

**CITY OF HUNTINGTON BEACH,
CALIFORNIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



FOR FISCAL YEAR ENDED SEPTEMBER 30, 2010

CITY OF HUNTINGTON BEACH, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Prepared by the Finance Department

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INTRODUCTORY SECTION

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**City of Huntington Beach
Comprehensive Annual Financial Report
Year Ended September 30, 2010**

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CITY OF HUNTINGTON BEACH

March 31, 2011

To the Honorable Mayor and City Council:

In accordance with the requirements of the City Charter, and the City of Huntington Beach's ongoing commitment to transparent financial reporting, I am pleased to present the Comprehensive Annual Financial Report (CAFR). This report outlines in detail the financial condition of all City funds through September 30, 2010.

As required by the City Charter, and to ensure the reliability of the information contained within this report, the City of Huntington Beach contracted with the independent auditing firm Macias Gini & O'Connell LLP. The goal of the audit was to provide reasonable assurance that the City's financial statements are free from material misstatement. After examining, on a test basis assessing the accounting principles used, as well as significant estimates made by management, Macias Gini & O'Connell LLP granted the City an unqualified (clean) opinion for the fiscal year ended September 30, 2010. The auditor's opinion can be found in the Financial Section of this report. Management assumes full responsibility for the completeness and accuracy of the information presented in this document. This transmittal letter is designed to complement and should be read in conjunction with the Management's Discussion and Analysis.

In addition to the City's financial information, this report includes financial statements for those separate legal entities whose activities the City controls. These entities are:

- The Redevelopment Agency of the City of Huntington Beach
- The Huntington Beach Public Financing Authority
- Various Community Facilities Districts

Additional Financial information for the Redevelopment Agency can be found in the Agency's component unit (stand-alone) report.

CITY PROFILE

The City of Huntington Beach is located on the coast of Orange County, 35 miles south of Los Angeles and 90 miles north of San Diego. With a population of just over 200,000 residents, it is known as Surf City due to its abundance of beaches, sunny, warm Mediterranean climate, and casual lifestyle. With over eight miles of coastline to boast of, Huntington Beach plays host to over eight million visitors annually. Listed among the nation's safest cities for decades, Huntington Beach has often been ranked among the Top Ten Safest Cities by City Crime Rankings.

Founded in the late 1880's, Huntington Beach was incorporated as a Charter City in 1909. Huntington Beach has a City Council/ City Administrator form of government wherein seven City Council members are elected to four-year terms, and the Mayor is

filled on a rotating basis from the incumbent Council members. Please be advised that as of March 31, 2011, the voters of Huntington Beach elected to officially change the City Administrator's title to City Manager.

The City of Huntington Beach is one of the leading commercial and industrial centers in Southern California. As the fourth largest city in Orange County, more than 112,100 people are currently employed by over 5,800 businesses and governmental entities in the City. Huntington Beach businesses include aerospace and high technology, petroleum and petroleum support, manufacturing, computer hardware and software, financial and business services, automobile services, machine shop services, precision instruments, retailers and surf apparel, just to name a few.

FINANCIAL POLICIES AND PRACTICES

The City operates on a fiscal year basis, beginning October 1st and ending September 30th. The budget is prepared under the supervision of the City Manager and transmitted to the City Council for deliberation thirty days prior to the end of the fiscal year. Pursuant to the City's Charter, the City Council must adopt the annual budget by September 30th and may amend it or revise it at any time at a properly noticed meeting. Budgetary control is at the department level within each fund and a Department Head, with the Director of Finance's approval, may transfer funds within like categories (operating and capital expenditures) of the same department. Transfer of funds for salaries and benefits require additional approval of the City Manager or his designee.

Surplus cash is invested by the elected City Treasurer, in investments allowed by the City's investment policy. The investment policy is adopted annually by the City Council after approval by the Investment Advisory Board. It outlines guidelines to meet the daily cash flow needs of the City, maximize the efficiency of the City's cash management system, and identifies prudent investment vehicles for the City's cash balances.

The rate of return earned for the fiscal year ended September 30, 2010 was 1.54%. The City Treasurer, as required by California Government Code 53601, has prepared an annual statement of investment policy which allows for the City to meet current obligations while earning a market rate of return. Further information regarding the City's cash and investments can be found in Note 2 of the financial statements.

LONG-TERM FINANCIAL PLANNING

In 2010, the City Council updated its Strategic Plan, which outlines five goals:

- Maintain financial viability and our reserves;
- Maintain, improve and obtain funding for infrastructure and equipment;
- Maintain public safety;
- Enhance economic development; and,
- Improve internal and external communication.

As part of the strategic goal to maintain our financial reserves the City of Huntington Beach completed and implemented a Long-Term Financial Plan. This plan enables the City to forecast cause and effect relationships for large financial decisions such as employee labor contracts, capital projects, service enhancements, as well as revenue fluctuations due to the weakening economy or state takeaways.

The City's Strategic Plan drives budgetary decisions and the day-to-day operations of the City by ensuring that the City is consistently working to achieve the goals outlined by the City Council.

MAJOR INITIATIVES

We are pleased to report that in November 2009, the City was awarded \$1,768,000 by the Department of Energy to develop and implement energy efficiency projects funded by the Energy Efficiency and Conservation Block Grant (EECBG), a program supported by the American Recovery and Investment Act. Once completed, the project will reduce the City's overall electricity consumption through the use of renewable energy sources and energy efficient retrofit improvements. It is anticipated that the projects will be completed in 2013.

The State of California (State) continues to face a fiscal crisis that directly impacts local governments and the communities it serves. During Fiscal Year 2009-2010, the State declared a fiscal emergency and suspended Proposition 1A which enabled it to borrow eight percent of the amount of property tax revenue apportioned to cities, counties, and special districts. During this time the Proposition 1A Securitization Program was passed by State legislators to allow local agencies to sell their respective Proposition 1A receivable to California Communities. California Communities then purchased the receivable and issued bonds simultaneously to provide each agency with the cash proceeds in two equal installments on January 15, 2010 and May 3, 2010. As a participant in this program, the City experienced no net reduction in revenues from the property tax reduction borrowing by the State.

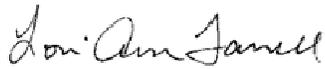
In May 2010, the City issued the Huntington Beach Public Finance Authority 2010-A Lease Revenue Bonds to refund the 1997 and 2000 Public Finance Authority Lease Revenue Bonds. The bond refunding will result in a net present value savings of \$937,000 over 21 years. Also in May, the City Council approved a retirement incentive program through the Public Agency Retirement System (PARS) to eligible employees to institute long term structural changes that would help the City remain financially sound through the sluggish local economy and the recent national recession. Further information on the PARS program can be found in Note 11d(6) of the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

Last year, the City of Huntington Beach was once again the honored recipient of the "Certificate of Achievement for Excellence in Financial Reporting" award bestowed by the Governmental Finance Officers Association (GFOA) of the United States and Canada. This was the 24th consecutive year the City has received this prestigious award. Receipt of the award requires government entities to publish an easily readable and efficiently organized Comprehensive Annual Financial Report, conforming to program, accounting, and legal standards.

The Certificate of Achievement earned for the fiscal year ended September 30, 2009, is valid for one year only. The City believes that this Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement Program requirements and will be submitted to GFOA for their consideration for another award.

I wish to thank the City Council, City Manager, and City Departments for their continued diligence in their role as fiscal stewards for the City of Huntington Beach. Specifically, I would also like to thank Dahle Bulosan, Sunny Han, Janet Lockhart, and Carrie Gonzales for their efforts in preparing this report.

A handwritten signature in cursive script that reads "Lori Ann Farrell".

Lori Ann Farrell
Director of Finance

City of Huntington Beach

City Council

Joe Carchio, Mayor
Don Hansen, Mayor Pro Tem

Connie Boardman, Councilmember
Keith Bohr, Councilmember
Devin Dwyer, Councilmember
Matthew Harper, Councilmember
Joe Shaw, Councilmember

Executive Team

Fred A. Wilson, City Manager
Paul Emery, Deputy City Manager
Robert Hall, Deputy City Manager
Laurie E. Payne, Community Relations Officer

City Treasurer

Alisa Cutchen

Elected Department Heads

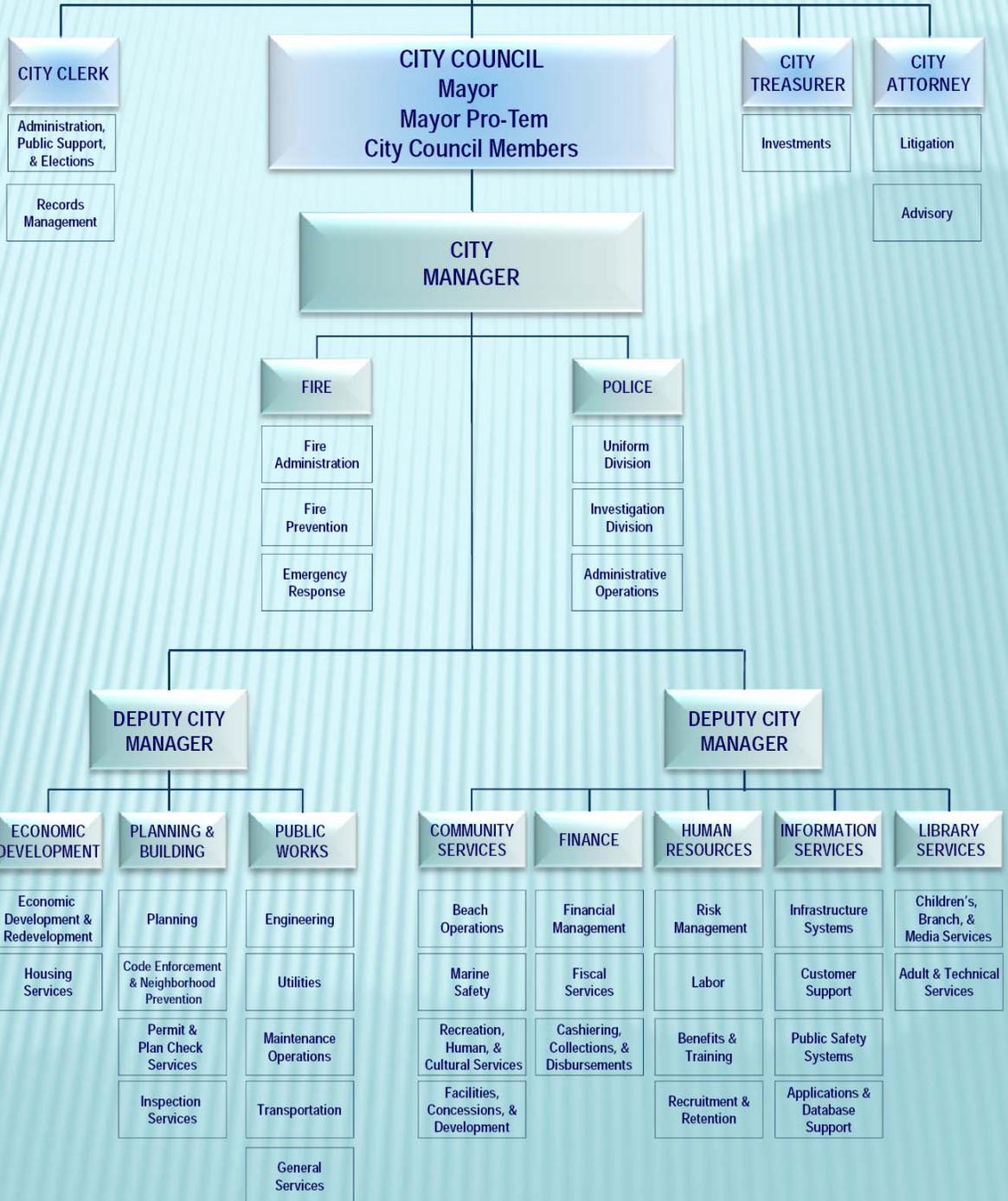
Joan L. Flynn, City Clerk
Jennifer M. McGrath, City Attorney

Department Directors

Stephanie Beverage, Library Services
Michele Carr, Human Resources
Paul Emery, Community Services
Lori Ann Farrell, Finance
Scott Hess, Building & Planning
Travis Hopkins, Public Works
Jack Marshall, Information Services
Chief Patrick McIntosh, Fire
Stanley Smalewitz, Economic Development
Chief Kenneth W. Small, Police

City of Huntington Beach

THE PEOPLE



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huntington Beach
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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FINANCIAL SECTION

The Honorable Mayor and
Members of City Council
City of Huntington Beach, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Beach, California (City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntington Beach, California, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Macias Fini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

March 31, 2011

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City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2010

As management of the City of Huntington Beach, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Huntington Beach for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages iii-vi of this report.

Financial Highlights

Below is a summary of the City's government-wide financial information (in thousands):

	Total Governmental and Business Activities			
	September 30, 2010	September 30, 2009	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets	\$ 1,043,111	\$ 1,068,545	\$ (25,434)	-2.4%
Liabilities	179,714	216,306	(36,592)	-16.9%
Total Net Assets	863,397	852,239	11,158	1.3%
Unrestricted Net Assets	94,578	96,129	(1,551)	-1.6%
Long-Term Obligations	155,809	157,136	(1,327)	-0.8%
Program Revenues	116,384	131,388	(15,004)	-11.4%
Taxes	140,584	138,138	2,446	1.8%
Other General Revenues	19,995	24,702	(4,707)	-19.1%
Expenses	265,805	277,424	(11,619)	-4.2%

- The total assets of the City of Huntington Beach exceeded its liabilities at the close of the most recent fiscal year by \$863,397,000. Of this amount, \$94,578,000 may be used to meet the City's ongoing obligations to citizens and creditors. Net assets increased \$11,158,000 or 1.3%. This increase is due in large part to additions made to capital assets for residential street improvements and infrastructure improvements to the City's water and sewer systems. Unrestricted net assets decreased by \$1,551,000 or 1.6%.
- Long-term obligations decreased by \$1,327,000 or 0.8%. This decrease is primarily due to debt service payments and a new bond issue used to refund two existing bonds held by the City.
- Program revenues decreased by \$15,004,000 or 11.4%. This decrease is primarily due to the one-time contribution of a parking structure from a private developer made in the prior year. Taxes increased \$2,446,000 or 1.8% due in large part to slight increases in sales tax revenue.
- Expenses decreased by \$11,619,000 or 4.2% due to ongoing efforts to cut costs given the sluggish economy.

Overview of the Financial Statements

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



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2010

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's financial condition and are prepared similarly to those in the private sector.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, continued increases or decreases in net assets may indicate whether the City's financial condition is improving or deteriorating.

The statement of activities presents information on how the City's net assets changed during the most recent fiscal year. These changes are reported on the full accrual basis (when the economic event occurs), not when the cash is received or paid.

The government-wide financial statements separate functions that are primarily supported by taxes and intergovernmental revenues (governmental activities) from functions that are supported by user fees (business activities). Governmental activities include City Council, City Administrator, City Treasurer, City Attorney, City Clerk, Finance, Human Resources, Planning, Building, Fire, Information Systems, Police, Economic Development, Community Services, Library Services, Public Works, and Non-Departmental. Business activities include Water, Sewer, Refuse, and Hazmat Service.

The government-wide financial statements include the City and all of its component units that are legally separate but whose activities entirely support the City of Huntington Beach. These entities are, the Redevelopment Agency of the City of Huntington Beach, the Huntington Beach Public Financing Authority, and various assessment districts described in Note 1 to the financial statements.

The government-wide financial statements can be found on pages 18-19 of this report.

Fund Financial Statements

The City separates financial activities into funds to maintain control over resources that have been legally separated. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the same functions reported in governmental activities in the government-wide financial statements. However, the focus in the governmental fund section of these financial statements is on near-term resource inflows and outflows available for spending, as well as balances of resources available for spending at the end of the fiscal year.

It is useful to compare information presented for the governmental funds to information presented for governmental activities in the government-wide financial statements. The reconciliation indicates to the reader the differences in financial reporting between the governmental activities section and the governmental funds section.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2010

The City maintains 21 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures, and changes in fund balances for the General Fund, Grants Special Revenue Fund, Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Projects Fund, and Low-Income Housing Capital Projects Fund all of which are considered to be major funds. Data from the other 16 smaller funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in a combining statement elsewhere in this report.

The City provides an annual appropriated budget for its governmental funds. Budgetary comparison schedules for the General Fund and the major special revenue funds (Grants) are required to be presented and are included on pages 94-95 and 110-119 of this report and demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary Funds

Proprietary funds or enterprise funds are used to account for the same activities as the business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, Refuse, and Hazmat Service activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for Water, Sewer Service, Refuse, and Hazmat Service Funds, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on page 28 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-89 of this report.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2010

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and General Fund budget-to-actual comparisons. Required supplementary information can be found on pages 93-97 of this report.

The combining statements and schedules referred to earlier in connection with other governmental funds is presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 102-109 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. At the end of the current fiscal year, the City reported positive net asset balances for both governmental and business-type activities, with total assets exceeding liabilities by \$863,397,000.

Below is a summary schedule of the City's net assets at September 30, 2010 (in thousands):

	September 30, 2010	September 30, 2009	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities				
Current and Other Assets	\$ 142,600	\$ 173,718	\$ (31,118)	-17.9%
Capital Assets	678,791	677,494	1,297	0.2%
Total Assets	821,391	851,212	(29,821)	-3.5%
Current and Other Liabilities	16,927	51,600	(34,673)	-67.2%
Long-Term Obligations	154,878	156,036	(1,158)	-0.7%
Total Liabilities	171,805	207,636	(35,831)	-17.3%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	567,631	559,059	8,572	1.5%
Restricted	49,100	48,198	902	1.9%
Unrestricted	32,855	36,319	(3,464)	-9.5%
Total Net Assets	\$ 649,586	\$ 643,576	\$ 6,010	0.9%
Business Activities				
Current and Other Assets	\$ 100,141	\$ 99,268	\$ 873	0.9%
Capital Assets	121,579	118,065	3,514	3.0%
Total Assets	221,720	217,333	4,387	2.0%
Current and Other Liabilities	6,978	7,570	(592)	-7.8%
Long-Term Obligations	931	1,100	(169)	-15.4%
Total Liabilities	7,909	8,670	(761)	-8.8%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	121,576	118,059	3,517	3.0%
Restricted	30,512	30,794	(282)	-0.9%
Unrestricted	61,723	59,810	1,913	3.2%
Total Net Assets	\$ 213,811	\$ 208,663	\$ 5,148	2.5%



City of Huntington Beach
Management's Discussion and Analysis
For the Year Ended September 30, 2010

Analysis of the City's Net Assets

Current and Other Assets: The decrease in current and other asset of \$31,118,000 is primarily due to recognition of an allowance for the developer loans receivable for affordable housing projects and this was netted on the Statement of Net Assets.

Current and Other Liabilities: The decrease in current and other liabilities of \$34,673,000 is primarily due to recognition of an allowance for the developer loans receivable for affordable housing projects and this was netted on the Statement of Net Assets.

Invested in Capital Assets, Net of Related Debt: The largest portion of the City's net assets reflects investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. Net assets invested in capital assets net of related debt from governmental activities increased \$8,572,000 or 1.5%. This increase was primarily due to improvements made to the City's buildings and road infrastructure. Net assets invested in capital assets net of related debt from business activities increased \$3,517,000 or 3.0% due to improvements made to the City's water and sewer systems.

Restricted Net Assets: An additional portion of the City's net assets is subject to external (legally imposed or statutory) restrictions (\$49,100,000 for governmental activities, and \$30,512,000 for business activities). These amounts represent 7.6% and 14.3% of net assets for governmental activities and business activities respectively. Restricted net assets from governmental activities increased \$902,000 or 1.9%. The increase is primarily due to more funds available for capital projects. Restricted net assets from business activities decreased slightly by \$282,000 or 0.9%.

