(3)
NET CHANGE IN FUND BALANCE	-	-	1	1
FUND BALANCE - BEGINNING OF YEAR	2	2	2	-
FUND BALANCE - END OF YEAR	\$ 2	2	3	1

**CITY OF FOUNTAIN VALLEY**

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

**Year ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
REVENUES:				
Charges for services	\$ 10,000	10,000	48,484	38,484
TOTAL REVENUES	10,000	10,000	48,484	38,484
EXPENDITURES:				
Capital outlay	160,000	160,000	10,481	149,519
TOTAL EXPENDITURES	160,000	160,000	10,481	149,519
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(150,000)	(150,000)	38,003	188,003
OTHER FINANCING SOURCES:				
Transfers in	150,000	150,000	-	(150,000)
TOTAL OTHER FINANCING SOURCES	150,000	150,000	-	(150,000)
NET CHANGE IN FUND BALANCE	-	-	38,003	38,003
FUND BALANCE - BEGINNING OF YEAR	22,951	22,951	22,951	-
FUND BALANCE - END OF YEAR	\$ 22,951	22,951	60,954	38,003

**CITY OF FOUNTAIN VALLEY**  
**STATISTICAL SECTION (UNAUDITED)**

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# CITY OF FOUNTAIN VALLEY

## Description of Statistical Section Contents

June 30, 2022

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

Contents:	<u>Pages</u>
<b>Financial Trends</b> - These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	103
<b>Revenue Capacity</b> - These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	113
<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.	118
<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.	125
<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.	127

CITY OF FOUNTAIN VALLEY

NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
Governmental activities:					
Net Investment in Capital Assets	\$ 99,543,316	\$ 101,557,748	\$ 97,768,732	\$ 95,231,907	\$ 93,401,436
Restricted	14,428,516	15,452,824	19,856,331	24,307,690	26,763,094
Unrestricted	42,839,271	39,381,257	(33,410,687)	(39,176,211)	(39,063,347)
Total governmental activities net assets	<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>
Business-type activities					
Net Investment in Capital Assets	\$ 11,799,936	\$ 11,878,770	\$ 22,427,033	\$ 22,772,437	\$ 22,721,048
Restricted	-	-	9,720,189	-	-
Unrestricted	5,828,113	6,467,394	(3,417,051)	7,465,990	8,378,389
Total business-type activity net assets	<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>
Primary government:					
Net Investment in Capital Assets	\$ 111,343,252	\$ 113,436,518	\$ 120,195,765	\$ 118,004,344	\$ 116,122,484
Restricted	14,428,516	15,452,824	29,576,520	24,307,690	26,763,094
Unrestricted	48,667,384	45,848,651	(36,827,738)	(31,710,221)	(30,684,958)
Total primary government net assets	<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>

Fiscal Year Ended June 30,				
2018	2019	2020	2021	2022
\$ 97,951,856	\$ 101,064,072	\$ 103,764,607	\$ 107,617,521	\$ 107,890,367
35,436,520	33,994,978	29,866,794	28,451,630	29,865,667
<u>(73,293,802)</u>	<u>(67,204,319)</u>	<u>(63,160,488)</u>	<u>(49,292,105)</u>	<u>(28,855,352)</u>
<u>\$ 60,094,574</u>	<u>\$ 67,854,731</u>	<u>\$ 70,470,913</u>	<u>\$ 86,777,046</u>	<u>\$ 108,900,682</u>
\$ 22,877,809	\$ 22,720,616	\$ 23,153,001	\$ 25,735,726	\$ 24,914,150
-	-	-	-	-
<u>6,367,172</u>	<u>9,938,356</u>	<u>13,563,383</u>	<u>15,478,713</u>	<u>19,696,705</u>
<u>\$ 29,244,981</u>	<u>\$ 32,658,972</u>	<u>\$ 36,716,384</u>	<u>\$ 41,214,439</u>	<u>\$ 44,610,855</u>
\$ 120,829,665	\$ 123,784,688	\$ 126,917,608	\$ 133,353,247	\$ 132,804,517
35,436,520	33,994,978	29,866,794	28,451,630	29,865,667
<u>(66,926,630)</u>	<u>(57,265,963)</u>	<u>(49,597,105)</u>	<u>(33,813,392)</u>	<u>(9,158,647)</u>
<u>\$ 89,339,555</u>	<u>\$ 100,513,703</u>	<u>\$ 107,187,297</u>	<u>\$ 127,991,485</u>	<u>\$ 153,511,537</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,				
	2013	2014	2015	2016	2017
<b>Expenses:</b>					
<b>Governmental activities:</b>					
General government	\$ 3,268,718	\$ 3,398,739	\$ 3,394,812	\$ 4,060,614	\$ 3,490,836
Public safety	26,100,788	25,531,715	27,397,338	30,519,703	30,725,287
Transportation	8,085,945	8,602,763	8,270,272	7,228,722	9,956,544
Community development	5,675,610	5,256,405	5,068,347	4,962,051	4,986,214
Community services	2,433,094	2,649,541	2,602,832	2,770,264	3,090,014
Capital projects	401,606	-	-	-	-
Interest and other charges	389,544	349,089	334,168	600,774	332,056
Total governmental activities expenses	<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>
<b>Business-type activity:</b>					
Water	11,961,160	12,344,634	12,173,386	12,198,363	13,474,865
Sewer	*	*	1,050,288	1,187,547	1,586,054
Solid Waste	2,923,270	2,936,437	2,976,404	2,979,627	2,995,313
Total business-type activity expenses	<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>
Total primary government expenses	<u>61,239,735</u>	<u>61,069,323</u>	<u>63,267,847</u>	<u>66,507,665</u>	<u>70,637,183</u>
<b>Program revenues:</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	1,313,296	1,589,201	1,541,214	1,485,945	1,322,154
Public safety	2,551,306	2,437,171	2,407,751	2,580,643	2,628,927
Transportation	-	-	-	-	-
Community development	4,570,944	3,571,688	1,798,307	1,857,165	1,990,806
Community services	2,865,863	1,696,636	2,031,969	1,335,765	1,406,686
Operating grants and contributions	3,763,161	4,417,860	3,844,012	3,342,815	4,632,452
Capital grants and contributions	255,300	-	-	-	-
Total governmental activities program revenues	<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>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Water	12,030,680	12,939,652	13,104,591	12,723,158	13,818,022
Sewer	*	*	1,891,019	1,917,391	1,974,735
Solid Waste	3,175,972	3,096,014	3,226,183	3,275,267	3,236,804
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<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>
Total primary government program revenues	<u>30,526,522</u>	<u>29,748,222</u>	<u>29,845,046</u>	<u>28,518,149</u>	<u>31,010,586</u>
<b>Net revenues (expenses):</b>					
Governmental activities	(31,035,435)	(32,075,696)	(35,444,516)	(39,539,795)	(40,599,926)
Business-type activities	322,222	754,595	2,021,715	1,550,279	973,329
Total net revenues (expenses)	<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>