Unrestricted Net Assets: The unrestricted assets (\$32,855,000 for governmental activities and \$61,723,000 for business activities) represent 5.2% and 28.9% of net assets for governmental activities and business activities respectively. Unrestricted net assets for governmental activities decreased \$3,464,000 or 9.5% primarily due to overall decreases in general and program revenues. Unrestricted net assets for business activities increased \$1,913,000 or 3.2%. This increase was primarily due to a reduction in net transfers made from business activities in the prior year.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2010

A condensed summary of governmental activities (in thousands) follows:

	Governmental Activities			
	September 30, 2010	September 30, 2009	Amount Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Program Revenues:				
Charges for Current Services	\$ 46,234	\$ 45,414	\$ 820	1.8%
Operating Grants and Contributions	7,069	4,181	2,888	69.1%
Capital Grants and Contributions	7,418	25,625	(18,207)	-71.1%
Total Program Revenues	60,721	75,220	(14,499)	-19.3%
General Revenues:				
Property Taxes	85,552	84,010	1,542	1.8%
Sales Taxes	23,646	21,427	2,219	10.4%
Utility Taxes	19,757	20,616	(859)	-4.2%
Other Taxes	11,629	12,085	(456)	-3.8%
Use of Money and Property	4,043	5,002	(959)	-19.2%
From Other Agencies - Unrestricted	4,184	8,500	(4,316)	-50.8%
Other	9,944	7,849	2,095	26.7%
Total General Revenues	158,755	159,489	(734)	-0.5%
Total Revenues	219,476	234,709	(15,233)	-6.5%
Expenses:				
City Council	301	295	6	2.0%
City Administrator	1,674	1,861	(187)	-10.0%
City Treasurer	1,532	1,308	224	17.1%
City Attorney	2,772	2,877	(105)	-3.6%
City Clerk	883	1,099	(216)	-19.7%
Finance	4,309	4,479	(170)	-3.8%
Human Resources	5,284	4,749	535	11.3%
Planning	3,170	3,232	(62)	-1.9%
Building	4,608	9,549	(4,941)	-51.7%
Fire	33,545	33,942	(397)	-1.2%
Information Systems	6,812	7,377	(565)	-7.7%
Police	59,049	60,551	(1,502)	-2.5%
Economic Development	11,891	15,758	(3,867)	-24.5%
Community Services	16,147	17,110	(963)	-5.6%
Library Services	4,519	4,574	(55)	-1.2%
Public Works	26,483	29,514	(3,031)	-10.3%
Non-Departmental	24,303	21,196	3,107	14.7%
Interest on Long-Term Debt	6,146	5,232	914	17.5%
Total Expenses	213,428	224,703	(11,275)	-5.0%
Change in Net Assets Before Transfers	6,048	10,006		
Transfers	(38)	7,175		
Change in Net Assets After Transfers	6,010	17,181		
Net Assets - Beginning of Year	643,576	626,395		
Net Assets - End of Year	\$ 649,586	\$ 643,576		

The cost of all governmental activities this year was \$213,428,000. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was \$152,707,000, because costs of \$46,234,000 were paid by those who directly benefited from the programs, or by other governments and organizations that subsidized certain programs with operating grants and contributions of \$7,069,000, and capital grants and contributions of \$7,418,000. Overall, the City's governmental program revenues were \$60,721,000. The City paid for the remaining "public benefit" portion of governmental activities with \$158,755,000 in taxes and general revenue (some of which could only be used for certain programs) and with other revenues, such as interest and



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2010

general entitlements. Operating Grants and Contributions have increased by \$2,888,000 or 69.1% due to Proposition 1B Local Street and Road Improvement funds received from the state. Capital Grants and Contributions have decreased by \$18,207,000 or 71.1% primarily due to a one-time capital asset contributed from a private developer in the prior year.

Total program expenses decreased by \$11,275,000 due to the following:

- Building expenses decreased by \$4,941,000 primarily due to the seismic rehabilitation work on city hall that ended in the prior fiscal year.
- Economic development and public works expenses decreased by \$3,867,000 and \$3,031,000, respectively, due to a reduction in staff and construction contracts due to the sluggish economy.

Total resources available during the year to finance governmental operations were \$863,052,000 consisting of net assets at October 1, 2009, of \$643,576,000, program revenues of \$60,721,000, general revenues of \$158,755,000, less transfers of \$38,000. Total expenses for governmental activities during the year were \$213,428,000, thus, net assets were increased by \$6,010,000, to \$649,586,000.

A condensed summary of business activities (in thousands) follows:

	Business Activities			
	September 30, 2010	September 30, 2009	Amount Increase (Decrease)	Percent Increase (Decrease)
Program Revenues:				
Charges for Current Services	\$ 55,525	\$ 56,014	\$ (489)	-0.9%
Capital Grants and Contributions	138	154	(16)	-10.4%
Total Program Revenues	55,663	56,168	(505)	-0.9%
Use of Money and Property	1,824	3,351	(1,527)	-45.6%
Total Revenues	57,487	59,519	(2,032)	-3.4%
Expenses:				
Water Utility	34,902	34,290	612	1.8%
Emerald Cove Housing	-	306	(306)	-100.0%
Refuse Collection	10,585	10,623	(38)	-0.4%
Sewer Service	6,575	7,306	(731)	-10.0%
Hazmat Service	315	196	119	60.7%
Total Expenses	52,377	52,721	(344)	-0.7%
Increase in Net Assets Before Transfers	5,110	6,798		
Transfers	38	(7,175)		
Total Change In Net Assets	5,148	(377)		
Net Assets - Beginning of Year	208,663	209,040		
Net Assets - End of Year	\$ 213,811	\$ 208,663		

The City's net assets from business activities increased by \$5,110,000 before transfers. Contributing to this increase were operating income of \$3,194,000 and interest income of \$1,824,000. Use of money and property decreased by \$1,527,000 due to a decrease in the rate of return of the City's cash and investments.

The cost of all Business Type activities this year was \$52,377,000. As shown in the



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2010

Statement of Activities, the amount paid by users of the systems was \$55,525,000, capital grants and contributions were \$138,000, other revenue was \$1,824,000, and transfers were \$38,000. Beginning net assets were \$208,663,000 and ending net assets were \$213,811,000. Of the ending net asset amount, \$121,576,000, or 56.9%, was invested in capital assets, \$30,512,000 or 14.3% was restricted for expenditures for the Water Master Plan, and \$61,723,000, or 28.9% was unrestricted.

The transfers for Business Type activities changed from a net transfer out of \$7,175,000 in the prior year to a net transfer in of \$38,000 in the current year. In the prior year, the Emerald Cove Housing enterprise fund was closed and the capital assets were transferred to the Low-Income Housing Capital Projects Fund and the remaining fund balance was transferred to the General Fund.

A listing of each program's revenues and expenses for the current year is presented below (in thousands):

	2009-2010		2008-2009	
	Expenses	Less Program Revenues	Funded by Taxes and Other General Revenues	Funded by Taxes and Other General Revenues
Governmental Activities:				
City Council	\$ 301	\$ (62)	\$ 239	\$ 201
City Administrator	1,674	(126)	1,548	1,491
City Treasurer	1,532	(566)	966	543
City Attorney	2,772	(456)	2,316	2,827
City Clerk	883	(106)	777	991
Finance	4,309	(1,234)	3,075	3,215
Human Resources	5,284	(1,103)	4,181	3,495
Planning	3,170	(682)	2,488	2,431
Building	4,608	(4,126)	482	5,884
Fire	33,545	(8,580)	24,965	25,701
Information Systems	6,812	(731)	6,081	6,703
Police	59,049	(5,366)	53,683	54,527
Economic Development	11,891	(6,247)	5,644	(9,661)
Community Services	16,147	(15,896)	251	1,313
Library Services	4,519	(480)	4,039	4,074
Public Works	26,483	(14,691)	11,792	19,536
Non-Departmental	24,303	(269)	24,034	20,980
Interest on Long-Term Debt	6,146	-	6,146	5,232
Total Governmental Activities	\$ 213,428	\$ (60,721)	\$ 152,707	\$ 149,483
Business Activities				
Water Utility	\$ 34,902	\$ (34,394)	\$ 508	\$ 90
Emerald Cove Housing	-	-	-	(537)
Refuse Collection	10,585	(10,506)	79	237
Sewer Service	6,575	(10,565)	(3,990)	(3,229)
Hazmat Service	315	(198)	117	(8)
Total Business Activities	\$ 52,377	\$ (55,663)	\$ (3,286)	\$ (3,447)



City of Huntington Beach
 Management's Discussion and Analysis
 For the Year Ended September 30, 2010

Financial Analysis of the City's Major Governmental Funds

Below is an analysis of the City's major governmental fund activities for the year (in thousands):

	GOVERNMENTAL FUNDS			
	September 30, 2010	September 30, 2009	Amount Increase (Decrease)	Percent Increase (Decrease)
Total Fund Equity:				
General Fund	\$ 41,352	\$ 39,088	\$ 2,264	5.8%
Grants Special Revenue Fund	923	2,404	(1,481)	-61.6%
Redevelopment Agency Debt Service	(152)	4,489	(4,641)	-103.4%
Redevelopment Agency Capital Projects	7,809	11,073	(3,264)	-29.5%
Low-Income Housing Fund	11,409	12,017	(608)	-5.1%
Total Fund Equity	\$ 61,341	\$ 69,071	\$ (7,730)	-11.2%

The General Fund Balance increased by \$2,264,000 primarily due to slight revenue growth combined with overall cost cutting measures implemented by all departments.

The Grant Special Revenue Fund Balance decreased by \$1,481,000 primarily due to decreased grant revenue.

The Redevelopment Agency Debt Service Fund Balance decreased by \$4,641,000. This decrease was primarily due to the State-mandated Supplemental Education Revenue Augmentation Fund (SERAF) contribution required by AB 26 4x.

The Redevelopment Agency Capital Projects Fund Balance decreased by \$3,264,000. This decrease was the result of planned spending of fund balance on capital projects.

The Low-Income Housing Fund decreased \$608,000. This decrease was primarily due affordable housing project expenditures exceeding revenues. The revenue from the housing set-aside portion of property tax increment received was less than anticipated due to the sluggish economy.



City of Huntington Beach
 Management's Discussion and Analysis
 For the Year Ended September 30, 2010

Financial Analysis of the City's Major Proprietary Funds

Below is an analysis of the fund equity of the City's proprietary funds (in thousands):

	Enterprise Funds			
	September 30, 2010	September 30, 2009	Amount Increase (Decrease)	Percent Increase (Decrease)
Net Assets:				
Water Fund	\$ 160,410	\$ 159,353	\$ 1,057	0.7%
Sewer Fund	53,263	49,016	4,247	8.7%
Refuse Fund	39	65	(26)	-40.0%
Hazmat Service Fund	99	229	(130)	-56.8%
Total Net Assets	\$ 213,811	\$ 208,663	\$ 5,148	2.5%
Unrestricted Net Assets:				
Water Fund	\$ 45,117	\$ 47,652	\$ (2,535)	-5.3%
Sewer Fund	16,468	11,864	4,604	38.8%
Refuse Fund	39	65	(26)	-40.0%
Hazmat Service Fund	99	229	(130)	-56.8%
Total Unrestricted Net Assets	\$ 61,723	\$ 59,810	\$ 1,913	3.2%

The Water Fund net assets increased by \$1,057,000 and unrestricted net assets decreased by \$2,534,000. This increase is due in large part to interest income.

The Sewer Fund net assets increased by \$4,247,000 and unrestricted net assets increased by \$4,604,000. This increase is due to a reduction in repairs and maintenance costs in the current year.

Debt Administration

Below is a schedule of the changes to the City's long-term obligations (in thousands):

	Balance October 1, 2009	Additions	Retirements	Balance September 30, 2010
Governmental Activities:				
Revenue Bonds	\$ 59,815	\$ 14,745	\$ (19,175)	\$ 55,385
Tax Allocation Bonds	22,400	-	(1,320)	21,080
Judgement Obligation Bonds	6,774	-	(785)	5,989
Claims	12,500	6,254	(4,827)	13,927
Compensated Absences	12,015	3,259	(4,997)	10,277
Pension Obligation	4,312	3,832	(3,968)	4,176
Loans	35,059	19	(1,240)	33,838
Leases Payable	1,161	-	(304)	857
Pollution Remediation	2,000	200	-	2,200
PARS Payable	-	7,231	(82)	7,149
Total Long-Term Obligations - Governmental Activities	156,036	35,540	(36,698)	154,878
Business Activities:				
Compensated Absences	1,094	300	(466)	928
Leases	6	-	(3)	3
Business Activities	1,100	300	(469)	931
Total Long-Term Obligations	\$ 157,136	\$ 35,840	\$ (37,167)	\$ 155,809

Additional information on the City's long-term debt is shown in Note 11 to the financial statements. The City of Huntington Beach is legally restricted to issuing general obligation bonds to 12% of its assessed valuation. Since the City has no general



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2010

obligation bonds outstanding, the limit does not apply. This is shown on page 143 of the financial statements. The City's total debt decreased \$1,326,000 or 0.8% from the prior fiscal year. This decrease was due in large part to the following:

- Issuance of \$14,745,000 of new Lease Revenue Bonds used to refund outstanding amounts for the 1997 Series A Public Financing Authority Lease Revenue Bonds and the 2000 Series A Public Financing Bonds totaling \$2,770,000 and \$12,785,000 respectively.
- Addition of the \$7,231,000 Public Agency Retirement System (PARS) Supplementary Retirement Plan program obligation. The City is funding the cost of the annuity installments over a five year period.

The City continues to maintain excellent credit ratings on all of its debt issues. The following are the latest ratings as determined by Moody's Investors Service and Standard and Poor's.

<u>Debt Instrument</u>	<u>Moody's</u>	<u>S & P</u>
1999 Tax Allocation Refunding Bonds	Baa2	A
2001 Lease Revenue Bonds, Series A	Aa3	AA
2001 Lease Revenue Bonds, Series B	Aa3	AA
2002 Tax Allocation Refunding Bonds	Baa2	A
2004 Judgment Obligation Bonds	Aa2	AA
2010 Lease Revenue Bonds, Series A	Aa3	AA

Capital Assets

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. The City has elected to use the "Basic Approach" as defined by GASB statement 34 for infrastructure reporting. The following infrastructure networks are recorded as capital assets in the government-wide financial statements:

- Storm drain system including pump stations, drainage system and manholes.
- Streets (including land underneath streets), traffic signals, curbs, gutters, and sidewalks.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2010

Below is a schedule of the City's capital assets, net of accumulated depreciation (in thousands):

	September 30, 2010	September 30, 2009	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities:				
Land	\$ 367,323	\$ 366,342	\$ 981	0.3%
Buildings	128,662	129,502	(840)	-0.6%
Machinery and Equipment	11,274	14,297	(3,023)	-21.1%
Construction in Progress	10,242	7,992	2,250	28.2%
Joint Venture	2,094	2,012	82	4.1%
Infrastructure	159,196	157,349	1,847	1.2%
Total Governmental Activities	678,791	677,494	1,297	0.2%
Business Activities:				
Land	\$ 3,907	\$ 3,907	\$ -	0.0%
Buildings	40,820	39,658	1,162	2.9%
Machinery and Equipment	2,700	3,576	(876)	-24.5%
Construction in Progress	12,375	8,209	4,166	50.7%
Infrastructure	61,777	62,715	(938)	-1.5%
Total Business Activities	121,579	118,065	3,514	3.0%
Total Capital Assets	\$ 800,370	\$ 795,559	\$ 4,811	0.6%

Capital assets from governmental activities increased \$1,297,000 or 0.2%. This increase is largely due to improvements made to the City's buildings currently in Construction in Progress and road infrastructure. Capital assets from business activities increased \$3,514,000 or 3.0%. This increase was largely due to ongoing improvement and rehabilitation of the City's sewer system and water facilities and off-set by annual depreciation. Further information on the City's capital assets can be found in Note 12 of the financial statements.

General Fund Budgetary Highlights

Changes to Original Budget

Final budgeted revenues for the General Fund increased \$1,906,000 or 1.1% from the original (adopted) budget for the fiscal year ending September 30, 2010. The change from original to final budget occurred primarily as a result of adjustments made to budgeted reimbursement revenue from grants.

Comparing the fiscal year 2009/2010 original budget (or adopted) General Fund expenditures amount of \$174,552,000 to the final budgeted amount of \$177,636,000 shows a net increase of \$3,084,000 (1.8%). This overall increase was the result of budget carryovers from the previous year.

Variance with Final Budget

General Fund actual revenues were less than final budget by \$3,770,000 for the fiscal year ending September 30, 2010. The national recession was the primary factor contributing to this shortfall. The impact of the recession on major categories of revenue is listed below:



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2010

- **Utility Tax:** The net \$1,968,000 negative variance in actual vs. final budgeted revenue in this category was primarily due to a decline in utility usage due to recessionary pressures and low prices for natural gas.
- **Other Taxes:** The net \$1,756,000 negative variance in actual vs. final budgeted revenue in this category was primarily due to lower transient occupancy tax as hotels lowered room prices and occupancy rates declined. Also, receipts from the City's utility franchises declined as recessionary pressures lowered natural gas usage and natural gas prices also declined.
- **Licenses and Permits:** The net \$876,000 negative variance in actual vs. final budgeted revenue in this category was primarily due to decreased development activity citywide.
- **Use of Money and Property:** The net \$1,089,000 negative variance in actual vs. final budgeted revenue in this category was primarily due to declines in interest rates.

General Fund expenditures were \$6,921,000 less than the final budget. The favorable budget variance is due in large part to the following:

- Budget reductions, including concessions from various bargaining groups, implemented during the year saved \$4,000,000
- Prudent fiscal management in addition to the formal budget reductions resulted in an additional \$2,900,000 in savings

Economic Factors and Next Year's Budgets and Rates

The key assumptions in the General Fund forecast for fiscal year 2010/2011 are:

- Property tax revenue will remain relatively flat due to the continuation of the weak housing market.
- Modest increases in sales tax revenue due to slight improvements in retail spending.
- Utility taxes will remain relatively flat with little to no growth as economic pressures continue to hold down demand and prices.
- Modest growth in transient occupancy tax (TOT) as occupancy and room rates experience a slight improvement compared to prior year.
- Increases in the annually required contributions to the City's pension due to declines in CalPERS investment values.



City of Huntington Beach
Management's Discussion and Analysis
For the Year Ended September 30, 2010

Contacting the City's Financial Management Team

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Finance Department at 2000 Main Street, Huntington Beach, California, 92648-2702, phone (714) 536-5630 or e-mail cgonzales@surfcity-hb.org.