\* Sewer Fund previously reported in governmental activities

Fiscal Year Ended June 30,

2018	2019	2020	2021	2022
\$ 5,355,236	\$ 6,367,611	\$ 5,465,753	\$ 5,496,861	\$ 7,138,620
35,670,029	36,295,298	38,015,694	35,711,555	30,384,895
8,613,423	11,109,470	12,176,938	11,972,499	12,598,733
5,306,588	5,159,303	5,237,500	6,637,024	6,638,725
3,424,384	3,728,605	3,164,169	2,807,876	3,735,705
-	-	-	-	-
640,767	549,006	499,535	477,206	452,983
<u>59,010,427</u>	<u>63,209,293</u>	<u>64,559,589</u>	<u>63,103,021</u>	<u>60,949,661</u>
15,563,270	12,060,429	13,319,761	15,403,363	16,095,806
1,621,912	1,265,982	990,369	1,184,187	1,369,997
3,240,886	3,307,447	3,484,877	3,730,439	3,853,705
<u>20,426,068</u>	<u>16,633,858</u>	<u>17,795,007</u>	<u>20,317,989</u>	<u>21,319,508</u>
79,436,495	79,843,151	82,354,596	83,421,010	82,269,169
1,263,170	1,709,408	1,584,928	4,444,160	3,027,505
2,779,810	2,590,953	2,476,200	3,538,314	4,314,296
-	-	44,865	-	-
1,992,671	1,922,787	1,961,130	2,908,827	3,073,777
1,316,668	1,991,614	782,464	297,772	855,376
4,403,294	6,664,738	5,406,933	6,564,949	13,553,937
-	46,100	-	1,131,106	704,835
<u>11,755,613</u>	<u>14,925,600</u>	<u>12,256,520</u>	<u>18,885,128</u>	<u>25,529,726</u>
15,820,684	16,240,470	17,483,253	19,418,208	19,988,530
2,046,393	2,164,911	2,176,199	2,383,617	2,417,275
3,253,768	3,389,777	3,541,474	3,752,561	3,913,741
-	189,259	47,311	98,539	71,183
<u>21,120,845</u>	<u>21,984,417</u>	<u>23,248,237</u>	<u>25,652,925</u>	<u>26,390,729</u>
32,876,458	36,910,017	35,504,757	44,538,053	51,920,455
(47,254,814)	(48,283,693)	(52,303,069)	(44,217,893)	(35,419,935)
694,777	5,350,559	5,453,230	5,334,936	5,071,221
<u>(46,560,037)</u>	<u>(42,933,134)</u>	<u>(46,849,839)</u>	<u>(38,882,957)</u>	<u>(30,348,714)</u>

CITY OF FOUNTAIN VALLEY

CHANGES IN NET POSITION  
GENERAL REVENUES

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 16,071,106	\$ 10,423,211	\$ 16,247,191	\$ 16,782,178	\$ 17,704,506
Sales taxes	11,407,422	11,442,672	11,556,673	12,963,883	12,284,030
Sales taxes - Measure HH	-	-	-	-	2,547,720
Franchise taxes	1,712,754	1,628,690	1,790,685	1,766,769	1,635,261
Other taxes	2,632,282	2,739,433	3,032,589	3,158,311	3,221,064
Revenue from other governmental agencies	4,587,172	4,569,352	-	-	-
Investment income (loss)	(65,914)	707,717	547,066	729,762	118,500
Transfers	72,940	79,800	197,855	195,240	336,812
Gain on sale of property	2,404	32,419	465,509	26,696	3,427,663
Miscellaneous	225,313	33,128	87,486	9,320	62,167
Extraordinary gain	(14,983,772)	-	4,918,798	56,646	-
Total governmental activities	<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>
Business-type activities:					
Investment income (loss)	50,416	33,905	126,889	153,217	184,868
Transfers	(72,940)	(79,800)	(197,855)	(195,240)	(336,812)
Miscellaneous	44,142	9,415	-	-	39,625
Extraordinary Gain (Loss)	(511,770)	-	4,000,000	-	-
Total business-type activities	<u>(490,152)</u>	<u>(36,480)</u>	<u>3,929,034</u>	<u>(42,023)</u>	<u>(112,319)</u>
Total primary government	<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>
Changes in net position:					
Governmental activities	(9,373,728)	(419,274)	3,399,336	(3,850,990)	737,797
Business-type activities	(167,930)	718,115	5,950,749	1,508,256	861,010
Total primary government	<u>\$ (9,541,658)</u>	<u>\$ 298,841</u>	<u>\$ 9,350,085</u>	<u>\$ (2,342,734)</u>	<u>\$ 1,598,807</u>

Fiscal Year Ended June 30,

2018	2019	2020	2021	2022
\$ 18,807,430	\$ 19,651,638	\$ 20,450,086	\$ 21,340,781	\$ 22,019,180
12,369,585	13,559,781	12,254,561	14,006,993	16,091,255
11,742,254	13,287,116	12,364,200	14,062,109	17,162,175
1,920,165	1,975,656	2,072,908	1,971,665	2,088,568
3,227,918	1,442,220	1,185,655	2,748,711	1,305,350
-	221,349	233,956	240,373	-
516,705	1,830,759	2,034,377	1,873,429	(3,390,470)
194,760	2,661,845	2,219,108	914,050	1,006,157
-	1,284,231	1,871,361	5,318	156,276
20,172	129,255	233,039	371,820	1,105,080
-	-	-	-	-
48,798,989	56,043,850	54,919,251	57,535,249	57,543,571
(3,240)	725,277	823,290	8,169	(668,648)
(194,760)	(2,661,845)	(2,219,108)	(914,050)	(1,006,157)
58,767	-	-	69,000	-
-	-	-	-	-
(139,233)	(1,936,568)	(1,395,818)	(836,881)	(1,674,805)
48,659,756	54,107,282	53,523,433	56,698,368	55,868,766
1,544,175	7,760,157	2,616,182	13,317,356	22,123,636
555,544	3,413,991	4,057,412	4,498,055	3,396,416
\$ 2,099,719	\$ 11,174,148	\$ 6,673,594	\$ 17,815,411	\$ 25,520,052

CITY OF FOUNTAIN VALLEY

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
General fund:					
Nonspendable	\$ 1,846,323	\$ 1,966,451	\$ 1,599,806	\$ 1,698,026	\$ 807,126
Restricted	-	-	4,714,142	4,555,926	4,430,934
Committed	-	-	-	-	-
Assigned	-	12,100,000	21,971,647	22,547,158	16,961,310
Unassigned	40,745,212	28,497,308	19,191,130	17,975,150	27,155,079
Total general fund	<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>
All other governmental funds:					
Nonspendable	\$ 7,216,367	\$ -	\$ -	\$ -	\$ -
Restricted	7,212,149	15,452,824	15,142,189	19,751,764	22,332,160
Assigned	6,346,772	3,831,549	161,316	127,402	(464,523)
Unassigned	-	-	-	-	-
Total all other governmental funds	<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>