BASIC FINANCIAL STATEMENTS

CITY OF HUNTINGTON BEACH
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 28,155	\$ 62,856	\$ 91,011
Receivables, Net	30,036	5,541	35,577
Inventories	-	1,232	1,232
Prepays	12,502	-	12,502
Other Assets	1,266	-	1,266
Land Held for Resale	6,158	-	6,158
Other Postemployment Benefits Asset	8,661	-	8,661
Subtotal	86,778	69,629	156,407
Restricted Assets:			
Cash and Investments	28,936	30,512	59,448
Cash and Investments with Fiscal Agent	8,313	-	8,313
Receivables, Net	18,573	-	18,573
Total Restricted Assets	55,822	30,512	86,334
Capital Assets :			
Non-Depreciable	379,659	16,282	395,941
Depreciable	299,132	105,297	404,429
Total Capital Assets	678,791	121,579	800,370
Total Assets	821,391	221,720	1,043,111
LIABILITIES			
Accounts Payable	4,150	5,099	9,249
Accrued Payroll	4,861	378	5,239
Deposits	1,194	1,501	2,695
Subtotal	10,205	6,978	17,183
Liabilities Payable from Restricted Assets:			
Accounts Payable	2,436	-	2,436
Accrued Interest Payable	569	-	569
Unearned Revenue	739	-	739
Deposits	2,978	-	2,978
Total Liabilities Payable from Restricted Assets	6,722	-	6,722
Long-Term Obligations:			
Long-Term Obligations Due Within One Year	16,712	252	16,964
Long-Term Obligations Due in More than One Year	138,166	679	138,845
Total Long-Term Obligations	154,878	931	155,809
Total Liabilities	171,805	7,909	179,714
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	567,631	121,576	689,207
Restricted for:			
Debt Service	8,352	-	8,352
Capital Projects	17,039	30,512	47,551
Specific Projects and Programs	23,709	-	23,709
Total Restricted Net Assets	49,100	30,512	79,612
Unrestricted	32,855	61,723	94,578
Total Net Assets	\$ 649,586	\$ 213,811	\$ 863,397

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Current Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
City Council	\$ 301	\$ 62	\$ -	\$ -	\$ (239)	\$ -	\$ (239)
City Administrator	1,674	126	-	-	(1,548)	-	(1,548)
City Treasurer	1,532	566	-	-	(966)	-	(966)
City Attorney	2,772	456	-	-	(2,316)	-	(2,316)
City Clerk	883	106	-	-	(777)	-	(777)
Finance	4,309	1,234	-	-	(3,075)	-	(3,075)
Human Resources	5,284	1,103	-	-	(4,181)	-	(4,181)
Planning	3,170	682	-	-	(2,488)	-	(2,488)
Building	4,608	4,126	-	-	(482)	-	(482)
Fire	33,545	8,504	76	-	(24,965)	-	(24,965)
Information Systems	6,812	731	-	-	(6,081)	-	(6,081)
Police	59,049	4,849	517	-	(53,683)	-	(53,683)
Economic Development	11,891	2,685	668	2,894	(5,644)	-	(5,644)
Community Services	16,147	15,470	223	203	(251)	-	(251)
Library Services	4,519	415	65	-	(4,039)	-	(4,039)
Public Works	26,483	4,850	5,520	4,321	(11,792)	-	(11,792)
Non-Departmental	24,303	269	-	-	(24,034)	-	(24,034)
Interest on Long-Term Debt	6,146	-	-	-	(6,146)	-	(6,146)
Total Governmental Activities	213,428	46,234	7,069	7,418	(152,707)	-	(152,707)
Business-type Activities:							
Water Utility	34,902	34,256	-	138	-	(508)	(508)
Sewer Service	6,575	10,565	-	-	-	3,990	3,990
Refuse Collection	10,585	10,506	-	-	-	(79)	(79)
Hazmat Service	315	198	-	-	-	(117)	(117)
Total Business-Type Activities	52,377	55,525	-	138	-	3,286	3,286
Total Business and Governmental Type Activities	\$ 265,805	\$ 101,759	\$ 7,069	\$ 7,556	(152,707)	3,286	(149,421)
General Revenues:							
Taxes:							
Property Taxes					85,552	-	85,552
Sales Taxes					23,646	-	23,646
Utility Taxes					19,757	-	19,757
Other Taxes					11,629	-	11,629
Total Taxes					140,584	-	140,584
Other:							
Use of Money and Property					4,043	1,824	5,867
From Other Agencies - Unrestricted					4,184	-	4,184
Gain on Sale of Property					4,496	-	4,496
Other					5,448	-	5,448
Total General Revenues					158,755	1,824	160,579
Transfers					(38)	38	-
Total General Revenues and Transfers					158,717	1,862	160,579
Change in Net Assets					6,010	5,148	11,158
Net Assets - Beginning of Year					643,576	208,663	852,239
Net Assets - End of Year					\$ 649,586	\$ 213,811	\$ 863,397

**CITY OF HUNTINGTON BEACH
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010
(In Thousands)**

	Other Major Governmental Funds					Total Major Governmental Funds	Other Governmental Funds	Total
	General Fund	Grants Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Low-Income Housing Capital Projects			
ASSETS								
Cash and Investments	\$ 28,155	\$ 609	\$ -	\$ 2,626	\$ 8,549	\$ 39,939	\$ 17,152	\$ 57,091
Cash and Investments with Fiscal Agent	-	-	2,402	-	-	2,402	5,911	8,313
Taxes Receivable	25,758	-	4,510	-	-	30,268	553	30,821
Other Receivables, Net	4,278	3,861	136	10	8,715	17,000	788	17,788
Due from Other Funds	-	-	-	199	-	199	967	1,166
Advances to Other Funds	675	-	-	302	4,591	5,568	-	5,568
Land Held for Resale	-	-	-	6,158	-	6,158	-	6,158
Other Assets	-	-	-	-	-	-	1,266	1,266
Prepays	12,502	-	-	-	-	12,502	-	12,502
TOTAL ASSETS	\$ 71,368	\$ 4,470	\$ 7,048	\$ 9,295	\$ 21,855	\$ 114,036	\$ 26,637	\$ 140,673
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 4,150	\$ 403	\$ -	\$ 92	\$ 79	\$ 4,724	\$ 1,862	\$ 6,586
Accrued Payroll	4,709	45	-	31	14	4,799	62	4,861
Due to Other Funds	-	-	199	-	-	199	967	1,166
Advances from Other Funds	-	-	3,530	1,363	-	4,893	675	5,568
Deposits Payable	1,194	13	-	-	1,665	2,872	1,300	4,172
Deferred Revenue	14,285	3,086	3,471	-	8,688	29,530	515	30,045
Claims Payable	5,678	-	-	-	-	5,678	-	5,678
Total Liabilities	30,016	3,547	7,200	1,486	10,446	52,695	5,381	58,076
Fund Balances:								
Nonspendable								
Long-Term Receivables	-	-	116	-	-	116	-	116
Land Held for Resale	-	-	-	6,158	-	6,158	-	6,158
Prepaid Insurance	3,930	-	-	-	-	3,930	-	3,930
Advances to Other Fund	675	-	-	302	-	977	-	977
Restricted								
Underground Utilities	364	-	-	-	-	364	-	364
Restitution	244	-	-	-	-	244	-	244
Pollution Remediation	-	-	-	-	-	-	489	489
Debt Service	-	-	2,402	-	-	2,402	5,946	8,348
Highways, Streets and Transportation	-	-	-	-	-	-	7,614	7,614
Low Income Housing	-	-	-	-	6,818	6,818	-	6,818
Air Quality	-	-	-	-	-	-	803	803
Parks	-	-	-	-	-	-	2,787	2,787
Advances to Other Fund	-	-	-	-	4,591	4,591	-	4,591
Other Capital Projects	-	-	-	322	-	322	1,098	1,420
Other Purposes	844	449	-	-	-	1,293	-	1,293
Committed								
Economic Uncertainties	19,710	-	-	-	-	19,710	-	19,710
Litigation Reserves	900	-	-	-	-	900	-	900
Capital Projects Reserve	2,970	-	-	-	-	2,970	-	2,970
Redevelopment Capital Projects	-	-	-	1,256	-	1,256	-	1,256
Equipment Replacement	6,913	-	-	-	-	6,913	-	6,913
Other Capital Projects	-	-	-	-	-	-	30	30
Other Purposes	-	465	-	-	-	465	4	469
Assigned								
Capital Projects	-	-	-	-	-	-	2,924	2,924
PARS Obligation	3,549	-	-	-	-	3,549	-	3,549
Other Purposes	1,253	9	-	-	-	1,262	981	2,243
Unassigned								
	-	-	(2,670)	(229)	-	(2,899)	(1,420)	(4,319)
TOTAL FUND BALANCES	41,352	923	(152)	7,809	11,409	61,341	21,256	82,597
TOTAL LIABILITIES AND FUND BALANCES	\$ 71,368	\$ 4,470	\$ 7,048	\$ 9,295	\$ 21,855	\$ 114,036	\$ 26,637	\$ 140,673

See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010
(In Thousands)**

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

Total Fund Balances Governmental Funds	\$	82,597
<p>Net capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds</p>		
Capital Assets		928,203
Accumulated Depreciation		(249,412)
<p>Long-term receivable are not available to pay for current-period expenditures and accordingly are deferred in the governmental funds.</p>		
		11,704
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds</p>		
Accrued Taxes Receivable		17,602
Other Postemployment Benefit Asset		8,661
<p>Other long-term liabilities are not due in the current period and, therefore, are not recorded in the governmental funds.</p>		
Accrued Interest Payable		(569)
<p>Long-term Liabilities, including bonds and certificates of participation payable, are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Long-Term Obligations Due in One Year		(11,034)
Long-Term Obligations Due in More than One Year		(138,166)
Net Assets of Governmental Activities	\$	<u>649,586</u>

**CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)**

	Other Major Governmental Funds				
	General Fund	Grants Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Low-Income Housing Capital Projects
REVENUES					
Property Taxes	\$ 66,886	\$ -	\$ 18,186	\$ -	\$ -
Sales Taxes	20,795	-	-	-	-
Utility Taxes	19,757	-	-	-	-
Other Taxes	11,629	-	-	-	-
Licenses and Permits	6,109	-	-	-	-
Fines and Forfeitures	3,965	-	-	-	-
From Use of Money and Property	13,826	236	168	719	967
Intergovernmental	4,219	4,326	-	-	1,222
Charges for Current Services	22,724	-	-	-	-
Other	2,433	68	-	181	439
Total Revenues	172,343	4,630	18,354	900	2,628
EXPENDITURES					
Current:					
City Council	301	-	-	-	-
City Administrator	1,652	-	-	-	-
City Treasurer	1,532	-	-	-	-
City Attorney	2,657	-	-	115	-
City Clerk	868	-	-	-	-
Finance	4,286	-	-	-	-
Human Resources	5,209	-	-	-	-
Planning	2,954	216	-	-	-
Building	3,376	73	-	-	-
Fire	32,398	418	-	-	-
Information Services	6,782	-	-	-	-
Police	57,521	947	-	-	-
Economic Development	1,520	1,144	8,298	1,388	2,354
Community Services	13,328	247	-	90	-
Library Services	4,066	92	-	-	-
Public Works	17,388	845	-	93	-
Non-Departmental	14,443	-	-	-	-
Capital Outlay	-	2,367	-	3,144	4,166
Debt Service:					
Principal	386	125	2,435	-	-
Interest	48	173	3,318	-	-
Total Expenditures	170,715	6,647	14,051	4,830	6,520
Excess (Deficiency) Of Revenues Over (Under) Expenditures	1,628	(2,017)	4,303	(3,930)	(3,892)
OTHER FINANCING SOURCES (USES)					
Transfers In	8,452	588	-	882	3,689
Issuance of Long-Term Debt	-	-	-	-	-
Issuance Premium	-	-	-	-	-
Payments to Escrow	-	-	-	-	-
Transfers Out	(7,816)	(52)	(8,944)	(216)	(405)
Total Other Financing Sources (Uses)	636	536	(8,944)	666	3,284
Net Change In Fund Balances	2,264	(1,481)	(4,641)	(3,264)	(608)
Fund Balances- Beginning Of Year	39,088	2,404	4,489	11,073	12,017
Fund Balances- End Of Year	\$ 41,352	\$ 923	\$ (152)	\$ 7,809	\$ 11,409

See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

Total Major Governmental Funds	Other Governmental Funds	Total
\$ 85,072	\$ -	\$ 85,072
20,795	1,787	22,582
19,757	-	19,757
11,629	-	11,629
6,109	95	6,204
3,965	-	3,965
15,916	414	16,330
9,767	10,126	19,893
22,724	463	23,187
3,121	93	3,214
198,855	12,978	211,833
301	-	301
1,652	-	1,652
1,532	-	1,532
2,772	-	2,772
868	-	868
4,286	-	4,286
5,209	75	5,284
3,170	-	3,170
3,449	-	3,449
32,816	-	32,816
6,782	-	6,782
58,468	98	58,566
14,704	-	14,704
13,665	836	14,501
4,158	-	4,158
18,326	2,140	20,466
14,443	389	14,832
9,677	7,498	17,175
2,946	4,405	7,351
3,539	2,829	6,368
202,763	18,270	221,033
(3,908)	(5,292)	(9,200)
13,611	7,239	20,850
-	14,745	14,745
-	707	707
-	(15,967)	(15,967)
(17,433)	(3,455)	(20,888)
(3,822)	3,269	(553)
(7,730)	(2,023)	(9,753)
69,071	23,279	92,350
\$ 61,341	\$ 21,256	\$ 82,597

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)

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

Net Changes in Fund Balances - Total Governmental funds \$ (9,753)

Capital Expenditures- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciable Assets Purchased	11,090
Non-Depreciable Assets Purchased	3,313
Capital Asset Depreciation	(13,106)

Accrual of Revenues - Certain revenues in the Statement of Activities do not meet the "availability" criteria for revenue recognition in the governmental funds and are not reported in the governmental funds as revenue.

Current Year Property Tax Accrual	17,602
Prior Year Property Tax Accrual	(16,058)

Repayments on long-term receivables provide current financial resources to governmental funds, while loans provided consume the current financial resources of governmental funds. These transactions, however, have no effect on net assets. 7,208

Governmental funds report only proceeds from the sale of capital assets. The Statement of Activities reports a gain or loss on disposal based on the net book value at the time of disposal. This amount represents the gain on sale of land held for resale. 4,496

Other Postemployment Benefits Payments - Expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 283

Liabilities not Liquidated with Current Resources - 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 governmental funds.

Current Year Interest Accrual	(569)
Prior Year Interest Accrual	791

Repayments of long-term debt are expenditures in the governmental funds, but 22,906

Some expenses reported in the Statement of Activities do not require the use of current resources, and therefore are not reported as expenditures in the governmental funds. This amount also includes the amount of debt proceeds during the year. (22,193)

Change in Net Assets of Governmental Activities	\$ 6,010
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See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010
(In Thousands)**

	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total
ASSETS					
Current Assets:					
Cash and Investments	\$ 46,399	\$ 16,324	\$ -	\$ 133	\$ 62,856
Restricted Cash and Investments	30,512	-	-	-	30,512
Other Receivables, Net	2,115	592	462	2	3,171
Inventories	1,232	-	-	-	1,232
Unbilled Receivables	1,508	429	433	-	2,370
Due from Other Funds	19	-	-	-	19
Total Current Assets	81,785	17,345	895	135	100,160
Capital Assets:					
Land	3,907	-	-	-	3,907
Buildings and Improvements	40,004	13,505	-	-	53,509
Machinery and Equipment	8,567	829	-	-	9,396
Infrastructure	82,185	40,160	-	-	122,345
Construction in Progress	6,713	5,662	-	-	12,375
Less Accumulated Depreciation	(56,592)	(23,361)	-	-	(79,953)
Total Capital Assets	84,784	36,795	-	-	121,579
Total Assets	166,569	54,140	895	135	221,739
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 3,711	\$ 571	\$ 816	\$ 1	\$ 5,099
Accrued Payroll	279	81	10	8	378
Due to Other Funds	-	-	19	-	19
Deposits Payable	1,501	-	-	-	1,501
Current Portion of Compensated Absences and Capital Leases	181	61	3	7	252
Total Current Liabilities	5,672	713	848	16	7,249
Non-Current Liabilities:					
Compensated Absences	487	164	8	20	679
Total Liabilities	6,159	877	856	36	7,928
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	84,781	36,795	-	-	121,576
Restricted for:					
Capital Projects	30,512	-	-	-	30,512
Unrestricted	45,117	16,468	39	99	61,723
Total Net Assets	\$ 160,410	\$ 53,263	\$ 39	\$ 99	\$ 213,811

CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)

	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total
OPERATING REVENUES					
Sales	\$ 33,700	\$ -	\$ -	\$ -	\$ 33,700
Fees for Service	-	10,390	10,405	198	20,993
Other	556	175	101	-	832
Total Operating Revenues	34,256	10,565	10,506	198	55,525
OPERATING EXPENSES					
Water Purchases	12,867	-	-	-	12,867
Supplies and Operations	5,954	5,358	10,544	313	22,169
Engineering	1,535	-	-	-	1,535
Production and Distribution	6,583	-	-	-	6,583
Maintenance	1,906	-	-	-	1,906
Water Meters	1,790	-	-	-	1,790
Water Quality	550	-	-	-	550
Water Use Efficiency	311	-	-	-	311
Depreciation	3,406	1,217	-	-	4,623
Total Operating Expenses	34,902	6,575	10,544	313	52,334
Operating Income (Loss)	(646)	3,990	(38)	(115)	3,191
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	1,565	257	2	-	1,824
Interest Expense	-	-	(41)	(2)	(43)
Total Non-Operating Revenues (Expenses)	1,565	257	(39)	(2)	1,781
Change In Net Assets Before Capital Contributions and Transfers	919	4,247	(77)	(117)	4,972
CAPITAL CONTRIBUTIONS	138	-	-	-	138
TRANSFERS					
Transfers In	-	-	51	-	51
Transfers Out	-	-	-	(13)	(13)
Total Transfers	-	-	51	(13)	38
Total Change In Net Assets	1,057	4,247	(26)	(130)	5,148
Net Assets - Beginning Of Year	159,353	49,016	65	229	208,663
Net Assets- End Of Year	\$ 160,410	\$ 53,263	\$ 39	\$ 99	\$ 213,811

See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)**

	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers and Users	\$ 34,331	\$ 10,578	\$ 10,501	\$ 215	\$ 55,625
Cash Paid to Employees for Services	(7,795)	(2,421)	(223)	(226)	(10,665)
Cash Paid to Suppliers of Goods and Services	(23,708)	(3,723)	(10,317)	(82)	(37,830)
Net Cash Provided (Used) by Operating Items	<u>2,828</u>	<u>4,434</u>	<u>(39)</u>	<u>(93)</u>	<u>7,130</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	-	-	51	-	51
Cash Received (Paid) to Other Funds	(19)	-	19	-	-
Net Cash Provided (Used) by Non Capital Financing Activities	<u>(19)</u>	<u>-</u>	<u>70</u>	<u>-</u>	<u>51</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Capital Assets	(7,393)	(885)	(42)	(16)	(8,336)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,393)</u>	<u>(885)</u>	<u>(42)</u>	<u>(16)</u>	<u>(8,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	1,813	282	3	1	2,099
Net Increase (Decrease) in Cash and Cash Equivalents	(2,771)	3,831	(8)	(108)	944
Cash and Cash Equivalents - Beginning of Year	79,682	12,493	8	241	92,424
Cash and Cash Equivalents - End of Year	<u>\$ 76,911</u>	<u>\$ 16,324</u>	<u>\$ -</u>	<u>\$ 133</u>	<u>\$ 93,368</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (646)	\$ 3,990	\$ (38)	\$ (115)	\$ 3,191
Adjustments to Reconcile Operating income to Net Cash Provided (Used) by Operating Activities					
Depreciation	3,406	1,217	-	-	4,623
Decrease (Increase) in Other Receivables, Net	90	11	(1)	17	117
Decrease (Increase) in Unbilled Receivables	(15)	4	(4)	-	(15)
Increase in Inventory	(31)	-	-	-	(31)
Increase (Decrease) in Accounts Payable	84	(723)	1	-	(638)
Increase in Accrued Payroll	46	17	4	2	69
Decrease in Deposits	(20)	(2)	(1)	-	(23)
Increase (Decrease) in Compensated Absences	(86)	(80)	-	3	(163)
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,828</u>	<u>\$ 4,434</u>	<u>\$ (39)</u>	<u>\$ (93)</u>	<u>\$ 7,130</u>

See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
STATEMENT OF FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010
(In Thousands)**

	Total Agency Funds	Trust Fund - Pension Retirement Supplemental Fund
ASSETS		
Cash and Investments	\$ 3,805	\$ -
Cash and Investments with Fiscal Agent	4,139	-
Mutual Funds	-	26,628
Money Market Funds	-	1,537
Accounts Receivable, Net	98	5
Total Assets	\$ 8,042	28,170
LIABILITIES		
Accounts Payable	\$ 419	2
Due to Bondholders	5,401	-
Held for Others	2,222	-
Benefits Due to Plan Members and Beneficiaries	-	4,176
Total Liabilities	\$ 8,042	4,178
NET ASSETS		
Held in Trust For Pension Benefits and Other Purposes		\$ 23,992

**CITY OF HUNTINGTON BEACH
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)**

	Trust Fund - Pension Retirement Supplemental Fund
ADDITIONS	
Employer Contributions	\$ 3,968
Other Income	153
Investment Income, Net	1,852
Total Additions	5,973
DEDUCTIONS	
Benefits	2,389
Administrative Costs	185
Total Deductions	2,574
Change in Net Assets	3,399
Net Assets- Beginning of Year	20,593
Net Assets- End of Year	\$ 23,992

See Notes to the Financial Statements



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

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City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The City of Huntington Beach is the primary government. It was incorporated in 1909 as a charter, full-service city. The form of government is Council-Administrator. Component units are legally separate organizations for which the City Council is financially accountable, or organizations that if excluded from the accompanying financial statements, would make them misleading. The component units described below are blended (presented as if they are part of the primary government) with the primary government for financial reporting purposes because either the component units have governing bodies identical to the City's (the City Council) or provide services exclusively to the City. Financial accountability means the appointment of a voting majority of the component unit's board and either the ability to impose will by the City or the possibility that the component unit will provide a financial benefit or impose a financial burden on the City.

Redevelopment Agency of the City of Huntington Beach (the Redevelopment Agency) – This entity was formed in 1967 to renovate older areas in the City. The City Council serves as its governing body and adopts its annual budget. The Redevelopment Agency is financially dependent on the City for all of its operations. Separately prepared financial statements are available for the Redevelopment Agency from the Finance Department.

Huntington Beach Public Financing Authority (Public Financing Authority) – This Corporation was formed in March 1988 to issue debt to finance public improvements and other capital purchases for the City and Redevelopment Agency. The Public Financing Authority's governing body is the City Council, which also adopts the annual budget. The Public Financing Authority is financially dependent on the City. There are no separately issued financial statements available for the Public Financing Authority.