Fiscal Year Ended June 30,

2018	2019	2020	2021	2022
\$ 405,583	\$ 136,233	\$ 1,648,597	\$ 1,664,859	\$ 982,832
8,364,256	13,360,125	15,222,812	15,924,621	13,911,169
13,000,000	14,200,000	13,700,000	15,578,000	18,426,000
26,613,049	30,791,835	31,631,113	41,450,633	54,143,595
327,080	2,412	3,760	52,504	(679,481)
<u>\$ 48,709,968</u>	<u>\$ 58,490,605</u>	<u>\$ 62,206,282</u>	<u>\$ 74,670,617</u>	<u>\$ 86,784,115</u>
\$ -	\$ -	\$ -	\$ -	\$ -
27,072,264	28,312,259	25,488,079	25,289,799	26,486,425
149,668	-	38,522	22,951	60,954
-	(165,595)	-	-	-
<u>\$ 27,221,932</u>	<u>\$ 28,146,664</u>	<u>\$ 25,526,601</u>	<u>\$ 25,312,750</u>	<u>\$ 26,547,379</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,				
	2013	2014	2015	2016	2017
<b>Revenues:</b>					
Taxes	\$ 30,142,198	\$ 24,609,300	\$ 30,655,218	\$ 32,689,435	\$ 36,060,441
Licenses and permits	2,260,643	1,834,212	1,915,471	2,006,480	1,869,865
Fines and forfeitures (penalties)	799,794	751,302	705,372	643,936	564,786
Investment income (loss)	(15,506)	744,447	572,377	757,868	156,162
Revenue from use of money and property	1,151,228	1,163,515	1,203,964	1,094,844	1,255,618
Intergovernmental	8,066,501	8,489,979	3,758,497	2,920,345	4,130,922
Charges for services	6,552,896	6,124,998	4,285,172	4,335,669	4,866,961
Miscellaneous	3,197,853	1,679,542	2,021,825	1,371,496	8,316,814
Total revenues	<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>
<b>Expenditures</b>					
<b>Current:</b>					
General government	2,919,814	2,870,199	2,883,285	3,085,759	3,212,619
Public safety	25,071,510	24,616,202	25,333,018	27,618,810	28,550,818
Transportation	8,084,134	8,446,708	7,903,404	7,082,567	9,914,437
Community development	4,449,856	3,989,139	4,041,504	4,026,081	4,170,849
Community services	2,123,704	2,321,707	2,328,863	2,407,019	2,618,815
Capital outlay	1,194,478	3,640,756	2,085,519	839,613	6,382,540
<b>Debt service:</b>					
Principal retirement	717,422	747,414	644,547	659,275	430,000
Interest and fiscal charges	381,711	363,661	344,400	440,725	444,629
Costs of debt issuance	-	-	-	395,488	110,180
Payment to refunded bond escrow agent	-	-	-	889,617	-
Total expenditures	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>7,212,978</u>	<u>(1,598,491)</u>	<u>(446,644)</u>	<u>(1,624,881)</u>	<u>1,386,682</u>
<b>Other financing sources (uses):</b>					
Transfers in	1,402,365	3,061,091	3,225,390	17,012,787	7,011,672
Transfers out	(1,329,425)	(2,981,291)	(3,027,535)	(16,817,547)	(6,674,860)
Proceeds from sale of capital assets	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	28,890,000	2,843,166
Bond premium (discount)	-	-	-	580,162	-
Payment to refunded bond escrow agent	-	-	-	(6,785,383)	-
Total other financing sources (uses)	<u>72,940</u>	<u>79,800</u>	<u>197,855</u>	<u>22,880,019</u>	<u>3,179,978</u>
Net change in fund balances, before extraordinary/special item	7,285,918	(1,518,691)	(248,789)	21,255,138	4,566,660
<b>Special Item</b>					
Payment of defined benefit pension plan side fund	-	-	-	(17,436,588)	-
Extraordinary gain (loss)	<u>(14,983,772)</u>	<u>-</u>	<u>4,918,798</u>	<u>56,646</u>	<u>-</u>
Net change in fund balances	<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>
<b>Debt service as a percentage of noncapital expenditures</b>					
	2.49%	2.55%	2.26%	2.35%	1.64%

Fiscal Year Ended June 30,

2018	2019	2020	2021	2022
\$ 46,463,473	\$ 49,916,411	\$ 48,327,410	\$ 52,295,198	\$ 58,666,528
1,906,153	1,988,757	1,850,421	2,140,736	2,200,559
619,096	651,129	616,823	645,037	678,489
578,312	2,404,272	2,330,442	2,156,247	(3,027,937)
1,167,468	1,145,604	1,042,561	688,239	959,121
3,990,316	5,789,190	5,376,671	7,622,971	13,471,387
4,553,747	2,805,579	2,502,673	5,452,583	6,934,339
1,351,792	2,322,432	1,038,301	4,499,999	1,439,608
<u>60,630,357</u>	<u>67,023,374</u>	<u>63,085,302</u>	<u>75,501,010</u>	<u>81,322,094</u>
4,916,069	3,679,299	3,540,459	4,907,222	4,721,463
31,934,793	32,536,436	35,862,528	35,894,663	40,889,387
7,564,408	8,817,469	11,046,220	10,533,417	10,493,946
3,994,652	4,185,304	4,321,408	5,482,190	5,501,221
2,653,045	3,206,775	2,670,156	2,306,922	3,193,303
10,324,969	6,266,831	6,966,245	3,316,790	2,550,120
470,398	1,046,105	1,138,981	1,214,205	1,294,603
575,222	552,048	534,160	514,484	492,357
-	-	-	-	-
-	-	-	-	-
<u>62,433,556</u>	<u>60,290,267</u>	<u>66,080,157</u>	<u>64,169,893</u>	<u>69,136,400</u>
(1,803,199)	6,733,107	(2,994,855)	11,331,117	12,185,694
5,985,246	7,933,565	12,680,545	5,363,530	4,607,793
(5,790,486)	(5,271,720)	(10,461,437)	(4,449,481)	(3,601,636)
-	1,310,417	1,871,361	5,318	156,276
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>194,760</u>	<u>3,972,262</u>	<u>4,090,469</u>	<u>919,367</u>	<u>1,162,433</u>
(1,608,439)	10,705,369	1,095,614	12,250,484	13,348,127
-	-	-	-	-
-	-	-	-	-
<u>\$ (1,608,439)</u>	<u>\$ 10,705,369</u>	<u>\$ 1,095,614</u>	<u>\$ 12,250,484</u>	<u>\$ 13,348,127</u>
1.97%	2.93%	2.83%	2.82%	2.68%

CITY OF FOUNTAIN VALLEY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended June 30,	City			Total Direct Tax Rate (1)
	Secured	Unsecured	Taxable Assessed Value	
2013	6,922,510,895	241,861,867	7,164,372,762	0.12870
2014	7,131,038,979	295,542,241	7,426,581,220	0.12870
2015	7,659,415,546	335,167,621	7,994,583,167	0.12870
2016	8,142,124,957	249,380,905	8,391,505,862	0.12870
2017	8,444,881,513	237,687,508	8,682,569,021	0.12870
2018	8,837,314,170	275,093,983	9,112,408,153	0.12870
2019	9,282,523,847	308,632,681	9,591,156,528	0.12870
2020	9,794,402,428	356,235,272	10,150,637,700	0.12870
2021	10,182,784,933	331,906,048	10,514,690,981	0.12870
2022	10,395,993,707	331,594,924	10,727,588,631	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

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,				
	2013	2014	2015	2016	2017
City Direct Rate (1)	0.12870	0.12870	0.12870	0.12870	0.12870
Fountain Valley Elementary General Fund	0.29490	0.29490	0.29490	0.29490	0.29490
Huntington Beach Union High General Fund	0.19230	0.19230	0.19230	0.19230	0.19230
Educational Revenue Augmentation Fund	0.15300	0.15300	0.15300	0.15300	0.15300
Coast Community College General Fund	0.08120	0.08120	0.08120	0.08120	0.08120
Orange County General Fund	0.05200	0.05200	0.05200	0.05200	0.05200
O.C. Sanitation #3 Operating	0.03160	0.03160	0.03160	0.03160	0.03160
Orange County Flood Control District	0.01667	0.01667	0.01667	0.01667	0.01667
Orange County Public Library	0.01405	0.01405	0.01405	0.01405	0.01405
O.C. Harbors Beaches & Park Csa 26	0.01288	0.01288	0.01288	0.01288	0.01288
O.C. Dept. of Education - General Fund	0.01199	0.01199	0.01199	0.01199	0.01199
Orange County Water District	0.00739	0.00739	0.00739	0.00739	0.00739
Orange County Transit Authority	0.00237	0.00237	0.00237	0.00237	0.00237
Orange County Vector Control District	0.00084	0.00084	0.00084	0.00084	0.00084
Orange County Water District Water Reserve	0.00011	0.00011	0.00011	0.00011	0.00011
Total Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:					
Huntington Beach High School 2004 - Bond 2004A	0.02605	0.02271	0.02400	0.02440	0.02451
Coast Community College	0.01750	0.02899	0.03015	0.03092	0.03116
Metro Water District of Orange County	0.00370	0.00350	0.00350	0.00350	0.00350
Huntington Beach High School 2004 - Bond 2005	0.00265	0.00001	0.00214	0.00001	0.00001
Huntington Beach High School 2004 - Bond 2007	0.00144	0.00132	0.00123	0.00119	0.00091
Total Overlapping Rates	0.05134	0.05653	0.06102	0.06002	0.06009
Total Direct & Overlapping Tax Rates	1.05134	1.05653	1.06102	1.06002	1.06009

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,

2018	2019	2020	2021	2022
0.12870	0.12870	0.12870	0.12870	0.12870
0.29490	0.29490	0.29490	0.29490	0.29490
0.19230	0.19230	0.19230	0.19230	0.19230
0.15300	0.15300	0.15300	0.15300	0.15300
0.08120	0.08120	0.08120	0.08120	0.08120
0.05200	0.05200	0.05200	0.05200	0.05200
0.03160	0.03160	0.03160	0.03160	0.03160
0.01667	0.01667	0.01667	0.01667	0.01667
0.01405	0.01405	0.01405	0.01405	0.01405
0.01288	0.01288	0.01288	0.01288	0.01288
0.01199	0.01199	0.01199	0.01199	0.01199
0.00739	0.00739	0.00739	0.00739	0.00739
0.00237	0.00237	0.00237	0.00237	0.00237
0.00084	0.00084	0.00084	0.00084	0.00084
0.00011	0.00011	0.00011	0.00011	0.00011
1.00000	1.00000	1.00000	1.00000	1.00000
0.02440	0.02440	0.02273	0.02187	0.02165
0.03092	0.03092	0.03181	0.03119	0.03102
0.00350	0.00350	0.00350	0.00350	0.00350
0.00001	0.00001	0.00001	0.00001	0.00001
0.00119	0.00119	0.00077	0.00072	0.00068
0.06002	0.06002	0.05882	0.05729	0.05686
<u>1.06002</u>	<u>1.06002</u>	<u>1.05882</u>	<u>1.05729</u>	<u>1.05686</u>