The City of Huntington Beach Community Facilities Districts 1990-1, 2000-1, 2002-1, and 2003-1 (Community Facilities Districts) – were formed to construct public improvements within the City boundaries. The governing board of these districts is the City Council. The proceeds of debt issued and the expenditures for the public improvements are recorded in capital projects funds. The Community Facilities Districts' debt is not an obligation of the City. There are no separate financial statements prepared for these entities.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City of Huntington Beach Supplemental Retirement Plan and Trust (Supplemental Retirement Plan and Trust) – The Trust was formed to provide a supplemental retirement plan for all employees hired prior to 1997 (exact dates differed for various associations). The governing board of the Supplemental Retirement Plan consists of the City Treasurer, Director of Finance, and the City Administrator (or designee). The Retirement Board is responsible for supervising all investments, resolving benefit disputes, and ensuring that contributions are made in order to pay the required benefits. There are no separate financial statements for this plan and trust.

b. Government-wide Financial Statements

The government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated to the various functions based on a proportionate use of services. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for current services; 2) operating grants and contributions; and, 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported as general revenues.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

Government-wide financial statements do not provide information by fund. They simply distinguish between governmental and business-type activities. The City’s Statement of Net Assets includes both current and non-current assets and liabilities.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Classification

In the government-wide financial statements, net assets are classified in the following categories:

Invested In Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Assets – This category presents restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. This category presents restrictions placed on the categories of Capital Projects, Debt Service, and Specific Projects and Programs.

Unrestricted Net Assets – This category represents the net assets of the City, not restricted for any project or other purpose.

c. Fund Financial Statements

Separate fund financial statements are prepared for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements (including all National Council on Governmental Accounting NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the governmental activities, business-type activities, and proprietary funds, unless those pronouncements conflict with or contradict GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. The City has elected not to follow applicable FASB Statements and Interpretations issued after November 30, 1989.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, use of money and property, intergovernmental revenues, charges for current services, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences and claims are recorded only when payment is due.

Governmental Funds Financial Statements

Governmental Funds Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the government-wide financial statements. The City presents all major funds that meet those qualifications.

The City's Governmental Fund Balances are comprised of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, and other items that by definition are not in spendable form.
- The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has authority to establish, modify, or rescind a fund balance commitment.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Administrator or designee has the authority to establish, modify, or rescind a fund balance assignment.
- Unassigned fund balance is the residual classification for the City's General Fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance in other governmental funds is limited to any negative residual fund balance after fund balance has been classified as restricted, committed, or assigned.

In the government-wide statements, the City considers restricted funds to be spent first then unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. In the governmental fund statements, when expenditures are incurred, the City's uses the most restrictive funds first. The City would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

Economic Uncertainties Reserve Commitment

The City Council established an Economic Uncertainty Reserve in the General Fund with a goal to commit the value of two months of the General Fund expenditure adopted budget amount. Appropriations from the Economic Uncertainties Reserve commitments can only be made by formal City Council action. Generally, appropriations and access to these funds will be reserved for emergency situations. Examples of such emergencies include, but are not limited to:

- An unplanned, major event such as catastrophic disaster requiring expenditures over 5% of the General Fund adopted budget
- Budgeted revenue taken by another government entity
- Drop in projected/actual revenue of more than 5% of the General Fund adopted revenue budget

Should the Economic Uncertainties Reserve commitment be used, and its level falls below the minimum amount of two months of General Fund expenditures adopted budget, the goal is to replenish the fund within three fiscal years.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Funds Financial Statements

Fiduciary Funds Financial Statements include a Statement of Net Assets and a Statement of Changes in Net Assets for Trust Funds. The City's fiduciary funds include Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting. The Retirement Trust Fund accounts for the activities of the supplemental retirement plan for all employees hired prior to 1997, which accumulates resources for pension benefits to qualified employees. Contributions made are funded by a percentage of the Retirement Trust payroll and are recognized when the payroll is incurred. Fiduciary funds are not presented in the government-wide financial statements because these funds do not represent net assets available to the City.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major funds:

Governmental Funds

General Fund - accounts for activity not required to be accounted for in another fund.

Grant Special Revenue - accounts for revenues and expenditures of grant related activity.

Redevelopment Agency Debt Service - accounts for the related debt service activity for certain projects in the City's Redevelopment project areas.

Redevelopment Agency Capital Projects - accounts for acquisition and construction of capital assets for certain projects in the City's Redevelopment project areas.

Low Income Housing Capital Projects - accounts for the activity related to the development of affordable housing.

Proprietary Funds

Water Fund - used to account for water sales to customers.

Sewer Service Fund - accounts for user fees charged to residents and businesses for sewer service.

Refuse Fund - used to account for activities related to refuse collection and disposal.

Hazmat Service Fund – accounts for user fees charged for the City's hazardous waste material program.

The City's fund structure also includes the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for the receipts for and payment of general long-term debt.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

General Deposit Fund - accounts for the deposit of general monies held by the City for private individuals and businesses.

Community Facilities Districts Funds - accounts for the debt service activity of the City's community facilities districts where the City is not obligated in any manner for the outstanding debt.

Huntington Beach Business Improvement Districts Fund - accounts for the activities of the City's business improvement districts.

Central Net Operations Authority Fund - accounts for the activity of the Central Net Operations Authority.

Parking Structures Fund - accounts for the activities of the Bella Terra Parking Structure and Strand Parking Structure.

West Orange County Water Board - accounts for the West Orange County Water Board.

Supplemental Retirement Plan and Trust - accounts for the City's supplemental retirement plan.

Reconciliations of Financial Statements

Reconciliation of the Governmental Funds financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Cash and Investments

The City records investments at fair value except for guaranteed investment contracts (GICs), which are reported at cost, because the investments are not transferable and the fair values are not affected by changes in interest rates. The City pools cash resources of its various funds to facilitate cash management. Cash in excess of daily needs is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity, or yield of the portfolio. Interest earnings are apportioned among funds based on month-end cash and investment balances. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments, such as money market funds, and any investment with a maturity of 90 days or less at the time of purchase.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State Treasurer of the State of California. LAIF has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk. In addition, these structured notes and asset-backed securities are subject to market risk as a result of changes in interest rates. The City's investment policy is further discussed in Note 2 on page 44.

The City pools all non-restricted cash for investment purchases and allocates interest income to the funds based on month-end cash balances. Funds that have restricted cash record interest income in the respective fund.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets have an acquisition cost of \$50,000 or greater (\$100,000 for infrastructure) and a useful life of one year or more.

The City records all purchased capital assets at historical cost (where historical records are available) and at estimated historical cost where no historical records exist. Capital assets acquired from gifts or contributions are recorded at fair value at the time received, or in the case of infrastructure assets, at City Council acceptance date.

In the government-wide and proprietary funds financial statements, depreciation is recorded on the straight-line method over the estimated useful life of the assets as shown below and charged to the respective activity or fund. No depreciation is recorded in the governmental funds of the fund financial statements.

Production, pumping transmission, and distribution plant	10 to 15 years
General Plant	20 to 50 years
Transportation equipment	5 to 30 years
Infrastructure	50 Years

Interest is capitalized on proprietary fund assets acquired with taxable and tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the project, and for tax-exempt debt, offset with interest earned on the invested proceeds over the same period. There was no capitalized interest for the year ended September 30, 2010.



City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Inventories

Proprietary fund inventories are valued at weighted-average cost. There are no inventories in governmental funds.

g. Interfund Transactions

As a general rule, interfund transactions have been eliminated from the government-wide financial statements. Exceptions to this rule are payments in-lieu or charges for current service between the City's enterprise activities and the City's General Fund. Elimination of these transactions would distort the direct costs and program revenues for the various functions. Certain eliminations have been made regarding interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Numerous transactions occur between funds of the City resulting in transfers and amounts due to or from other funds. Amounts due to or from are the current (due within one year) portion of moneys that are to be paid or to be received from other funds.

h. Long-Term Obligations

In the government-wide and proprietary funds financial statements, long-term obligations are recorded as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt. In the governmental fund financial statements, bond discounts and premiums are recognized as an other financing source or use. Issuance costs are recorded as a current year debt service expenditure.

i. Employee Compensated Absences

The City records the cost of all accumulated and unused leave time (vacation, sick, and comp) as a liability when earned in the government-wide and proprietary funds financial statements. In the governmental funds financial statements these amounts are recorded as expenditures when due and payable.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Property Tax Revenue

Property tax in California is levied according to Article 13-A of the California Constitution. The basic levy is a countywide-levy of one percent of total assessed valuation and is allocated to county governments, school districts, cities and special districts. Additional levies require two-thirds approval by voters and are allocated directly to the specific government.

In the government-wide financial statements, property tax is recorded when earned, regardless of when levied, due, or received. In the fund financial statements, property tax revenue is recognized in the fiscal year levied provided that revenue is collected in time to pay current year liabilities. Deferred property tax revenue represents property taxes related to the current fiscal year that are collected more than 60 days after the fiscal year-end. Since the City's fiscal year differs from the County's property tax year, there is a difference between the property tax revenue recorded on the fund financial statements and the government-wide financial statements, which is noted as a reconciling item in both the Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities and the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.

The County acts as a collection agent for property tax for all of the local governmental units. Property taxes are normally collected twice per year. The property tax calendar is as follows:

- Lien Date, January 1 - Prior Fiscal Year
- Levy Date, 4th Monday in September - Levy Fiscal Year
- Due Date, First Installment - November 1
- Due Date, Second Installment - February 1
- Delinquent Date, First Installment - December 10
- Delinquent Date, Second Installment - April 10

The taxes are paid to the local governments periodically during the year. Below are the dates of the payments from the County:

- | | |
|----------------------------------|----------------------|
| • Payments of First Installment | November to December |
| • Balance of First Installment | February 1 |
| • Payments of Second Installment | March to April |
| • Balance of Second Installment | July 26 |



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Cash Flow Statements

For purposes of the Statement of Cash Flows, the Proprietary Funds consider all cash and investments to be cash equivalents, as these funds participate in the citywide cash and investment pool. Restricted Cash and Investments are also included resource. They are either deposits or investments with original maturities of less than 90 days.

l. Estimates

The accompanying financial statements require management to make estimates and assumptions that effect certain reported amounts and disclosures. Actual results could differ from those estimates.

m. Implementation of New Accounting Pronouncements

During the year, the City implemented Governmental Accounting Standards Board (GASB) Statement 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires the City to report intangible assets as part of the capital assets. Implementation of this Statement had no material effect on amounts reported in the City's financial statements for the fiscal year ended September 30, 2010.

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

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. Application of this Statement is effective for the City's fiscal year ending September 30, 2011.

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. Common examples of SCAs include long-term arrangements between a transferor (a government) and an operator (governmental or nongovernmental entity) in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. Application of this Statement is effective for the City's fiscal year ending September 30, 2013.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. GASB Statement No. 61 is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, to better meet the needs of users and address reporting entity issues that have come to light since these statements were issued in 1991 and 1999, respectively. GASB Statement No. 61 improves the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units) and amends the criteria for blended – reporting component units as if they were part of the primary government – in certain circumstances. Application of this Statement is effective for the City's fiscal year ending September 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and predecessor pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The requirements of this Statement are effective for the City's fiscal year ending September 30, 2013.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

2. CASH AND INVESTMENTS

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 53601 (or the City's investment policy, where more restrictive) that address interest rate risk and concentration of credit risk.

Authorized Investment Type*	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States (U.S.) Treasury Obligations	5 years	No Limit	No Limit
U.S. Government Sponsored Enterprise Securities	5 years	No Limit	No Limit
Banker's Acceptances	180 days	25%/40%** (c)	10%
Time Certificate of Deposits	3 years (a)	50% (d)	10%
Negotiable Certificates of Deposit	3/5 years***	30%	10%
Repurchase Agreements	3 months (b)	20% (d)	10%
Reverse-Repurchase Agreements *****	92 days	20%	10%
Local Agency Investment Fund (LAIF)	N/A	No Limit	\$30 million City/ \$30 million RDA (h)
Commercial Paper	270 days	25% (e)	10%
Municipal Bonds from Any State	5 years	50% (d)	10%
Money Market Funds****	60 Day Wgt Avg	15% (f)	10%
Medium Term Notes	5 years	20%/30%**** (g)	10%

Notes:

* The following investment types are authorized for the City by the California Government Code; however, they are not considered permissible investments by the City's Investment Policy: mortgage pass-through securities, CD placement service, and collateralized bank deposits.
 ** - 40% only with City Council approval
 *** - 5 years only with City Council approval
 **** - 30% with City Council approval
 ***** - Only with City Council approval
 N/A - Not Applicable

California Government Code:

(a) 5 years
 (b) 1 year
 (c) 40%
 (d) 20%
 (e) 25%/40%
 (f) 20%
 (g) 30%
 (h) \$50,000,000 per Entity



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

2. CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by a bond trustee, but bond indentures do allow for other forms of investments if approved in writing by the bond insurer that are not identified below. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States (U.S.) Treasury Obligations	Life of Bond	No Limit	No Limit
U.S. Government Sponsored Agency Securities	Life of Bond	No Limit	No Limit
Banker's Acceptances	180 days	No Limit	No Limit
Time Certificate of Deposits	360 days	No Limit	No Limit
Negotiable Certificates of Deposit	360 days	No Limit	No Limit
LAIF	N/A	No Limit	No Limit
Commercial Paper	270 days	No Limit	No Limit
Municipal Bonds from Any State	Life of Bond	No Limit	No Limit
Money Market Funds	N/A	No Limit	No Limit
Investment Agreements	Life of bond	No Limit	No Limit
Forward Purchase/Delivery Agreements	Life of bond	No Limit	No Limit
N/A - Not Applicable			



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

2. CASH AND INVESTMENTS (Continued)

Investment of the Supplemental Pension Retirement Trust

The Investment Policy Statement of the Huntington Beach Supplemental Pension Trust is established in accordance with the assignment of fiduciary duties by the State of California Constitution, Government Code, and those outlined by the Employee Retirement Income Security Act of 1974 "ERISA." The objective of the Investment Policy is to set guidelines for a prudent investment-making process, recognizing that the factors to be considered are not limited to those of the "policy." The policy was established with the assumption that the longer-term nature of the portfolio provides for higher risk tolerance and short-term volatility but more potential for capital growth. The manager has the authority to determine the appropriate asset allocation to meet the goals of an agreed-upon risk/return profile, and in accordance with the mix of parameters outlined below:

<u>Authorized Investment Type</u>	<u>Maximum Maturity/ Credit Quality</u>	<u>Strategic Allocation</u>
Fixed Income		30%
Money Market & Cash Equivalents	13 months/A-1 P-1/AAA	
Investment Grade	BBB or higher	16%
High Yield	N/A	3%
Inflation Protected Securities	N/A	2%
Foreign Sovereign	N/A	8%
Equity	N/A	59%
Real Estate	N/A	7%
Commodities	N/A	4%

N/A - Not Applicable



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

2. CASH AND INVESTMENTS (Continued)

At year-end the City had the following deposits and investments (amounts in thousands):

Statement of Net Assets:

Cash and Investments	\$ 91,011
Restricted Assets (Cash and Cash Equivalents)	59,448
Cash and Investments with Fiscal Agent - Restricted	8,313
Total Per Statement of Net Assets	158,772
Fiduciary Funds:	
Cash and Investments	3,805
Cash and Investments with Fiscal Agent - Restricted	32,304
Total Fiduciary Funds	36,109
Total Deposits and Investments	\$ 194,881

Interest Rate Risk – As a means of limiting exposure to fair value losses arising from interest rates, the City’s investment policy limits investments over three years to be 30% or less.

Investments maturities are as follows (in thousands):

INVESTMENTS:	Investment Maturities (In Years)					Total
	Fair Value	Less than 1	1 to 3	3 to 5	more than 5	
US Agencies	\$ 61,507	\$ 4,037	\$ 41,394	\$ 16,076	\$ -	\$ 61,507
Guaranteed Investment Contracts	3,637	-	-	-	3,637	3,637
Mutual Funds	26,628	26,628	-	-	-	26,628
Money Market Funds	10,247	10,247	-	-	-	10,247
Medium Term Notes	27,635	8,085	19,550	-	-	27,635
Local Agency Investment Fund	65,106	65,106	-	-	-	65,106
Total Investments	\$ 194,760	\$ 114,103	\$ 60,944	\$ 16,076	\$ 3,637	194,760
						Total Deposits 121
						Total Deposits and Investments \$ 194,881



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

2. CASH AND INVESTMENTS (Continued)

Credit Risk - State law allows investment in United States Government Sponsored Enterprise (GSE) obligations noted above as US Agencies. As of year-end, the Standard and Poor's and Moody's ratings of the GSE's were AAA. The investments in the Guaranteed Investment Contracts (GIC) are backed by collateral of either 104% or 107% depending on the type of collateral and GIC provider. The GIC providers are rated by Standard and Poor's and Moody's at A+ and A- or Aa3 and A3, respectively. State law limits investments in commercial paper and medium term notes to have at least an A-1 or P-1 or an "A" rating, respectively, issued by a nationally recognized statistical rating organization. It is the City's policy to limit its investments in these investment types to the top two ratings issued by these rating organizations. As of year-end, the City had no commercial paper holdings.

The City's investment policy for operating funds limits investments in Money Market Funds to 15% of the portfolio. Both Standard and Poor's and Moody's have rated the Money Market Funds in our operating funds and in our bond investment portfolio as AAA. Standard and Poor's rated the City's investments in medium-term notes as AAA and AA while Moody's rated them as Aaa and Aa.

Concentration of Credit Risk – The City's investment policy limits investments in any one issuer, except for U.S. Treasury Securities, U.S. Government Agencies, and Local Agency Investment Fund to no more than 10% of the investments. In addition, no more than 50% can be invested in a single security type or with single financial institution and every security type has a specific limit. This is in addition to the limits placed on investments by State law. Investments in any one issuer (other than US Treasury Securities, external investment pools, or mutual funds) that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Fair Value Amount
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	\$16,078,000
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	\$15,291,000
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$25,106,000

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

2. CASH AND INVESTMENTS (Continued)

Local Agency Investment Fund – The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF had invested 4.71% of the pooled investments funds in Structured Notes and Asset-Backed Securities. This external investment pool is not rated.

Guaranteed Investment Contracts (GIC) – The City has recorded the GICs at cost versus fair value due to the lack of readily available market pricing for these types of instruments. All GICs held by the City are either collateralized with government securities that under the GIC agreement are required to have a higher market value than cost and no losses are expected.

As of September 30, 2010, the City held \$57,470,000 in callable securities, which amounted to approximately 38% of investments.

3. OTHER RECEIVABLES

a. Developer Loans

Loans made to developers to construct or rehabilitate certain facilities under deferred loan agreements total \$37,937,000 at year-end. These loans are deferred until a future event occurs. Loans made by the Agency total \$26,404,000 and loans made under the Home Program total \$11,534,000. Interest rates on these loans range from 0% to 6.5%. Allowance for uncollectible developer loans is \$37,937,000.

b. Emerald Cove Loan

On June 15, 2010, the Agency loaned Emerald Cove, LP \$8,000,000 to acquire and rehabilitate Emerald Cove Senior Apartments. The loan has an interest rate of 3% and is to be repaid annually from residual receipts over 60 years. The loan balance as of September 30, 2010 is \$8,070,000.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

3. OTHER RECEIVABLES (Continued)

c. Housing Rehabilitation Loans

Loans made to qualified homeowners and landlords in the City of Huntington Beach to rehabilitate certain single-family homes or multifamily rental housing under deferred loan agreements total \$3,154,000 at year-end. These loans are deferred until a future event occurs. The interest rates on these loans range from 0% to 6%.

d. Deferred Loans – First Time Homebuyers

Loans made for down payment assistance of qualified first time homebuyers under deferred loan agreements total \$618,000 at year-end. These loans are deferred until a future event occurs.

e. Other Receivables

A summary of Other Receivable as of September 30, 2010 is as follows (in thousands):

<u>Description</u>	<u>Amount</u>
Developer Loans Receivable	\$ 37,937
Emerald Cove Loan Receivable	8,070
Housing Rehabilitation Loans Receivable	3,154
Emergency Medical Fee Receivable	1,244
Franchise Fee Receivable	1,050
First Time Homebuyers Receivable	618
Other Receivables	3,652
Total Other Receivables	<u>55,725</u>
Allowance for Uncollectible Developer Loans	(37,937)
Net Other Receivables	<u>\$ 17,788</u>

4. DEFERRED COMPENSATION

Permanent City employees may defer a portion of their salary under tax-deferred plans as permitted under the Internal Revenue Code. These plans permit employees to defer a portion of their salary until future years. The compensation is not available to the employees until termination, retirement, or unforeseen emergency.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

4. DEFERRED COMPENSATION (Continued)

The City has established a trust for the assets of the plans held by third parties. All property and rights purchased with these assets, as well as all income attributable to them are held in trust for the exclusive benefit of the participant and their beneficiary. The amounts are no longer the property of the City and are not subject to the claims of the City's general creditors. Amounts administered by outside organizations in a trustee capacity are not reported as assets of the City. The City does not have fiduciary responsibility for these assets.