CITY OF FOUNTAIN VALLEY  
PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2022		2013	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Hyundai Motor America (1)	\$ 204,841,546	1.91%	\$ 29,592,595	0.41%
Orange Coast Memorial Medical Center (9)	197,372,145	1.84%	117,709,877	1.64%
Fountain Valley Regional Hospital (12)	169,243,080	1.58%	89,333,441	1.25%
BEXAEW the Havens LP (2)	119,711,035	1.12%		0.00%
JKS-CMFV LLC (17)	88,360,706	0.82%	59,408,506	0.83%
Corte Bella Fee Ower (2)	86,741,551	0.81%		0.00%
Raintree Fountain Valley LLC (1)	55,864,330	0.52%		0.00%
SHEA Center Crystal Springs LLC (2)	47,749,193	0.45%		0.00%
US Millennium LP (11)	46,445,755	0.43%		0.00%
Fountain Valley Senior Housing LLC (1)	44,481,943	0.41%	38,333,185	0.54%
NM 168 LLC (2)	39,986,647	0.37%		0.00%
Fountain Valley City Center LLC			62,566,800	0.87%
Healthcare Realty (5)			56,269,890	0.79%
17665 Newhope Manufacturing LLC			28,744,776	0.40%
Chandler Real Properties (12)			23,830,248	0.33%
Costco Wholesale Corporation			23,793,819	0.33%
FV Showroom Partners I LLC			16,042,192	0.22%
JKS-SF LLC			14,838,897	0.21%
18349 Euclid Street LLC			14,142,869	0.20%
	<u>\$ 1,100,797,931</u>	<u>10.26%</u>	<u>\$ 574,607,095</u>	<u>8.02%</u>

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

Source: HdL, Coren & Cone, 2021-22 Property Data dated 11/16/2021 & FV CAFR June 30, 2013

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
2013	8,844,898	8,731,657	98.72%	48,937	8,780,594	99.27%
2014	9,227,976	9,114,156	98.77%	40,888	9,155,044	99.21%
2015	9,757,887	9,652,108	98.92%	30,039	9,682,147	99.22%
2016	10,286,311	10,155,604	98.73%	41,013	10,196,617	99.13%
2017	10,652,346	10,543,581	98.98%	33,732	10,577,313	99.30%
2018	11,193,927	11,101,526	99.17%	35,678	11,137,204	99.49%
2019	11,678,495	11,586,299	99.21%	41,659	11,627,958	99.57%
2020	12,264,593	12,121,446	98.83%	54,334	12,175,780	99.28%
2021	12,756,006	12,612,713	98.88%	51,500	12,664,213	99.28%
2022	13,110,041	12,930,762	98.63%	52,005	12,982,767	99.03%

Note:

\*The amounts presented include City property taxes only.

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

CITY OF FOUNTAIN VALLEY  
RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income	Debt per Capita (6)
	Leases Payable	Certificates of Participation (1)	Taxable Pension Obligation Bonds (3)	Lease Revenue Bonds (4) (5)	Total Governmental Activities	Loans Payable	Revenue Bonds (2)	Total Business-type Activities			
2013	451,236	9,275,000	-	-	9,726,236	585,165	-	\$ 585,165	10,311,401	0.34%	183
2014	218,822	8,760,000	-	-	8,978,822	535,285	-	\$ 535,285	9,514,107	0.30%	168
2015	109,275	8,225,000	-	-	8,334,275	-	15,188,452	\$ 15,188,452	23,522,727	0.71%	413
2016	-	-	15,661,765	13,807,919	29,469,684	-	14,611,443	\$ 14,611,443	44,081,127	1.26%	777
2017	-	-	15,679,151	16,176,187	31,855,338	-	14,041,771	\$ 14,041,771	45,897,109	1.30%	809
2018	-	-	15,696,538	15,660,893	31,357,431	-	13,457,099	\$ 13,457,099	44,814,530	1.28%	796
2019	-	-	15,203,923	15,079,889	30,283,812	-	12,847,425	\$ 12,847,425	43,131,237	1.19%	773
2020	-	-	14,651,309	14,466,011	29,117,320	-	12,217,751	\$ 12,217,751	41,335,071	1.05%	747
2021	-	-	14,038,695	13,836,909	27,875,604	-	11,563,077	\$ 11,563,077	39,438,681	0.98%	712
2022	-	-	13,366,081	13,187,409	26,553,490	-	10,888,405	\$ 10,888,405	37,441,895	0.87%	663

- (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.

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
2013	9,275,000	-	-	9,275,000	0.13%	164
2014	8,760,000	-	-	8,760,000	0.12%	154
2015	8,225,000	-	-	8,225,000	0.10%	144
2016	-	15,661,766	13,807,919	29,469,685	0.35%	520
2017	-	15,679,151	16,176,187	31,855,338	0.37%	562
2018	-	15,696,538	15,660,893	31,357,431	0.34%	557
2019	-	15,203,923	15,079,889	30,283,812	0.32%	543
2020	-	14,651,309	14,466,011	29,117,320	0.29%	526
2021	-	14,038,695	13,836,909	27,875,604	0.27%	504
2022	-	13,366,081	13,187,409	26,553,490	0.25%	470

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, 2022

2021-2022 City Assessed Valuation  
Total Assessed Valuation

\$ 10,727,588,631

	Percentage Applicable (1)	Total Debt June 30, 2022	City's Share of Debt June 30, 2022
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	0.316%	\$ 20,175,000	\$ 63,753
Coast Community College District	6.448%	945,799,424	60,985,147
Rancho Santiago Community College District	0.337%	196,772,727	663,124
Rancho Santiago Community College District SFID No. 1	0.634%	154,720,000	980,925
Garden Grove Unified School District	10.770%	532,420,000	57,341,634
Huntington Beach Union High School District	11.814%	163,654,998	19,334,201
Fountain Valley School District	72.915%	58,115,000	42,374,552
Ocean View School District Certificates of Participation	0.934%	129,630,000	<u>1,210,744</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 182,954,080</b>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Orange County General Fund Obligations	1.574%	376,780,000	5,930,517
Orange County Pension Obligation Bonds	1.574%	521,784,000	8,212,880
Orange County Board of Education Certificates of Participation	1.574%	11,620,000	182,899
Coast Community College District Certificates of Participation	6.448%	1,865,000	120,255
Coast Community College District Pension Obligation Bonds	6.448%	1,825,000	117,676
Huntington Beach Union High School District Certificates of Participation	11.814%	58,406,090	6,900,095
Ocean View School District Certificates of Participation	0.934%	16,310,000	<u>152,335</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 21,616,657</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 204,570,737</b>
<b><u>DIRECT GENERAL FUND DEBT</u></b>			
City of Fountain Valley General Fund Obligations	100.000%	13,187,409	13,187,409
City of Fountain Valley Pension Obligation Bonds	100.000%	13,366,081	<u>13,366,081</u>
<b><u>TOTAL DIRECT DEBT</u></b>			<b><u>\$ 26,553,490</u></b>

COMBINED TOTAL DIRECT AND OVERLAPPING DEBT (2) \$ 231,124,227 (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 2021-22 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt.....	1.71%
<b>Total Direct Debt (\$26,553,490).....</b>	<b>0.25%</b>
Combined Total Debt.....	2.15%

Source: California Municipal Statistics, Inc. (August 26, 2022)

CITY OF FOUNTAIN VALLEY  
LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
Assessed valuation	\$ 7,164,372,762	\$ 7,426,581,220	\$ 7,994,583,167	\$ 8,391,505,862	\$ 8,682,569,021
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,791,093,191	1,856,645,305	1,998,645,792	2,097,876,466	2,170,642,255
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	268,663,979	278,496,796	299,796,869	314,681,470	325,596,338
Total net debt applicable to limitation: General obligation bonds	-	-	-	-	-
Legal debt margin	<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>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

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

Sources: Orange County Assessor's Office  
City Finance Department

Fiscal Year Ended June 30,

2018	2019	2020	2021	2022
\$ 9,112,408,153	\$ 9,591,156,528	\$ 10,150,637,700	\$ 10,514,690,981	\$ 10,727,588,631
25%	25%	25%	25%	25%
2,278,102,038	2,397,789,132	2,537,659,425	2,628,672,745	2,681,897,158
15%	15%	15%	15%	15%
341,715,306	359,668,370	380,648,914	394,300,912	402,284,574
-	-	-	-	-
<u>\$ 341,715,306</u>	<u>\$ 359,668,370</u>	<u>\$ 380,648,914</u>	<u>\$ 394,300,912</u>	<u>\$ 402,284,574</u>
0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF FOUNTAIN VALLEY  
 PLEDGED-REVENUE COVERAGE

Last Five Fiscal Years

Series 2014A Revenue Bonds

Fiscal Year Ended June 30,	Operating Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2018	\$15,828,056	\$12,524,879	\$ 3,303,177	\$510,000	\$516,231	\$ 1,026,231	321.9%
2019	\$16,786,253	\$12,247,390	\$ 4,538,863	\$535,000	\$516,231	\$ 1,051,231	431.8%
2020	\$18,058,993	\$13,268,179	\$ 4,790,814	\$555,000	\$494,831	\$ 1,049,831	456.3%
2021	\$19,432,555	\$13,335,179	\$ 6,097,376	\$580,000	\$472,631	\$ 1,052,631	579.3%
2022	\$19,507,971	\$14,537,706	\$ 4,970,265	\$600,000	\$449,431	\$ 1,049,431	473.6%

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 billions) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2013	56,464	172,400	53,320	9.20%
2014	56,707	180,700	56,697	7.10%
2015	57,010	191,700	58,311	5.60%
2016	56,714	205,000	61,663	4.09%
2017	56,709	214,700	62,063	4.50%
2018	56,313	214,700	62,063	4.60%
2019	55,814	220,400	65,031	4.30%
2020	55,357	236,400	71,169	13.60%
2021	55,357	258,000	72,827	9.30%
2022	56,495	252,200	76,054	4.50%

Sources:

(1) United States Census Bureau Quick Facts: City of F.V, (estimates: last updated 7/1/2021)

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

(3) State of California Employment Development Department/U.S. Bureau of Labor Statistics (last updated 9/1/21)

\*State of Calif., Dept. of Finance, E-4 Estimates for Cities, Counties and the State, 2015-2020 History, with 2021-2050 Forecast