5. DEFERRED REVENUE

Certain revenues in governmental funds are deferred until received. The property and sales tax amounts are recognized in the year as revenue in the government-wide financial statements, but are recorded as deferred revenue in the fund financial statements to the extent they are not collected within 60 days after year-end. The other amounts are unearned revenue in both the funds and government-wide financial statements. The amounts are as follows (in thousands):

	General Fund	Grants Special Revenue	Redevelopment Agency Debt Service	Low-Income Housing Capital Projects	Traffic Impact	Total
Property Taxes	\$ 10,476	\$ -	\$ 3,471	\$ -	\$ -	\$ 13,947
Sales Tax	3,655	-	-	-	-	3,655
Deferred Loans:						
Emerald Cove	-	-	-	8,070	-	8,070
Housing Rehabilitation	-	3,086	-	-	-	3,086
First Time Homebuyers	-	-	-	618	-	618
Other Deferred Revenue	154	-	-	-	515	669
Total	\$ 14,285	\$ 3,086	\$ 3,471	\$ 8,688	\$ 515	\$ 30,045

Deferred Loans to developers and qualified individuals for housing rehabilitation and to first time homebuyers are discussed in Note 3.

6. RETIREMENT PLAN – NORMAL

a. Plan Description

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent, which is a multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of CalPERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814 or on their website: www.calpers.ca.gov.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

6. RETIREMENT PLAN – NORMAL (Continued)

b. Employer and Employee Contribution Obligations

The City makes two types of contributions for covered employees. The first contribution represents the amount the City is required to make (the employer rate). The second represents an amount, which is made by the employee, but is reimbursed to the employee by the City (the member rate). The member rate is set by contract and normally remains unchanged.

The employer rate is an actuarially established rate, is set by CalPERS, and changes from year to year. The employer rates for the fiscal year ended September 30, 2010 are:

	10/1/2009 - 6/30/2010	7/1/2010 - 9/30/2010
Local Miscellaneous	9.783%	10.222%
Local Safety	27.969%	29.203%

The member rates are as follows:

	Rate
Local Miscellaneous	8.000%
Local Safety	9.000%

c. Annual Pension Cost

The City's annual pension cost of \$17,206,000 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008 and 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions used to determine the required contribution for fiscal year ended September 30, 2010 were:

- Average amortization remaining period -18 years as of the Valuation Date – closed end
- Asset valuation method - 15 years smoothed market
- Investment Rate of Return - 7.75%
- Projected salary increases - 3.25% to 13.15% (safety) and 3.25% to 14.45% (miscellaneous) depending on age, service, and type of employment
- Inflation - 3.00%
- Payroll growth - 3.25%



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

6. RETIREMENT PLAN – NORMAL (Continued)

- Individual salary growth - A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%.

CalPERS conducted an actuarial valuation using the entry-age actuarial cost method using a level percent of payroll to determine the City's funded status as of June 30, 2009. Significant assumptions are the same as the June 30, 2008 valuation except for the following:

- Projected salary increases - 3.55% to 13.15% (safety) and 3.55% to 14.45% (miscellaneous) depending on age, service, and type of employment

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period with the exception of special gains and losses in fiscal years 2008-2009, 2009-2010 and 2010-2011. Each of these years special gains or losses will be isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization). If the plan's accrued liability exceeds the actuarial value of the assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

d. Trend Information

Fiscal Year	Local Miscellaneous			Local Safety		
	Annual Pension Cost (in thousands)	Percentage of APC Funded	Net Pension Obligation	Annual Pension Cost (in thousands)	Percentage of APC Funded	Net Pension Obligation
9/30/2008	\$ 3,745	100%	\$ -	\$ 9,959	100%	\$ -
9/30/2009	\$ 4,765	100%	\$ -	\$ 10,763	100%	\$ -
9/30/2010	\$ 5,380	100%	\$ -	\$ 11,826	100%	\$ -

e. Funded Status and Funding Progress

Below is the funding progress based on the June 30, 2009 actuarial valuation for the miscellaneous and safety plans (in thousands):

Plan	Entry Age Normal Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Liability (UL)	Funded Ratio	Covered Payroll	UL as a Percentage of Covered Payroll
Safety	\$ 478,818	\$ 370,250	\$ (108,568)	77.3%	\$ 40,384	-268.8%
Miscellaneous	363,638	321,435	(42,203)	88.4%	48,439	-87.1%
Total	\$ 842,456	\$ 691,685	\$ (150,771)	82.1%	\$ 88,823	-169.7%



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

6. RETIREMENT PLAN – NORMAL (Continued)

The schedule of funding progress presented as Required Supplementary Information (RSI) following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

7. RETIREMENT PLAN – SUPPLEMENTAL

a. Plan Description

The City provides a supplemental retirement plan for all employees hired prior to 1997 (exact dates are different for various associations). It is a single-employer defined benefit plan. It is a defined benefit plan and will pay the retiree an additional amount to his or her CalPERS amount for life. The City contracts with employee bargaining associations, which establish the plan. These associations must agree to any changes to the plan. The amount will cease upon the employee's death. The amount that is computed as a factor of an employee's normal retirement allowance is computed at retirement and remains constant for his or her life. Of the 1,059 active employees reported on the September 30, 2009 data, only 477 were eligible for plan benefits. No separately prepared financial statements are prepared for this plan and it is not included in the financial report of any other pension plan. Prior to fiscal year 2008-09, the City had prefunded these benefits and recorded the amounts in a fiduciary fund. In fiscal year 2008-09, the City established the Supplemental Employee Retirement Plan and Trust, and transferred \$24,918,000 to an irrevocable trust from the prefunded amounts. The plan and trust are still reported as a fiduciary fund pension trust.

Below is the plan participant data as of September 30, 2010:

Retirees and beneficiaries receiving benefits	557
Active Plan Members	<u>470</u>
Total Plan Participants	<u><u>1,027</u></u>

Effective in 1998 (exact dates are different for various associations), new City employees are ineligible to participate in the Supplemental Employee Retirement Plan.

b. Employer Obligations and Funding Status and Progress

The City annually transfers amounts from the various City funds to the pension trust fund. The City is required to contribute the actuarially determined rate of 4.46% of total payroll for all permanent employees for the year ended September 30, 2010. Administrative costs of this plan are financed through investment earnings.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

c. Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for this plan fiscal year 2009/10 were (in thousands):

Annual required contribution	\$ 3,967
Interest on net pension obligation	237
Adjustment to annual required contribution	<u>(373)</u>
Annual pension cost	3,831
Contributions made	<u>(3,967)</u>
Decrease in net pension obligation	(136)
Net Pension Obligation – Beginning of Year	<u>4,312</u>
Net Pension Obligation – End of Year	<u><u>\$ 4,176</u></u>

The annual required contribution was determined as part of an independent actuarial valuation as of September 30, 2009 using the Entry Age Normal Actuarial Cost Method, which is a projected benefit full-cost method which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions used were:

- Rate of return on present and future assets - 5.5% per annum
- Projected salary increases for covered employees due to inflation - 3.0% to 15.0% per annum depending on years of service
- Projected salary increases due to merit - 0%
- Inflation rate - 3.0%
- Postemployment benefit increases - 0%
- Amortization of unfunded liability - level percentage of pay ending in 2027 (closed)
- Actuarial value of assets - market value

d. Trend Information

Below is the required three-year trend information (dollar amounts in thousands):

Fiscal Year	Annual Pension Cost	Percentage of APC Funded	Net Pension Obligation
9/30/08	\$3,292	110%	\$4,440
9/30/09	\$3,348	104%	\$4,312
9/30/10	\$3,831	104%	\$4,176



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

e. Funded Status and Funding Progress

Below is the funding progress based on the September 30, 2010 actuarial valuation update (dollar amounts in thousands):

Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
\$ 61,448	\$ 28,467	\$ (32,981)	46.3%	\$ 87,617	-37.6%

The September 30, 2010 actuarial valuation for funding progress uses the same assumptions as the September 30, 2009 actuarial valuation to determine the annual pension costs and net pension obligation as listed in note 7c. The schedule of funding progress presented as Required Supplementary Information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

f. Accounting for Plan

Since the City is required to adopt GASB Statement 27 for the supplemental pension plan, the difference between the ARC and the amount of pension cost funded for the years must be recorded as a liability in the government-wide financial statements. The amount of this liability is \$4,176,000 (see Note 11). Contributions are recognized when due and payable. Benefits are recognized when due and payable under plan provisions.

8. POSTEMPLOYMENT MEDICAL INSURANCE

a. Plan Description

The City agreed, via contract, with each employee association to provide postemployment medical insurance to retirees. These Other Postemployment Benefits (OPEB) are based on years of service and are available to all retirees who meet all three of the following criteria:

- At the time of retirement, the employee is employed by the City.
- At the time of retirement, the employee has a minimum of ten years of service credit or is granted a service connected disability retirement.
- Following official separation from the City, CalPERS grants a retirement allowance.
- If employee is terminated prior to retirement from the City, no postemployment benefits are provided.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

8. POSTEMPLOYMENT MEDICAL INSURANCE (Continued)

The City's obligation to provide the benefits to a retiree ceases when either of the following occurs:

- During any period the retiree is eligible to receive health insurance at the expense of another employer
- The retiree becomes eligible to enroll automatically or voluntarily in Medicare

The maximum subsidy a retiree is entitled to is \$344 per month after 25 years of service. If a retiree dies, the benefits that would be payable for his or her insurance are provided to the spouse or family for 18 months. Benefits for insurance premiums are payable based on the years of service credit for the retiree. The retiree may use the subsidy for any of the medical insurance plans that the City's active employees may enroll.

b. Accounting and Funding

The City utilizes the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan, for the postemployment medical insurance benefit. Benefits paid from the CERBT were \$741,000. The assets of the CERBT are excluded from the accompanying financial statements since they are in an irrevocable trust administered by CalPERS. Copies of CalPERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814 or on their website: www.calpers.ca.gov. The City's policy is to make 100% of each year's ARC. Actuarial assumptions for the September 30, 2010 valuation were:

- Entry age normal – 30 year amortization of unfunded liabilities
- Discount rate – 7.75%
- All other retirement assumptions equivalent to CalPERS assumptions used for the City's normal retirement plan
- The medical trend rate represents the long-term expected growth of medical benefits paid by the plan, due to non-age-related factors such as general medical inflation, utilization, new technology, and the like. The following table sets forth the trend assumption used for the valuation:

Year	Annual Rate
2010/11	10.0%
2011/12	9.0%
2012/13	8.0%
2013/14	7.0%
2014/15	6.0%
2015/16	5.5%
2016/17	5.0%



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

8. POSTEMPLOYMENT MEDICAL INSURANCE (Continued)

The City's actual contributions, annually required contribution (ARC), Net OPEB asset NOA, and Annual OPEB Cost (AOC) were computed as follows (in thousands):

Employer Contribution

Direct Contributions - City health plan contributions	\$ 1,060
Indirect Contributions – Administrative Overhead	138
Implicit subsidy	405
Total Employer Contributions	<u>\$ 1,603</u>

Development of Annual OPEB Cost (AOC)

Amortization of Actuarially Accrued Liability	\$ 647
Normal Cost	818
Total Annual Required Contribution (ARC)	1,465
Interest on Net OPEB Assets (NOA)	(649)
Adjustment to the Annual Required Contribution (ARC)	504
Total Annual OPEB Cost (AOC)	<u>\$ 1,320</u>

Development of Net OPEB Asset (NOA)

Net OPEB Asset (NOA), beginning of year	\$ (8,378)
Annual OPEB Cost (AOC)	1,320
Employer Contribution	(1,603)
Net OPEB Asset (NOA), end of year	<u>\$ (8,661)</u>

The City's actual contributions of \$1,603,000 are greater than the annual required contribution. The Annual OPEB Cost is reported as expenses in the non-departmental governmental activities program.

c. Other Disclosures

Three-year trend information is disclosed below (in thousands)

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB (Asset)
9/30/2008	\$2,114	\$10,341	489.20%	(\$8,227)
9/30/2009	\$1,564	\$1,715	109.70%	(\$8,378)
9/30/2010	\$1,320	\$1,603	121.40%	(\$8,661)



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

8. POSTEMPLOYMENT MEDICAL INSURANCE (Continued)

d. Funding Status and Funding Progress

As of September 30, 2010, the most recent actuarial valuation date, the plan was 44.4% funded. The actuarial accrued liability for benefits was \$20.6 million, and the actuarial value of assets was \$9.2 million, resulting in an unfunded accrued liability (UAAL) of \$11.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$90.4 million, and the ratio of the UAAL to the covered payroll was 12.7%.

The annual required contribution was determined as part of an independent actuarial valuation as of September 30, 2009 using same assumptions in the September 30, 2010 valuation in Note 8b.

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

9. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City records all of these claims as expenditures in the General Fund. The liability for these claims is recorded as part of long-term obligations in the government-wide financial statements. The City records the amount of claims payable at year-end that is due and payable at year-end in the fund financial statements. The full amount of claims is reported as a liability in the government-wide financial statements. Liabilities include amounts incurred, but not reported.

Liability Claims

Claims of up to \$1,000,000 are paid from the General Fund. The City is also a participant in the Big Independent Cities Excess Pool Joint Powers Authority (BICEP), which shares payments for claims between \$1,000,000 and \$2,000,000. It also provides general liability insurance of \$25,000,000 above the City's retention of \$1,000,000. BICEP was created by a joint powers agreement between the City of Huntington Beach and four other local entities for the purpose of providing joint insurance coverage and related risk management services for member cities. BICEP allows member entities to finance a claims payment pool for certain liability claims in excess of \$1,000,000 million to a limit of \$27,000,000. BICEP's governing board has one representative from each city (either a member of the City Council or designate). Current members must approve any changes to the board. Each participating City pays an insurance premium to BICEP that is used to fund the operating and debt service requirements. Payments for claims beyond what is covered by BICEP, from \$27,000,000 to \$37,000,000, are paid by excess insurance coverage. There were no liability claims in the last three years that exceeded the coverage limit.

Workers' Compensation Claims

Workers' compensation claims of up to \$1,000,000 per claim are paid from the General Fund. The BICEP is a member of CSAC-Excess Insurance Authority for excess workers' compensation coverage. Payments for claims from \$1,000,000 to \$5,000,000 are shared. Payments for claims between \$5,000,000 and \$200,000,000 are paid by excess insurance coverage. All funds of the City participate in the program and make payments to these funds based on estimated cost information.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

9. RISK MANAGEMENT (Continued)

Claims activity and liabilities relating to the current and prior year are (in thousands):

	Workers' Compensation	Liability Insurance	Total
Balance September 30, 2008	\$ 6,504	\$ 5,328	\$ 11,832
Additions	6,381	2,655	9,036
Reductions	(5,604)	(2,764)	(8,368)
Net Increase (Decrease)	777	(109)	668
Balance September 30, 2009	7,281	5,219	12,500
Additions	5,590	664	6,254
Reductions	(4,086)	(741)	(4,827)
Net Increase (Decrease)	1,504	(77)	1,427
Balance September 30, 2010	\$ 8,785	\$ 5,142	\$ 13,927



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

10. INTERFUND TRANSACTIONS

a. Due To/From Other Funds

The amounts at year-end were (in thousands):

	Due from Other Funds	Due to Other Funds
Major Governmental Funds		
Redevelopment Agency Debt Service	\$ -	\$ 199
Redevelopment Agency Capital Projects	199	0
Other Governmental Funds		
Drainage	-	492
Transportation	967	-
Traffic Impact Fund	-	475
Total Due to/from Governmental Funds	\$ 1,166	\$ 1,166
Proprietary Funds		
Water	19	-
Refuse	-	19
Total all Funds	\$ 1,185	\$ 1,185

These outstanding balances result mainly from year-end accruals for payments for goods and services.

b. Advances to/from Other Funds

The amounts at year-end were (in thousands):

	Advances to Other Funds	Advances from Other Funds
Major Governmental Funds		
General Fund	\$ 675	\$ -
Redevelopment Agency Capital Projects	302	1,363
Redevelopment Agency Debt Service	-	3,530
Low-Income Housing Capital Projects	4,591	-
Other Governmental Funds		
Park Acquisition and Development	-	675
Total Due to/from Governmental Funds	\$ 5,568	\$ 5,568

There is a \$675,000 advance from the General Fund to the Park Acquisition and Development Fund (a non-major governmental fund) for closed school site purchases. The amount will be repaid by fiscal year ending September 30, 2012.

There is a \$1,363,000 advance from the Low-Income Housing Fund to the Redevelopment Agency Capital Projects Fund for Main Pier property acquisitions. The amount will be repaid by fiscal year ending September 30, 2014.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

10. INTERFUND TRANSACTIONS (Continued)

There is a \$3,228,000 advance from the Low-Income Housing fund to the Redevelopment Agency Debt Service Fund for Supplemental Education Revenue Augmentation Fund (SERAF) contributions. See Note 13e for additional information.

There is a \$302,000 advance from the Redevelopment Agency Capital Projects Fund to the Redevelopment Agency Debt Service Fund for the Southeast Coastal Project Area. The amount will be repaid by fiscal year ending September 30, 2014.

c. Transfers In/Out

The amounts at year-end were (in thousands):

Transfers In	Transfers Out					Total Major Governmental Funds
	General Fund	Grant Special Revenue	RDA Debt Service Fund	RDA Capital Projects Fund	Low Income Housing Fund	
General Fund	\$ -	\$ -	\$ 5,307	\$ 216	\$ -	\$ 5,523
Grants Special Revenue	49	-	-	-	-	49
RDA Capital Projects Fund	882	-	-	-	-	882
Low Income Housing Fund	-	52	3,637	-	-	3,689
Other Governmental Funds	6,834	-	-	-	405	7,239
Total Governmental Funds	7,765	52	8,944	216	405	17,382
Refuse Enterprise Funds	51	-	-	-	-	51
Total Transfers Out	\$ 7,816	\$ 52	\$ 8,944	\$ 216	\$ 405	\$ 17,433

Transfers In	Transfer Out				Total Transfers In
	Total Major Governmental Funds	Other Governmental Funds	Total Governmental Funds	Hazmat Service Enterprise Funds	
General Fund	\$ 5,523	\$ 2,916	\$ 8,439	\$ 13	\$ 8,452
Grants Special Revenue	49	539	588	-	588
RDA Capital Projects Fund	882	-	882	-	882
Low Income Housing Fund	3,689	-	3,689	-	3,689
Other Governmental Funds	7,239	-	7,239	-	7,239
Total Governmental Funds	17,382	3,455	20,837	13	20,850
Refuse Enterprise Funds	51	-	51	-	51
Total Transfers Out	\$ 17,433	\$ 3,455	\$ 20,888	\$ 13	\$ 20,901

The following is a summary of the significant transfers:

- \$6,834,000 was transferred from the General Fund to Other Governmental Funds primarily for debt service payments
- \$5,307,000 was transferred from the Redevelopment Agency Debt Service Fund to the General Fund to repay the General Fund Loan to the Redevelopment Agency
- \$3,637,000 was transferred from the Redevelopment Agency Debt Service Fund to the Low Income Housing Fund to comply with the twenty percent set-aside to Low Income Housing



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

10. INTERFUND TRANSACTIONS (Continued)

- \$2,916,000 was transferred from Other Governmental Funds to the General Fund. Excess debt service reserves of \$1,722,000 were transferred from the Property Tax Refund Fund to the General Fund. The remaining amount transferred is primarily for General Fund expenditures of Gas Tax Fund related projects.

11. LONG-TERM OBLIGATIONS

Below is a schedule of changes in long-term governmental obligations for the year (in thousands):

Governmental Activities:	October 1, 2009	Additions	Retirements	September 30, 2010	Accrued Interest	Due Within One Year
	\$	\$	\$	\$	\$	\$
Judgment Obligation Bonds	6,774	-	(785)	5,989	145	810
Public Financing Authority:						
1997 Leasehold Revenue Bonds	2,860	-	(2,860)	-	-	-
2000 Lease Revenue Bonds	12,785	-	(12,785)	-	-	-
2001-a Lease Revenue Bonds	26,375	-	(725)	25,650	103	750
2001-b Lease Revenue Bonds	17,795	-	(1,880)	15,915	83	1,955
2010-a Lease Revenue Bonds	-	14,745	(925)	13,820	52	620
Total Public Financing Authority	59,815	14,745	(19,175)	55,385	238	3,325
Redevelopment Agency:						
1999 Tax Allocation						
Refunding Bonds	7,020	-	(410)	6,610	53	430
2002 Tax Allocation						
Refunding Bonds	15,380	-	(910)	14,470	113	945
Mayer DDA	6,503	-	(350)	6,153	-	-
Bella Terra OPA (Parking)	14,227	-	(151)	14,076	-	-
CIM DDA (Parking & Infrastructure)	7,768	-	(324)	7,444	-	157
CIM DDA (Additional Parking)	421	19	-	440	-	6
Section 108 Loan/Bowen Court	6,140	-	(415)	5,725	20	445
Pollution Remediation	-	200	-	200	-	200
Total Redevelopment Agency	57,459	219	(2,560)	55,118	186	2,183
Other Long-Term Obligations:						
Leases Payable	1,161	-	(304)	857	-	285
Compensated Absences	12,015	3,259	(4,997)	10,277	-	3,150
Net Pension Obligation	4,312	3,832	(3,968)	4,176	-	-
Claims Payable	12,500	6,254	(4,827)	13,927	-	5,678
Pollution Remediation	2,000	-	-	2,000	-	-
PARS Payable	-	7,231	(82)	7,149	-	1,281
Total Other Long-Term Obligations	31,988	20,576	(14,178)	38,386	-	10,394
Total Long-Term Obligations - Governmental Activities	\$ 156,036	\$ 35,540	\$ (36,698)	\$ 154,878	\$ 569	\$ 16,712



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

Below are reconciliations from amounts in the above table to amounts in the accompanying governmental fund financial statements (in thousands):

Issuance of Long-Term Debt in Governmental Fund Financial Statements	\$ 14,745
Increase in CIM DDA (Additional Parking)	19
Decrease in Net Pension Obligation	(136)
Decrease in Compensated Absences	(1,738)
Increase in Claims Payable	1,427
Increase in Pollution Remediation	200
Increase in PARS Payable	7,231
Increases in Above Schedule	<u>21,748</u>
Increase in Current Portion of Claims Payable reported in the Governmental Fund Financial Statement	<u>445</u>
Changes in Long-term Obligations reported in the Reconciliation to the Government-wide Financial Statements	<u>\$ 22,193</u>
Principal Paid in Governmental Fund Financial Statements	\$ 7,351
Refunding of 1997 and 2000 Lease Revenue Bonds	15,555
Decreases in Above Schedule*	<u><u>22,906</u></u>

a. Judgment Obligation Bonds

Year of Issuance	2004
Type of Debt	Judgment Obligation Bonds
Original Principal Amount	\$12,500,000
Security	Council Appropriations
Interest Rates	2.00% to 4.20%
Interest Payment Dates	February 1st and August 1st
Principal Payment Dates	February 1st
Purpose of Debt	Pay claims on court judgment



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 810	\$ 217	\$ 1,027
2012	840	188	1,028
2013	865	156	1,021
2014	900	121	1,021
2015	940	84	1,024
2016-2017	1,634	59	1,693
Total	\$ 5,989	\$ 825	\$ 6,814

b. Public Financing Authority

(1) 1997 Public Financing Authority Revenue Bonds

Year of Issuance	1997
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$8,070,000
Security	Lease Agreement with City for Central Library
Interest Rates	5.00% to 5.50%
Interest Payment Dates	June 15 th and December 15 th
Principal Payment Dates	December 15 th
Purpose of Debt	Construct Pier Plaza and Purchase 800 MHZ System

Bonds were refunded by the 2010(a) Lease Revenue Bonds on May 13, 2010.

(2) 2000 Public Financing Authority Lease Revenue Bonds

Year of Issuance	2000
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$18,310,000
Security	Lease with City
Interest Rates	4.0% to 5.0%
Interest Payment Dates	September 1 st and March 1 st
Principal Payment Dates	September 1 st
Purpose of Debt	Capital improvements and defeasance of Emerald Cove Certificates of Participation



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

Bonds were refunded by the 2010(a) Lease Revenue Bonds on May 13, 2010.

(3) 2001(a) Public Financing Authority Lease Revenue Bonds

Year of Issuance	2001
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$31,360,000
Security	Lease Agreement with City for Public Buildings
Interest Rates	2.45% to 5.0%
Interest Payment Dates	March 1 st and September 1 st
Principal Payment Dates	September 1st
Purpose of Debt	Construct Sports Complex and South Beach Phase II Improvements

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 750	\$ 1,234	\$ 1,984
2012	785	1,204	1,989
2013	815	1,170	1,985
2014	850	1,136	1,986
2015	885	1,098	1,983
2016-2020	5,075	4,848	9,923
2021-2025	6,420	3,510	9,930
2026-2030	8,180	1,740	9,920
2031	1,890	94	1,984
Total	\$ 25,650	\$ 16,034	\$ 41,684

(4) 2001(b) Public Financing Authority Lease Revenue Bonds

Year of Issuance	2001
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$31,095,000
Security	Lease on Civic Center Buildings
Interest Rates	4.0% to 5.0%
Interest Payment Dates	August 1, February 1
Principal Payment Dates	August 1
Purpose of Debt	Defease Civic Improvement Corporation Certificates



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 1,955	\$ 662	\$ 2,617
2012	2,030	589	2,619
2013	2,110	510	2,620
2014	2,190	426	2,616
2015	2,280	336	2,616
2016-2019	5,350	525	5,875
Total	\$ 15,915	\$ 3,048	\$ 18,963

(5) 2010(a) Public Financing Authority Lease Revenue Bonds

On June 2, 2010, the Public Financing Authority issued \$14,745,000 of 2010 Series A Lease Revenue Bonds on behalf of the City. The bond proceeds including premiums of \$736,000 were used to advance refund the outstanding 1997 and 2000 Series A Lease Revenue Bonds. The 2010 Series A bonds bear fixed interest rates ranging from 2.0% to 5.0% and have a final maturity date of September 1, 2030. The 2010 Series A bonds net proceeds and amounts available from the refunded bonds were used to establish a refunding escrow. The 1997 bonds in the amount of \$2,860,000, were redeemed on June 15, 2010, while the 2000 Series A bonds in the amount of \$12,785,000 were redeemed on September 1, 2010. The Public Financing Authority in effect reduced its aggregate debt service payments by approximately \$907,000 over the next 21 years and obtained a net economic gain (difference between the present values of the old and new debt service payments) of \$937,000.

Year of Issuance	2010
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$14,745,000
Security	Lease with City
Interest Rates	2.0% to 5.0%
Interest Payment Dates	March 1, September 1
Principal Payment Dates	September 1
Purpose of Debt	Defease 1997 Leasehold Revenue Bonds (Construct Pier Plaza and Purchase 800 MHz System) and 2000 Lease Revenue Bonds (Capital Improvements and defeasance of Emerald Cove Certificates of Participation)



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 620	\$ 623	\$ 1,243
2012	635	604	1,239
2013	655	585	1,240
2014	680	559	1,239
2015	705	532	1,237
2016-2020	3,980	2,204	6,184
2021-2025	3,275	1,285	4,560
2026-2030	3,270	478	3,748
Total	\$ 13,820	\$ 6,870	\$ 12,382

c. Redevelopment Agency

(1) 1999 Redevelopment Agency Tax Allocation Refunding Bonds

Year of Issuance	1999
Type of Debt	Tax Allocation Refunding Bonds
Original Principal Amount	\$10,835,000
Security	Tax Increment
Interest Rates	3.00% to 5.05%
Interest Payment Dates	February 1 st and August 1 st
Principal Payment Dates	August 1 st
Purpose of Debt	Prepay Agency's 1992 Loans to Public Financing Authority

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 430	\$ 317	\$ 747
2012	450	298	748
2013	465	278	743
2014	490	257	747
2015	515	234	749
2016-2020	2,690	778	3,468
2021-2024	1,570	195	1,765
Total	\$ 6,610	\$ 2,357	\$ 8,967



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

(2) 2002 Redevelopment Agency Tax Allocation Refunding Bonds

Year of Issuance	2002
Type of Debt	Tax Allocation Refunding Bonds
Original Principal Amount	\$20,900,000
Security	Tax Increment
Interest Rates	2.00% to 5.00%
Interest Payment Dates	February 1 st and August 1 st
Principal Payment Dates	August 1 st
Purpose of Debt	Prepay Agency's 1992 Loans to Public Financing Authority and fully defease 1992 Public Financing Authority bonds

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 945	\$ 677	\$ 1,622
2012	995	641	1,636
2013	1,040	601	1,641
2014	1,080	558	1,638
2015	1,115	512	1,627
2016-2020	5,880	1,703	7,583
2021-2024	3,415	424	3,839
Total	\$ 14,470	\$ 5,116	\$ 19,586

Pledged Revenues

The 1999 and 2002 Tax Allocation Refunding Bonds are secured by tax increment revenues excluding the 20% total tax increment dedicated to the Low Income Housing fund. As of September 30, 2010, the total principal and interest remaining for both bonds is \$28,553,000. Pledged tax increment revenue recognized during the fiscal year was \$14,549,000 against the total debt service payment of \$2,366,000. Although the incremental property taxes were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, certain conditions could have a material adverse impact on revenues allocated to the Agency. These include future decreases in the assessed valuation of the project areas, decreases in the applicable tax rates or collection rates, general decline in the economic condition of the project areas, or a change in law reducing the tax increment received by the Agency.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

(3) Mayer Disposition and Development Agreement

In fiscal year 1996-97, the Agency entered into a disposition and development agreement with Robert Mayer Corporation (Corporation) concerning additional development adjacent to the Waterfront Hotel. Under the agreement, the Corporation would advance payments for the project costs with the Agency reimbursing up to \$16,750,000 of the costs. As of year-end, the Agency obligation under the agreement amounted to \$6,153,000. Project-generated revenues as available will repay these amounts over the time needed to fully amortize the advance. The interest rate of this obligation is 6.32%.

(4) Bella Terra Parking Structure

In fiscal year 2005-06, the agency entered into an owner participation agreement with Bella Terra Associates, LLC (formerly Huntington Center Associates, LLC). Under the agreement, the Corporation would construct various public improvements, including a parking structure, which would then be deeded to the City. The Agency would reimburse \$15,000,000 of the costs of the public improvements. As of year-end, the Agency obligation under the agreement amounted to \$14,076,000. Project-generated revenues as available will repay these amounts over the time needed to fully amortize the advance. The interest rate of this obligation is 6.94%.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

(5) CIM/Huntington Disposition and Development Agreement – Strand Parking Structure and Infrastructure

Year of Issuance	2009
Type of Debt	Loan from CIM Group, LLC
Original Principal Amount	\$7,900,000
Security	Tax Increment
Interest Rates	7.0%
Interest Payment Dates	September 30 th
Principal Payment Dates	September 30 th
Purpose of Debt	Strand Parking Structure and Infrastructure

As of year-end, the Agency obligation under the agreement amounted to \$7,444,000. Repayment shall be made solely from net tax increment generated by the Merged Redevelopment Project Area by 2034.

(6) CIM/Huntington Disposition and Development Agreement – Additional Strand Parking

Year of Issuance	2009
Type of Debt	Loan from CIM Group, LLC
Original Principal Amount	\$950,000
Security	Tax Increment
Interest Rates	10.0%
Interest Payment Dates	September 30 th
Principal Payment Dates	September 30 th
Purpose of Debt	Additional Strand Parking Structure and Infrastructure

The loan repayment shall be made solely from net tax increment generated by the Merged Redevelopment Project Area by 2034. As of year-end, the Agency obligation under the agreement amounted to \$440,000.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

(7) Section 108 Loan

Year of Issuance and Refinance	Original 2000 Refinanced 2010
Type of Debt	Loan from Federal Government
Principal Amount	Original \$8,570,000 Refinanced \$5,725,000
Security	Loan Agreement with Federal Government
Interest Rates	Original 7.7% Refinanced 2.3% to 3.3%
Interest Payment Dates	February 1 st and August 1 st
Principal Payment Dates	August 1 st
Purpose of Debt	Capital Improvements. Section 108 Loan was made to both the Agency and the City.

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 445	\$ 120	\$ 565
2012	970	114	1,084
2013	500	110	610
2014	535	104	639
2015	570	94	664
2016-2019	2,705	217	2,922
Total	\$ 5,725	\$ 759	\$ 6,484

(8) Pollution Remediation – Redevelopment Agency

The Redevelopment Agency purchased property on Edinger Avenue to consolidate land for redevelopment on January 28, 2009. The Agency plans on remediating hazardous materials on this site. The estimated cost of cleanup is \$200,000 and is reported as a long-term liability in the government-wide statements. The cleanup cost will not exceed the estimated amount as an environmental insurance policy taken by the Agency will indemnify itself against further liability.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

d. Other Long-Term Obligations

(1) Leases Payable

The City entered into capital leases for various items:

Years of Issuance	2001 through 2007
Type of Debt	Capital Leases
Original Principal Amount	Various (\$10,000 to \$1,800,000)
Security	Asset
Interest Rates	4.2% to 6.9%
Interest Payment Dates	Monthly, Quarterly, Semi-Annually
Principal Payment Dates	Monthly, Quarterly, Semi-Annually
Purpose of Debt	Equipment Financing

Future minimum lease payments to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	285	34	319
2012	282	21	303
2013	290	8	298
Total	\$ 857	\$ 63	\$ 920

(2) Compensated Absences

There is no repayment schedule to pay the compensated absences amount of \$10,277,000 relating to governmental operations. The General Fund typically liquidates the vacation and sick leave liability.

(3) Net Pension Obligation

There is no fixed repayment schedule to fund the liability for the unfunded net pension obligation totaling \$4,176,000 for the City's Retirement Supplement Plan described in Note 7. The amount will be funded through a contribution rate determined by an independent actuarial study (see note 7).



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

11. LONG-TERM OBLIGATIONS (Continued)

(4) Claims Payable

There is no repayment schedule for the claims payable of \$13,927,000 described in Note 9. The City pays the claims upon final settlement.

(5) Pollution Remediation

The City plans to remediate hazardous materials contamination of land located within Huntington Central Park used as a gun range facility prior to its close in 1997. The City is voluntarily planning to remediate the site in order to use the area for park purposes. The cost of the gun range remediation is estimated to be \$2 million and is reported as a long-term liability in the government-wide financial statements. The liability was measured by estimating a reasonable range of potential outlays and multiplying those outlays by their probability of occurring.

(6) Public Agency Retirement Systems (PARS) Notes Payable

In May 2010, the City Council approved a retirement incentive program to eligible employees, under the condition the program meets the fiscal, managerial, and operational goals of the City to help mitigate declining General Fund revenues and institute long-term structural changes to avert future budget shortfalls and ensure that the City remains financially sound. The following were the eligibility requirements for the program:

- City miscellaneous (non-safety) and marine safety employees only
- Employed by the City as of May 3, 2010
- 50 years of age or older as of September 30, 2010
- Have at least five years of City service as of September 30, 2010
- Resign from City employment no later than September 30, 2010
- Retire under PERS no later than October 1, 2010

A total of 103 people participated and were approved by the Council for the retirement incentive program through the Public Agency Retirement Systems (PARS) Supplemental Retirement Program (SRP). The SRP offered through PARS allowed the City to map its own strategy with respect to payment for the program, backfilling of positions – both number and timing, and program cost. The participants of this program selected from a number of benefit options, the basic program in which one twelfth of 7% of the individual employee's base annual salary as of July 1, 2010 would be paid monthly over the lifetime of the participant commencing on October 1,



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

2010. Alternative payments are present value equivalents to the basic program and include the following:

- Joint-and-survivor payments
- Payments made for the life of the participant subject to a ten year minimum
- Fixed term payments from five to fifteen years. These payments are guaranteed to the participant for the full term selected

The City is funding the cost of this program through an annuity that requires a one-time payment of \$82,000 in September 2010 and \$1,587,000 fixed annual payments over five years due in October of each year starting in 2010. In accordance with GASB 47, a liability of the accrual cost for this benefit has been recognized in the amount of \$ 7,231,000 and the balance as of September 30, 2010 is \$7,149,000. The cash flows associated with the five year funding was discounted at a rate of 5.5% in the table below (in thousands):

Year Ending September 30	Principal	Interest	Annual Payments
2011	\$ 1,281	\$ 306	\$ 1,587
2012	1,351	236	1,587
2013	1,426	161	1,587
2014	1,504	83	1,587
2015	1,587	-	1,587
Total	\$ 7,149	\$ 786	\$ 7,935

e. Long-Term Obligations – Business Activities

Below is a schedule of the long-term obligations of business activities (in thousands):

Long-Term Obligations - Business Activities:	October 1, 2009	Additions	Retirements	September 30, 2010	Accrued Interest	Due Within One Year
Compensated Absences	\$ 1,094	\$ 300	\$ (466)	\$ 928	\$ -	\$ 249
Leases Payable	6	-	(3)	3	-	3
Total Long-Term Obligations - Business Activities	\$ 1,100	\$ 300	\$ (469)	\$ 931	\$ -	\$ 252

(1) Compensated Absences

There is no repayment schedule for the compensated absences amount of \$928,000 relating to business-type activities.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

(2) Leases Payable

The City entered into capital leases for various items:

Year of Issuance	2005
Type of Debt	Capital Lease
Original Principal Amount	\$15,268
Security	Asset
Interest Rates	6.9%
Interest Payment Dates	Monthly
Principal Payment Dates	Monthly
Purpose of Debt	Equipment Financing

Future minimum lease payments to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	3	-	3
Total	\$ 3	\$ -	\$ 3

f. Long-Term Obligations for which City is not Liable in any Manner

Obligations Not Recorded in Financial Statements:

Community Facilities Districts: (in thousands)	October 1, 2009	Additions	Retirements	September 30, 2010
Community Facilities District No. 1990-1				
Special Tax Refunding Bonds	\$ 1,460	\$ -	\$ (100)	\$ 1,360
Community Facilities District 2000-1				
Special Assessment Tax Bonds	14,355	-	(325)	14,030
Community Facilities District NO. 2002-1				
Special Assessment Tax Bonds	4,815	-	(40)	4,775
Community Facilities District NO. 2003-1				
Special Assessment Tax Bonds	23,160	-	(500)	22,660
Total Community Facilities Districts	43,790	-	(965)	42,825
Residential Redevelopment Bonds	9,500	-		9,500
Total Obligations Not Recorded in Financial Statements	\$ 53,290	\$ -	\$ (965)	\$ 52,325



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

(1) Community Facilities District 1990-1 2001 Special Tax Refunding Bonds

Year of Issuance	2001
Type of Debt	Community Facilities District Assessment Bonds
Original Principal Amount	\$2,155,000
Security	Special Tax Levies
Interest Rates	4.00% to 5.40%
Interest Payment Dates	April 1st and October 1st
Principal Payment Dates	October 1 st

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 110	\$ 70	\$ 180
2012	110	65	175
2013	120	59	179
2014	120	52	172
2015	130	45	175
2016-2020	770	109	879
Total	\$ 1,360	\$ 400	\$ 1,760

(2) Community Facilities District 2000-1 2001 Special Tax Bonds

Year of Issuance	2001
Type of Debt	Community Facilities District Assessment Bonds
Original Principal Amount	\$16,000,000
Security	Special Tax Levies
Interest Rates	3.80% to 6.40%
Interest Payment Dates	September 1 st and March 1 st
Principal Payment Dates	September 1st
Purpose of Debt	Public Improvements for Grand Coast Resort



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 340	\$ 895	\$ 1,235
2012	360	876	1,236
2013	380	855	1,235
2014	405	832	1,237
2015	430	807	1,237
2016-2020	2,590	3,592	6,182
2021-2025	3,535	2,644	6,179
2026-2030	4,830	1,347	6,177
2031	1,160	75	1,235
Total	\$ 14,030	\$ 11,923	\$ 25,953

(3) Community Facilities District 2002-1 Special Tax Bonds

Year of Issuance	2002
Type of Debt	Community Facilities District Assessment Bonds
Original Principal Amount	\$4,900,000
Security	Special Tax Levies
Interest Rates	3.80% to 6.20%
Interest Payment Dates	March 1 st and September 1 st
Principal Payment Dates	September 1 st

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 50	\$ 293	\$ 343
2012	55	290	345
2013	65	288	353
2014	80	284	364
2015	90	280	370
2016-2020	650	1,309	1,959
2021-2025	1,105	1,062	2,167
2026-2030	1,745	642	2,387
2031-2032	935	89	1,024
Total	\$ 4,775	\$ 4,537	\$ 9,312



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

11. LONG-TERM OBLIGATIONS (Continued)

(4) Community Facilities District 2003-1 Special Tax Bonds

Year of Issuance	2003
Type of Debt	Community Facilities District Assessment Bonds
Original Principal Amount	\$25,000,000
Security	Special Tax Levies
Interest Rates	2.65% to 5.85%
Interest Payment Dates	March 1 st and September 1 st
Principal Payment Dates	September 1 st

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2011	\$ 520	\$ 1,284	\$ 1,804
2012	545	1,263	1,808
2013	570	1,236	1,806
2014	595	1,209	1,804
2015	625	1,180	1,805
2016-2020	3,670	5,363	9,033
2021-2025	4,850	4,180	9,030
2026-2030	6,445	2,589	9,034
2031-2033	4,840	577	5,417
Total	\$ 22,660	\$ 18,881	\$ 41,541

(5) Residential Development Bonds

The City is involved in various bond issues where the City or Redevelopment Agency issued bonds to assist in the financing of residential developments. A trustee holds all funds and payment cannot be made from any other source than the mortgages received.