CITY OF FOUNTAIN VALLEY

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer (2)	2022		2013	
	Number of Employees	Percent of Total Employment (1)	Number of Employees	Percent of Total Employment
Fountain Valley Regional Hospital	1,703	7.14%	1,627	8.26%
Orange Coast Memorial Medical	1,540	6.46%	934	4.74%
Memorial Health Services	913	3.83%	554	2.81%
Kingston Technologies Company	600	2.52%	774	3.93%
Hyundai Motor America, Inc.	829	3.48%		
Memorial Heath Medical Foundation	460	1.93%		
Costco Wholesale #411	385	1.61%	276	1.40%
Surefire, LLC	338	1.42%	417	2.12%
Sams Club	213	0.89%	264	1.34%
Ceridan Tax Services	212	0.89%	275	1.40%
Mobis Parts America, LLC	211	0.88%		
Spec Services, Inc.	207	0.87%		
VCA West Coast Specialty/ER Animal Hosp	187	0.78%		
Interconnect Solutions Company	155	0.65%		
Pan-Pacific Mechanical, LLC	150	0.63%		
Manor Care of Fountain Valley		0.00%	204	1.04%
D-Link Systems, Inc.		0.00%	190	0.96%
	<u>8,103</u>	<u>33.97%</u>	<u>5,515</u>	<u>28.00%</u>
Total Employment	23,851			

CITY OF FOUNTAIN VALLEY

FULL-TIME CITY EMPLOYEES  
BY DEPARTMENT

Last Ten Fiscal Years

Department	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration	3.00	3.00	3.00	2.00	1.00	3.00	3.00	3.50	3.00	3.00
City clerk	1.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	*	*
Finance	10.60	10.60	10.75	10.75	9.80	9.75	9.75	9.75	9.75	7.75
Information services	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00
Human resources	3.50	3.50	4.00	4.00	3.00	4.00	4.00	4.75	3.75	3.00
Planning/Building	8.00	8.00	7.00	7.00	6.00	6.00	7.00	8.00	8.00	13.00
Public works	9.00	9.00	9.00	9.00	8.00	9.00	8.00	13.00	9.00	8.00
Field services	31.00	28.00	28.00	23.00	22.00	24.75	26.75	24.00	20.75	21.75
Fire	43.00	43.00	42.00	42.00	39.00	45.00	45.00	46.00	43.00	43.00
Police	79.00	85.00	83.00	82.00	72.50	79.00	79.00	87.00	78.00	80.00
Community services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	4.00	6.00
Utilities (W&S)	22.00	22.00	22.00	20.00	19.00	18.00	19.00	22.00	19.00	18.00
Total	<u>219.10</u>	<u>223.10</u>	<u>220.75</u>	<u>211.75</u>	<u>192.30</u>	<u>209.50</u>	<u>212.50</u>	<u>229.00</u>	<u>201.25</u>	<u>206.50</u>

Source: City of Fountain Valley; Personnel Dept: Authorized List for Full-Time Employees, June 2022

\* Please note: City Clerk position, as of June 2021, is now classified into Administration count

CITY OF FOUNTAIN VALLEY

OPERATING INDICATORS  
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
<b>Police:</b>					
Arrests	1,649	1,636	1,423	1,616	1,475
Parking citations issued	7,209	7,373	6,789	6,604	8,246
<b>Fire:</b>					
Number of emergency calls	4,557	4,638	4,638	5,359	5,488
Inspections	7,885	2,542	5,973	7,627	8,156
<b>Public works:</b>					
Street resurfacing (miles)	11	9	9	8	7
<b>Parks and recreation:</b>					
Number of recreation classes	1,257	1,103	1,103	3,923	1,357
Number of facility rentals	1,108	3,768	3,768	1,565	2,673
<b>Water:</b>					
New connections	21	340	1,253	1,310	1,298
Average daily consumption (thousands of gallons)	7,775	7,876	7,395	6,630	6,937

Notes:

New connections are all new customers connected

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

Source: City of Fountain Valley

Fiscal Year Ended June 30,

2018	2019	2020	2021	2022
1,460	1,800	1,783	1,524	1,241
6,649	7,569	5,627	9,880	8,209
5,660	5,401	5,401	5,360	5,912
10,260	4,147	2,115	813	504
4	6	7	5	5
1,501	1,449	1,032	375*	357*
2,235	2,343	1,825	448*	770
402	430	411	423	410
7,367	8,387	7,228	7,794	8,705

CITY OF FOUNTAIN VALLEY

CAPITAL ASSET STATISTICS  
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	2	2	2	2	2
Public works:					
Street (miles)	165.00	165.00	165.00	165.00	165.00
Streetlights**	N/A	N/A	N/A	N/A	N/A
Traffic signals	53	54	54	54	54
Parks and recreation:					
Parks	19	19	19	19	19
Community centers	2	2	2	2	2
Water:					
Water mains (miles)	202.00	202.00	202.00	202.00	209.00
Maximum daily capacity (thousands of gallons)	13,500,000	13,500,000	16,700,000	11,500,000	12,000,000

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

Source: City of Fountain Valley

Fiscal Year Ended June 30,				
2018	2019	2020	2021	2022
1	1	1	1	1
2	2	2	2	2
165.00	165.00	165.00	165.00	165.00
N/A	3,200	3,200	3,614	3,614
54	54	55	55	55
19	19	19	19	19
2	2	2	2	2
209.00	209.00	209.00	209.00	209.00
12,060,000	11,404,785	10,427,232	13,131,795	11,958,732



# **CITY OF FOUNTAIN VALLEY**

10200 Slater Avenue

Fountain Valley, CA 92708

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

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