These bond issues are (in thousands):

Bond Issue	Outstanding Year-end	Original Issue Amount
Five Points Senior Project Multi-Family Housing Revenue Bonds – Series A – 1991	\$9,500	\$9,500



City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010

12. CAPITAL ASSETS

a. Changes in Capital Assets

Capital asset activity for the year was (in thousands):

	October 1, 2009	Additions	Dispositions	September 30, 2010
Governmental Activities				
Capital Assets, Not Depreciated:				
Land	\$ 366,342	981	-	\$ 367,323
Construction in Progress	7,992	2,250		10,242
Joint Ventures	2,012	82		2,094
Total Capital Assets -Not Depreciated	376,346	3,313	-	379,659
Capital Assets Being Depreciated				
Buildings	168,669	2,677		171,346
Machinery and Equipment	47,701			47,701
Infrastructure	322,351	8,413	(1,267)	329,497
Total Capital Assets Being Depreciated	538,721	11,090	(1,267)	548,544
Less Accumulated Depreciation:				
Buildings	(39,167)	(3,517)		(42,684)
Machinery and Equipment	(33,404)	(3,023)		(36,427)
Infrastructure	(165,002)	(6,566)	1,267	(170,301)
Total Accumulated Depreciation	(237,573)	(13,106)	1,267	(249,412)
Total Depreciated - Net	301,148	(2,016)	-	299,132
Total Capital Assets	915,067	14,403	(1,267)	928,203
Total Accumulated Depreciation	(237,573)	(13,106)	1,267	(249,412)
Capital Assets of Governmental Activities - Net	\$ 677,494	\$ 1,297	\$ -	\$ 678,791

	October 1, 2009	Additions	Dispositions	September 30, 2010
Business Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 3,907			\$ 3,907
Construction in Progress	8,209	5,644	(1,478)	12,375
Total Capital Assets -Not Depreciated	12,116	5,644	(1,478)	16,282
Capital Assets Being Depreciated				
Buildings	50,986	2,523		53,509
Machinery and Equipment	9,263	133		9,396
Infrastructure	121,041	1,315	(11)	122,345
Total Capital Assets Being Depreciated	181,290	3,971	(11)	185,250
Less Accumulated Depreciation:				
Buildings	(11,328)	(1,361)		(12,689)
Machinery and Equipment	(5,687)	(1,009)		(6,696)
Infrastructure	(58,326)	(2,253)	11	(60,568)
Total Accumulated Depreciation	(75,341)	(4,623)	11	(79,953)
Total Depreciated - Net	105,949	(652)	-	105,297
Total Capital Assets	193,406	9,615	(1,489)	201,532
Total Accumulated Depreciation	(75,341)	(4,623)	11	(79,953)
Capital Assets of Business Activities - Net	\$ 118,065	\$ 4,992	\$ (1,478)	\$ 121,579



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

12. CAPITAL ASSETS (Continued)

b. Depreciation Expense

Depreciation in governmental activities was charged to the following functions/programs in the Statement of Activities (in thousands):

Department:

City Administrator	\$	22
City Clerk		15
Finance		23
Building and Safety		205
Fire		703
Information Services		30
Police		422
Economic Development		20
Community Services		1,546
Library Services		347
Public Works		8,693
Non-Departmental		1,080
Total	\$	<u>13,106</u>

Depreciation in business activities was charged to the following functions/programs in the Statement of Activities (in thousands):

Fund:

Water	\$	3,406
Sewer Service		1,217
Total	\$	<u>4,623</u>

c. Capital Assets Acquired via Capital Leases

At year-end, the City's assets acquired through outstanding capital leases (see Note 11) were (in thousands):

	Governmental Activities
Machinery and Equipment	\$ 1,869
Buildings	3,449
Less: Accumulated Depreciation	(1,234)
Total	<u>\$ 4,084</u>



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

13. COMMITMENTS AND CONTINGENCIES

a. Legal Actions

There are legal actions pending against the City resulting from normal operations. In the opinion of management and the City Attorney, the financial resolution of these actions should not have a significant impact on these financial statements.

b. Sales Tax Sharing Agreements

City Council agreed to provide sales tax rebates to various companies. The sales tax rebates serve to attract and retain various companies in the City of Huntington Beach. The City of Huntington Beach has sales tax agreements that extend until 2020. Sales tax rebates total \$424,000 in fiscal year ending September 30, 2010.

c. Cooperation and Owner Participation Agreements

On September 2, 2003, the Redevelopment Agency Approved a Cooperation Agreement Regarding Capital Improvements in the Southeast Coastal Redevelopment Project with the City. This agreement commits the Redevelopment Agency to reimburse the City for a number of capital improvement projects to be undertaken as part of the Five Year Capital Improvement Program in the Southeast Redevelopment project area starting in FY 2003/04 as they are undertaken.

On October 16, 2006, the Redevelopment Agency approved an Owner Participation Agreement with Makallon Atlanta Huntington Beach, LLC (also known as Makar) to develop a 31-acre site in the Main-Pier sub-area of the Huntington Beach Redevelopment Project (Pacific City). Makar will advance \$5,500,000 to the Redevelopment Agency to fund the Agency's obligation for the Regional Urban Runoff Treatment System and the Pacific View Drive Extension. The advance will be repaid over 20 years from tax increment generated from the site. Current development of the site is on hold and will proceed in the future as economic conditions permit.

As of September 30, 2010, the City has no outstanding obligations related to the cooperation and owner participation agreements discussed above.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

13. COMMITMENTS AND CONTINGENCIES (Continued)

d. Redevelopment Agency Debt to City

The City has advanced money to the Redevelopment Agency for capital improvements and operations. There is no fixed repayment schedule for these advances and the Council/Agency has no requirement for the timing of any repayment. Accordingly, the City has not recorded the advances in the accompanying financial statements. These advances have been made since 1984 and include direct advances of cash, overhead charges, deferred development fees, deferred land sales, and interest. Below is a schedule of the activity for the year (in thousands):

	Amount @ 10/1/09	Additions	Reductions	Amount @ 9/30/10
General Fund				
Direct Advances	\$ 4,235	\$ 90	\$ (2,013)	\$ 2,312
Indirect Advances	6,567	157	(157)	6,567
Land Sales	32,833	-	-	32,833
Interest	29,482	1,501	(2,472)	28,511
Total General Fund	73,117	1,748	(4,642)	70,223
Sewer Fund				
Direct Advances	259	6	-	265
Deferred Development Fees	161	4	-	165
Total Sewer Fund	420	10	-	430
Drainage Fund				
Direct Advances	625	15	-	640
Deferred Development Fees	172	4	-	176
Total Drainage Fund	797	19	-	816
Park Acquisition and Development Fund				
Direct Advances	5,144	123	-	5,267
Deferred Development Fees	382	9	-	391
Total Park Acquisition and Development Fund	5,526	132	-	5,658
Water Fund				
Direct Advances	3,871	93	-	3,964
Total Water Fund	3,871	93	-	3,964
Total All Funds	\$ 83,731	\$ 2,002	\$ (4,642)	\$ 81,091

The cash repayments are recorded as transfers from the Redevelopment Agency to the fund receiving the repayment.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

13. COMMITMENTS AND CONTINGENCIES (Continued)

e. SERAF Commitment

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make Supplemental Education Revenue Augmentation Fund (SERAF) contributions totaling \$1.7 billion for the fiscal year 2009-2010 and \$350 million for the fiscal year 2010-2011. Under this bill, the Agency's SERAF contribution for fiscal year 2010-11 is \$1,107,000. On October 20, 2009, the California Redevelopment Association filed a class action lawsuit on behalf of all California redevelopment agencies, again challenging the SERAF obligations as unconstitutional. On May 13, 2010, the Superior Court found in favor of the State relative to the class action suit.

14. OTHER INFORMATION

a. Expenditures Exceeding Appropriations

Expenditures exceeded appropriations at the departmental level in the funds shown (in thousands):

Major Funds		
Redevelopment Agency Capital Projects - Public Works	\$	92
Other Governmental Funds		
Gas Tax - Public Works		130
Gas Tax - Non-Departmental		34
Traffic Impact Fee - Public Works		235
Traffic Impact Fee - Non-Departmental		162
Highway Safety & Traffic Reduction - Public Works		123
Sewer Development - Public Works		73
Infrastructure - Public Works		31



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

14. OTHER INFORMATION (Continued)

b. Fund and Accumulated Deficits

The following funds have total fund deficits at year-end (in thousands):

Special Revenue Fund		
Drainage	\$	492
Traffic Impact Fee		533
Debt Service Fund		
Property Tax Refund		34

We have established plans to reduce and eliminate deficits in these Funds. This will be accomplished in the Traffic Impact Fee Fund by minimizing expenditures over the next two fiscal years. Expenditures are not authorized in the Drainage Fund until annual revenues eliminate the negative fund balance. Additional transfers will be made to the Property Tax Refund Fund over the next two fiscal years to eliminate the deficit in this Fund.

15. SUBSEQUENT EVENTS

a. Bella Terra Phase II

On October 4, 2010, the Agency approved the affordable housing agreement with BTDJM Phase II Associates (DJM). The agreement will facilitate the construction of a 467 mixed-use unit project, including 43 moderate units and 28 very low units. This agreement will reimburse DJM for construction of the affordable units only up to \$17 million plus 4% interest. The agreement also includes payment to DJM of up to \$250,000 for the pedestrian access crossing between the Levitz site and the Village at Bella Terra if construction is within 10 years of the affordable housing agreement. The reimbursement of the affordable units will be based upon the site-generated tax increment for the mixed use project as well as the 20% housing fund from Bella Terra I.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

15. SUBSEQUENT EVENTS (Continued)

b. Governor's Proposed 2011-12 Budget: Disestablishment of Redevelopment Agencies

On January 10, 2011, the Governor released the proposed fiscal year 2011-12 State budget, which proposes the elimination of redevelopment. The proposed budget calls for prohibiting redevelopment agencies from creating new contracts or obligations or modifying existing contracts on or after the date urgency legislation is adopted. The proposed budget also calls for disestablishing existing agencies by July 1, 2011, and establishing successor local agencies which would be required to use the property tax that the agencies would otherwise have received to retire pre-existing agency debts and contractual obligations in accordance with existing payment schedules. In this regard, the Governor's Budget Summary for the proposed 2011-12 State budget states, "No existing obligations will be impaired." This is a reference to provisions in the federal and state constitutions that, subject to certain exceptions, generally prohibit states from passing a law that impairs the obligations of contracts.

Under the Governor's proposal, the amount remaining in fiscal year 2011-12 after the payment of pre-existing agency obligations would be distributed on a one-time basis in various ways, including to the affected local taxing entities (including cities) and to the State General Fund to offset the costs for Medi-Cal and trial courts. Beginning in fiscal year 2012-13, the amount remaining after the payment of pre-existing agency obligations generally would be distributed to cities, counties, special districts, and K-14 schools in amounts proportionate to their share of the countywide property tax. Amounts in Low and Moderate Income Housing Funds would be shifted to local housing authorities for low and moderate income housing (however, under the Proposed Legislation (defined and described below), the amounts in the Low and Moderate Income Housing Fund, along with all the rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the redevelopment agency may instead be shifted to the city or county that created the redevelopment agency). The budget also proposes that the Constitution be amended to provide for 55 percent voter approval for limited tax increases and bonding against local revenues for development projects such as those projects currently undertaken by redevelopment agencies.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

15. SUBSEQUENT EVENTS (Continued)

On February 18, 2011, the California Senate and Assembly budget committees voted in favor of the proposed budget. The Assembly budget committee qualified its support by stating that the State general fund savings could be accomplished by legislation that would reform rather than eliminate redevelopment. On February 23, 2011, the California Department of Finance released language of proposed legislation that would implement the Governor's proposed budget with respect to the dissolution of redevelopment agencies (the "Proposed Legislation"). The Proposed Legislation has not been formally introduced as of the date of the audit report, but the Agency expects it will be introduced and taken up by the budget conference committee in the near future. It appears that the normal process of hearings in policy committees and the attendant opportunity for amendment and refinement of the Proposed Legislation may not be followed, although the budget conference committee would have wide latitude to amend the Proposed Legislation. Accordingly, no assurance can be given regarding whether or not the Proposed Legislation will be enacted in its present form, or at all.

The Proposed Legislation is styled as an urgency measure, which requires a two-thirds vote of each house of the Legislature for passage, and which would become effective immediately upon the signature of the Governor.

Under the Proposed Legislation, the Agency would be prohibited from entering into any new contracts with, or incurring obligations or making commitments to, any entity, individual or groups of individuals upon the effectiveness of the Proposed Legislation. The Agency would be dissolved and, unless the City elects otherwise, the City would become the successor entity to the Agency (the "Successor Agency"), to settle the affairs of the Agency. The Successor Agency would be subject to the direction of an oversight board (the "Oversight Board"), to be composed of seven members, with only one member selected by the City Council. The remaining members would be selected by the County Board of Supervisors, the County Superintendent of Education and the largest non-enterprise special district (by property tax share) with territory within the territorial jurisdiction of the former Agency. All assets, properties, contracts, leases, books and records, buildings and equipment of the former Agency would be transferred to the control of the Successor Agency on July 1, 2011. The Successor Agency would be charged with preparing "Recognized Obligation Payment Schedules" which document the minimum payments and due dates of payments required by "enforceable obligations" for each half-year fiscal period. The establishment of the Recognized Obligation Payment Schedules would be subject to the Oversight Board's approval. "Enforceable obligations" include, among other things, bonds issued pursuant to the Redevelopment Law (including the required debt service, reserve set-asides and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former Agency).



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2010

15. SUBSEQUENT EVENTS (Continued)

For the 2011-12 fiscal year, the draft of the Recognized Obligation Payment Schedule must be reviewed and certified, as to its accuracy, by an external auditor. The Proposed Legislation provides that payments due before January 1, 2012 will be made from revenues received in the spring of 2011 property tax distribution. Commencing January 1, 2012, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from funds specified in the Recognized Obligation Payment Schedule.

Under the Proposed Legislation, the Oversight Board will be required to direct the Successor Agency to dispose of, generally, all assets and properties of the former Agency, except for assets and properties deemed part of approved development projects, and cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations. An “approved development project” is defined as a project (excluding an agreement for any of the following: planning, financing services, site search, or other staff or consulting activities in preparation for redevelopment work) where construction, site remediation, design, or environmental assessment work or property acquisition is required by the former Agency pursuant to an enforceable obligation between the former Agency and a party other than the entity that created the Agency (*i.e.*, the City) and either (1) substantial performance under the applicable agreements had taken place prior to the effective date of the Proposed Legislation in its final form, or (2) the Oversight Board determines that it would be beneficial for the taxing entities or the communities to continue the project even though there had not been substantial performance under the applicable agreements. The potential impact of the Proposed Legislation, if adopted as proposed, would be material to the Agency and the ability of the Agency or any Successor Agency to conduct, or continue to completion, redevelopment activities currently being undertaken or proposed to be undertaken by the Agency with respect to the Project Area.

Although the Agency cannot predict what the final language of the Proposed Legislation will be, the Proposed Legislation, in its current form, states that the intent of the Legislature is to do the following:

(1) Bar existing redevelopment agencies from incurring new obligations that would divert any more money from core functions and dissolve all existing redevelopment. It is the intent of the Legislature that the greatest amount of funding be realized from these actions to fund core governmental services.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2010**

15. SUBSEQUENT EVENTS (Continued)

(2) Beginning with 2012-13 fiscal year, allocate these funds according to the existing property tax allocation, except for enterprise special districts, to make the funds available for cities, counties, special districts, school and community college districts to provide core governmental services. As a result of these actions, it is estimated that, by fiscal year 2012-13, these local entities will receive \$1.9 billion per year in new resources to use for their core priorities.

(3) Require a successor entity to settle the affairs of the redevelopment agencies.

(4) Require the protection of contractual rights by successor agencies, which will be required to retire redevelopment agency debts in accord with existing payment schedules. No existing contractual obligations will be impaired.

The Proposed Legislation implements the above-described intent of the Legislature through a complex series of provisions, and appears to contain several inconsistencies and drafting problems which will likely require revision. The Agency cannot predict what the final language of the Proposed Legislation will be or whether the Proposed Legislation in any form will be adopted.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Huntington Beach Required Supplementary Information For the Year Ended September 30, 2010

Budgetary Information

The City Council must annually adopt a budget by September 30 of the prior fiscal year. The budgeted expenditures become the appropriations to the various departments. The budget includes estimates for revenue that, along with the appropriations, compute the budgetary fund balance. The appropriated budget covers substantially all governmental fund expenditures with the exception of capital improvement projects (capital projects funds) carried forward from prior years, which constitute a legally authorized non-appropriated budget. The City Council may amend the budget at any time. The City Administrator may transfer funds from between object purposes (personal services, operating expenditures, or capital outlay expenditures) within the same department without changing the total departmental budget. Department heads may transfer funds from like object categories of the same department. The City Council must approve any changes to departmental budgets. Expenditures may not exceed appropriations at the departmental level. All unused appropriations lapse at year-end. During the year the City Council made several supplemental appropriations with included carryovers of prior year encumbrances all of which were within available fund balance and estimated revenue amounts.

The City Council adopts governmental fund budgets consistent with generally accepted principles as legally required. There are no significant non-budgeted financial activities. Revenues for special revenue funds are budgeted by entitlements, grants and estimates of future development and economic growth. Expenditures and transfers are budgeted based upon available financial resources.

On or before May 31 of each year, each department submits data to the City Administrator for budget preparation. Staff prepares the budget by fund, function, and activity. The budget includes information on past years, current year estimates and requested appropriations for the next fiscal year. Before August 1, the City Council receives the proposed budget. The City Council holds public hearings and may amend the budget by a majority vote. Changes to the budget must be within the available revenues and reserves.

These financial schedules show budgetary data for the General, Special Revenue, Capital Projects and Debt Service Funds. The original budget, revised budget, actual expenditures, and variance amounts are shown.

The City uses an encumbrance system as an aid in controlling expenditures. When the City issues a purchase order for goods or services, it records an encumbrance until the vendor delivers the goods or performs the service. At year-end, the City reports all outstanding encumbrances as restricted, committed, or assigned fund balance in governmental fund types. The City reappropriates these encumbrances into the new fiscal year.

Below is a schedule of a budget to actual comparison of the General and Grant Fund's Revenues, and Expenditures and Changes in Fund Balance (in thousands):

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)**

General Fund

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Property Taxes	\$ 66,402	\$ 66,402	\$ 66,886	\$ 484
Sales Taxes	19,575	19,575	20,795	1,220
Utility Taxes	21,725	21,725	19,757	(1,968)
Other Taxes	13,385	13,385	11,629	(1,756)
Licenses and Permits	6,982	6,984	6,109	(875)
Fines, Forfeitures and Penalties	4,260	4,260	3,965	(295)
From Use of Money and Property	14,915	14,915	13,826	(1,089)
Intergovernmental	2,544	3,841	4,219	378
Charges for Current Service	23,169	23,369	22,724	(645)
Other	1,251	1,657	2,433	776
Total Revenues	174,208	176,113	172,343	(3,770)
EXPENDITURES				
Current:				
City Council	296	302	301	1
City Administrator	1,774	1,756	1,652	104
City Treasurer	1,493	1,537	1,532	5
City Attorney	2,636	2,657	2,657	-
City Clerk	956	972	868	104
Finance	4,362	4,354	4,286	68
Human Resources	6,470	6,231	5,209	1,022
Planning	3,334	3,819	2,954	865
Building	3,696	3,592	3,376	216
Fire	32,184	32,522	32,398	124
Information Services	7,029	7,062	6,782	280
Police	60,024	58,946	57,521	1,425
Economic Development	1,584	1,664	1,520	144
Community Services	13,604	13,956	13,328	628
Library Services	4,208	4,529	4,066	463
Public Works	19,312	19,524	17,388	2,136
Non-Departmental	11,098	13,639	14,443	(804)
Debt Service:				
Principal	492	526	386	140
Interest	-	48	48	-
Total Expenditures	174,552	177,636	170,715	6,921
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(344)	(1,523)	1,628	3,151
OTHER FINANCING SOURCES (USES)				
Transfers In	7,380	8,528	8,452	(76)
Transfers Out	(6,988)	(7,918)	(7,816)	102
Total Other Financing Sources (Uses)	392	610	636	26
Excess Of Revenues And Other Souces Over (Under) Expenditures And Other Uses	48	(913)	2,264	3,177
Fund Balance - Beginning Of Year	39,088	39,088	39,088	-
Fund Balance - End Of Year	\$ 39,136	\$ 38,175	\$ 41,352	\$ 3,177

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)**

Grants Special Revenue

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
From Use of Money and Property	\$ 263	\$ 265	\$ 236	\$ (29)
Intergovernmental	2,284	8,257	4,326	(3,931)
Other	5	5	68	63
Total Revenues	2,552	8,527	4,630	(3,897)
EXPENDITURES				
Current:				
Planning	-	217	216	1
Building	-	111	73	38
Fire	-	734	418	316
Police	164	1,349	947	402
Economic Development	776	3,095	1,144	1,951
Community Services	-	381	247	134
Library Services	-	150	92	58
Public Works	-	1,544	845	699
Capital Outlay	120	8,970	2,367	6,603
Debt Service:				
Principal	754	144	125	19
Interest	-	173	173	-
Total Expenditures	1,814	16,868	6,647	10,221
Excess Of Revenues Over (Under)				
Expenditures	738	(8,341)	(2,017)	6,324
OTHER FINANCING SOURCES (USES)				
Transfers In	-	729	588	(141)
Transfers Out	-	(52)	(52)	-
Total Other Financing Sources (Uses)	-	677	536	(141)
Excess Of Revenues And Other Sources				
Over (Under) Expenditures And Other Uses	738	(7,664)	(1,481)	6,183
Fund Balance - Beginning of Year	2,404	2,404	2,404	-
Fund Balance - End Of Year	\$ 3,142	\$ (5,260)	\$ 923	\$ 6,183

**CITY OF HUNTINGTON BEACH
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**SCHEDULE OF FUNDING PROGRESS
RETIREMENT PLAN- NORMAL
(In Thousands)**

Actuarial Valuation Date	Entry Age Normal Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Excess Assets (Unfunded Liability)	Funded Ratio	Covered Payroll	Excess Assets as a Percentage of Covered Payroll
2007						
Safety	\$ 409,859	\$ 338,305	\$ (71,554)	82.5%	\$ 34,961	-204.7%
Non Safety	295,078	287,302	(7,776)	97.4%	44,249	-17.6%
Total	\$ 704,937	\$ 625,607	\$ (79,330)	88.7%	\$ 79,210	-100.2%
2008						
Safety	\$ 439,687	\$ 357,782	\$ (81,905)	81.4%	\$ 36,791	-222.6%
Non Safety	320,209	307,549	(12,660)	96.0%	47,817	-26.5%
Total	\$ 759,896	\$ 665,331	\$ (94,565)	87.6%	\$ 84,608	-111.8%
2009						
Safety	\$ 478,818	\$ 370,250	\$ (108,568)	77.3%	\$ 40,384	-268.8%
Non Safety	363,638	321,435	(42,203)	88.4%	48,439	-87.1%
Total	\$ 842,456	\$ 691,685	\$ (150,771)	82.1%	\$ 88,823	-169.7%

**CITY OF HUNTINGTON BEACH
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)**

**SCHEDULE OF FUNDING PROGRESS
RETIREMENT PLAN- SUPPLEMENTAL
(In Thousands)**

Actuarial Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2005 Actual	40,873	14,227	(26,646)	34.8%	65,843	-40.5%
9/30/2006 Update	43,066	16,821	(26,245)	39.1%	72,186	-36.4%
9/30/2007 Actual	51,028	20,452	(30,576)	40.1%	73,380	-41.7%
9/30/2008 Update	52,777	22,722	(30,055)	43.1%	78,777	-38.2%
9/30/2009 Actual*	59,576	24,980	(34,596)	41.9%	85,667	-40.4%
9/30/2010 Update*	61,448	28,467	(32,981)	46.3%	87,617	-37.6%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
RETIREMENT PLAN- SUPPLEMENTAL
(In Thousands)**

Year Ended	Annual Required Contribution	Percentage Contributed
9/30/2005	\$ 3,074	119.55%
9/30/2006	3,022	130.48%
9/30/2007	2,850	156.63%
9/30/2008	3,419	106.08%
9/30/2009	3,476	100.00%
9/30/2010	3,967	100.00%

**OTHER POST EMPLOYMENT BENEFITS - MEDICAL RETIREMENT
SCHEDULE OF FUNDING PROGRESS
(In Thousands)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
9/30/2008 Update	\$ 8,730	\$ 23,470	\$ (14,740)	37.2%	\$ 78,777	-18.7%
9/30/2009 Actual*	8,727	19,474	(10,747)	44.8%	88,923	-12.1%
9/30/2010 Update*	9,157	20,608	(11,451)	44.4%	90,465	-12.7%

* Actuarial valuation for each fiscal year ending September 30th was performed as of March 31st of the same year using actual values at March 31st projected forward to fiscal year end

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SUPPLEMENTARY INFORMATION

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City of Huntington Beach Other Governmental Funds

Special Revenue Funds account for revenues and expenditures legally restricted to a specific purpose.

- The **Gas Tax Fund** accounts for moneys allocated under the Streets and Highways Code of California. Expenditures may be made for any street related purpose allowed under the code.
- The **Drainage Fund** accounts for fees received from developers to construct and maintain the City's drainage system.
- The **Narcotics Forfeiture Fund** accounts for moneys received from the State of California for special law enforcement expenditures.
- The **Transportation Fund** accounts for moneys received from the countywide ½ cent sales tax and other specific sources to be spent on transportation related expenditures.
- The **Air Quality Fund** accounts for revenues from the local agencies used to improve local air quality.
- The **Traffic Impact Fee Fund** accounts for moneys received from the traffic impact fee levied on new developments in the City.
- The **Fourth of July Parade Fund** accounts for the activities of the City's annual parade.
- The **Special Library Fund** accounts for revenues and expenditures related to the expanded Central Library including some construction. This fund has been closed in the current fiscal year.
- The **Park Acquisition and Development Fund** accounts for fees received from developers to develop and maintain the City's park system.
- The **Highway Safety & Traffic Reduction Fund** accounts for moneys used to fund transportation projects, improve the movement of goods, improve air quality, and enhance the safety and security of the transportation system under the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.
- The **Traffic Congestion Relief Fund** accounts for moneys allocated for roadway maintenance as established by Assembly Bill 2928.

Debt Service Funds account for the receipts for and payment of general long-term debt.

- The **Property Tax Refund Fund** records the payment of claims for repayment of the Judgment Obligation Bonds.
- The **Public Financing Authority** accounts for the activity of the Huntington Beach Public Financing Authority.

Capital Projects Funds account for the acquisition and construction of capital assets other than those financed by proprietary fund types.

- The **Parking in-lieu Fund** records construction activity from developers who pay fees in-lieu of directly providing parking facilities to the City.
- The **Sewer Development Fund** accounts for fees received from developers to construct and maintain sewer facilities.
- The **Infrastructure Fund** records activity for certain designate infrastructure related expenditures.

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010
(In Thousands)**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Drainage	Narcotics Forfeiture	Transportation	Air Quality
ASSETS					
Cash and Investments	\$ 545	\$ -	\$ 921	\$ 383	\$ 831
Cash and Investments with Fiscal Agent		-	-		
Taxes Receivable	383	-	-	170	
Other Receivables	78	-	3	3	3
Due from Other Funds		-	-	967	
Other Assets	-	-	-	-	-
Total Assets	<u>\$ 1,006</u>	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ 1,523</u>	<u>\$ 834</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ 4	\$ 25
Accrued Payroll	5	-	-	29	6
Due to Other Funds	-	492	-	-	-
Advances from Other Funds	-	-	-	-	-
Deposits Payable	-	-	1	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>5</u>	<u>492</u>	<u>1</u>	<u>33</u>	<u>31</u>
FUND BALANCES					
Restricted					
Pollution Remediation	-	-	-	-	-
Debt Service	-	-	-	-	-
Highways, Streets and Transportation	1,001	-	-	1,490	-
Air Quality	-	-	-	-	803
Parks	-	-	-	-	-
Other Capital Projects	-	-	-	-	-
Committed					
Other Capital Projects	-	-	-	-	-
Other Purposes	-	-	-	-	-
Assigned					
Capital Projects	-	-	-	-	-
Other Purposes	-	-	923	-	-
Unassigned	-	(492)	-	-	-
Total Fund Balances	<u>1,001</u>	<u>(492)</u>	<u>923</u>	<u>1,490</u>	<u>803</u>
Total Liabilities and Fund Balances	<u>\$ 1,006</u>	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ 1,523</u>	<u>\$ 834</u>

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010
(In Thousands)
(continued)**

SPECIAL REVENUE FUNDS						
Traffic Impact Fee	Fourth of July Parade	Special Library	Park Acquisition and Development	Highway Safety & Traffic Reduction	Traffic Congestion Relief	Total Special Revenue Funds
\$ -	\$ 61	\$ -	\$ 3,729	\$ 3,669	\$ 2,932	\$ 13,071
						-
						553
463			12	12	194	768
						967
-	-	-	1,266	-	-	1,266
<u>\$ 463</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 5,007</u>	<u>\$ 3,681</u>	<u>\$ 3,126</u>	<u>\$ 16,625</u>
\$ -	\$ 2	\$ -	\$ 18	\$ 1,603	\$ 199	\$ 1,851
6	1	-	3	9	3	62
475	-	-	-	-	-	967
-	-	-	675	-	-	675
-	-	-	1,266	-	-	1,267
515	-	-	-	-	-	515
<u>996</u>	<u>3</u>	<u>-</u>	<u>1,962</u>	<u>1,612</u>	<u>202</u>	<u>5,337</u>
						489
			489	-	-	489
			-	-	-	-
130	-	-	-	2,069	2,924	7,614
-	-	-	-	-	-	803
-	-	-	2,787	-	-	2,787
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	58	-	-	-	-	981
(663)	-	-	(231)	-	-	(1,386)
<u>(533)</u>	<u>58</u>	<u>-</u>	<u>3,045</u>	<u>2,069</u>	<u>2,924</u>	<u>11,288</u>
<u>\$ 463</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 5,007</u>	<u>\$ 3,681</u>	<u>\$ 3,126</u>	<u>\$ 16,625</u>

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010
(In Thousands)
(continued)**

	Debt Service Fund			Capital Projects Funds	
	Property Tax Refund	Public Financing Authority	Total Debt Service Fund	Parking in-lieu	Sewer Development
ASSETS					
Cash and Investments	\$ -	\$ 35	\$ 35	\$ 765	\$ 1,081
Cash and Investments with Fiscal Agent	1	5,910	5,911	-	-
Taxes Receivable	-	-	-	-	-
Other Receivables	-	9	9	2	3
Due from Other Funds	-	-	-	-	-
Other Assets	-	-	-	-	-
Total Assets	\$ 1	\$ 5,954	\$ 5,955	\$ 767	\$ 1,084
LIABILITIES					
Accounts Payable	\$ 2	\$ 4	\$ 6	\$ -	\$ 5
Accrued Payroll	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Deposits Payable	33	-	33	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	35	4	39	-	5
FUND BALANCES					
Restricted					
Pollution Remediation	-	-	-	-	-
Debt Service	-	5,946	5,946	-	-
Highways, Streets and Transportation	-	-	-	-	-
Air Quality	-	-	-	-	-
Parks	-	-	-	-	-
Other Capital Projects	-	-	-	-	1,079
Committed					
Other Capital Projects	-	-	-	30	-
Other Purposes	-	4	4	-	-
Assigned					
Capital Projects	-	-	-	737	-
Other Purposes	-	-	-	-	-
Unassigned	(34)	-	(34)	-	-
Total Fund Balances	(34)	5,950	5,916	767	1,079
Total Liabilities and Fund Balances	\$ 1	\$ 5,954	\$ 5,955	\$ 767	\$ 1,084

**CITY OF HUNTINGTON BEACH
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010
 (In Thousands)
 (continued)**

Capital Projects Funds		
Infrastructure	Total Capital Projects Funds	Total Other Governmental Funds
\$ 2,200	\$ 4,046	\$ 17,152
-	-	5,911
-	-	553
6	11	788
-	-	967
-	-	1,266
<u>\$ 2,206</u>	<u>\$ 4,057</u>	<u>\$ 26,637</u>
\$ -	\$ 5	\$ 1,862
-	-	62
-	-	967
-	-	675
-	-	1,300
-	-	515
<u>-</u>	<u>5</u>	<u>5,381</u>
-	-	489
-	-	5,946
-	-	7,614
-	-	803
-	-	2,787
19	1,098	1,098
-	30	30
-	-	4
2,187	2,924	2,924
-	-	981
-	-	(1,420)
<u>2,206</u>	<u>4,052</u>	<u>21,256</u>
<u>\$ 2,206</u>	<u>\$ 4,057</u>	<u>\$ 26,637</u>

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)**

	Special Revenue Funds				
	Gas Tax	Drainage	Narcotics Forfeiture	Transportation	Air Quality
REVENUES					
Sales Taxes	\$ -	\$ -	\$ -	\$ 1,787	\$ -
Licenses and Permits	-	-	-	-	-
From Use of Money and Property	-	-	12	18	13
Intergovernmental	4,038	-	47	-	230
Charges for Current Service	-	50	-	-	-
Other	-	-	-	1	-
Total Revenues	<u>4,038</u>	<u>50</u>	<u>59</u>	<u>1,806</u>	<u>243</u>
EXPENDITURES					
Current:					
Human Resources	-	-	-	-	75
Police	-	-	98	-	-
Community Services	-	-	-	-	-
Public Works	176	-	-	953	211
Non-Departmental	34	-	-	-	-
Capital Outlay	1,182	-	-	2,454	99
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>1,392</u>	<u>-</u>	<u>98</u>	<u>3,407</u>	<u>385</u>
Excess Of Revenues Over (Under) Expenditures	<u>2,646</u>	<u>50</u>	<u>(39)</u>	<u>(1,601)</u>	<u>(142)</u>
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Issuance of Long-Term Debt	-	-	-	-	-
Issuance Premium	-	-	-	-	-
Payments to Escrow	-	-	-	-	-
Transfers Out	(900)	-	-	-	(230)
Total Other Financing Sources Sources (Uses)	<u>(900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230)</u>
Net Change in Fund Balances	<u>1,746</u>	<u>50</u>	<u>(39)</u>	<u>(1,601)</u>	<u>(372)</u>
Fund Balance - Beginning Of Year	<u>(745)</u>	<u>(542)</u>	<u>962</u>	<u>3,091</u>	<u>1,175</u>
Fund Balance - End Of Year	<u>\$ 1,001</u>	<u>\$ (492)</u>	<u>\$ 923</u>	<u>\$ 1,490</u>	<u>\$ 803</u>

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

Special Revenue Funds						
Traffic Impact Fee	Fourth of July Parade	Special Library	Park Acquisiton and Development	Highway Safety & Traffic Reduction	Traffic Congestion Relief	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,787
-	-	-	-	35	-	35
-	28	-	52	58	37	218
15	84	-	203	3,007	2,490	10,114
77	127	-	169	-	-	423
-	82	-	-	-	-	83
<u>92</u>	<u>321</u>	<u>-</u>	<u>424</u>	<u>3,100</u>	<u>2,527</u>	<u>12,660</u>
-	-	-	-	-	-	75
-	-	-	-	-	-	98
-	377	-	459	-	-	836
432	-	-	-	123	136	2,031
162	-	-	-	-	-	196
657	-	-	5	2,460	354	7,211
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,251</u>	<u>377</u>	<u>-</u>	<u>464</u>	<u>2,583</u>	<u>490</u>	<u>10,447</u>
<u>(1,159)</u>	<u>(56)</u>	<u>-</u>	<u>(40)</u>	<u>517</u>	<u>2,037</u>	<u>2,213</u>
-	-	119	-	-	-	119
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(294)	-	-	(1,424)
-	-	119	(294)	-	-	(1,305)
<u>(1,159)</u>	<u>(56)</u>	<u>119</u>	<u>(334)</u>	<u>517</u>	<u>2,037</u>	<u>908</u>
<u>626</u>	<u>114</u>	<u>(119)</u>	<u>3,379</u>	<u>1,552</u>	<u>887</u>	<u>10,380</u>
<u>\$ (533)</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ 3,045</u>	<u>\$ 2,069</u>	<u>\$ 2,924</u>	<u>\$ 11,288</u>

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

	Debt Service Fund			Capital Projects Fund	
	Property Tax Refund	Public Financing Authority	Total Debt Service Fund	Parking In-Lieu	Sewer Development
REVENUES					
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	51	9
From Use of Money and Property	5	134	139	10	15
Intergovernmental	-	-	-	-	12
Charges for Current Service	-	-	-	-	40
Other	-	-	-	-	-
Total Revenues	5	134	139	61	76
EXPENDITURES					
Current:					
Human Resources	-	-	-	-	-
Police	-	-	-	-	-
Community Services	-	-	-	-	-
Public Works	-	-	-	-	78
Non-Departmental	2	191	193	-	-
Capital Outlay	-	-	-	-	53
Debt Service:					
Principal	785	3,620	4,405	-	-
Interest	254	2,575	2,829	-	-
Total Expenditures	1,041	6,386	7,427	-	131
Excess Of Revenues Over (Under) Expenditures	(1,036)	(6,252)	(7,288)	61	(55)
Other Financing Sources (Uses):					
Transfers In	1,037	6,083	7,120	-	-
Issuance of Long-Term Debt	-	14,745	14,745	-	-
Issuance Premium	-	707	707	-	-
Payments to Escrow	-	(15,967)	(15,967)	-	-
Transfers Out	(1,722)	-	(1,722)	-	-
Total Other Financing Sources Sources (Uses)	(685)	5,568	4,883	-	-
Net Change in Fund Balances	(1,721)	(684)	(2,405)	61	(55)
Fund Balance - Beginning Of Year	1,687	6,634	8,321	706	1,134
Fund Balance - End Of Year	\$ (34)	\$ 5,950	\$ 5,916	\$ 767	\$ 1,079

**CITY OF HUNTINGTON BEACH
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010
 (In Thousands)
 (continued)**

Capital Projects Fund		
Infrastructure	Total Capital Projects Funds	Total Other Governmental Funds
\$ -	\$ -	\$ 1,787
-	60	95
32	57	414
-	12	10,126
-	40	463
10	10	93
<u>42</u>	<u>179</u>	<u>12,978</u>
-	-	75
-	-	98
-	-	836
31	109	2,140
-	-	389
234	287	7,498
-	-	4,405
-	-	2,829
<u>265</u>	<u>396</u>	<u>18,270</u>
<u>(223)</u>	<u>(217)</u>	<u>(5,292)</u>
-	-	7,239
-	-	14,745
-	-	707
-	-	(15,967)
(309)	(309)	(3,455)
<u>(309)</u>	<u>(309)</u>	<u>3,269</u>
<u>(532)</u>	<u>(526)</u>	<u>(2,023)</u>
<u>2,738</u>	<u>4,578</u>	<u>23,279</u>
<u>\$ 2,206</u>	<u>\$ 4,052</u>	<u>\$ 21,256</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)**

Gas Tax

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 900	\$ 4,474	\$ 4,038	\$ (436)
EXPENDITURES:				
Current:				
Public Works	-	46	176	(130)
Non-Departmental	-	-	34	(34)
Capital Outlay	-	2,215	1,182	1,033
TOTAL EXPENDITURES	-	2,261	1,392	869
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	900	2,213	2,646	433
OTHER FINANCING SOURCES (USES):				
Transfers Out	(900)	(1,022)	(900)	122
NET CHANGE IN FUND BALANCE	-	1,191	1,746	555
FUND BALANCE - BEGINNING OF YEAR	(745)	(745)	(745)	-
FUND BALANCE - END OF YEAR	\$ (745)	\$ 446	\$ 1,001	\$ 555

Drainage

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for Current Service	\$ 50	\$ 50	\$ 50	\$ -
FUND BALANCE - BEGINNING OF YEAR	(542)	(542)	(542)	-
FUND BALANCE - END OF YEAR	\$ (492)	\$ (492)	\$ (492)	\$ -

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

Narcotics Forfeiture

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 10	\$ 10	\$ 12	\$ 2
Intergovernmental	25	25	47	22
TOTAL REVENUES	<u>35</u>	<u>35</u>	<u>59</u>	<u>24</u>
EXPENDITURES:				
Current:				
Police	117	517	98	419
Capital Outlay	200	310	-	310
TOTAL EXPENDITURES	<u>317</u>	<u>827</u>	<u>98</u>	<u>729</u>
NET CHANGE IN FUND BALANCE	<u>(282)</u>	<u>(792)</u>	<u>(39)</u>	<u>753</u>
FUND BALANCE - BEGINNING OF YEAR	<u>962</u>	<u>962</u>	<u>962</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 680</u>	<u>\$ 170</u>	<u>\$ 923</u>	<u>\$ 753</u>

Transportation

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Sales Taxes	\$ 2,000	\$ 2,000	\$ 1,787	\$ (213)
From Use of Money and Property	170	170	18	(152)
Other	-	-	1	1
TOTAL REVENUES	<u>2,170</u>	<u>2,170</u>	<u>1,806</u>	<u>(364)</u>
EXPENDITURES:				
Current:				
Public Works	1,174	1,445	953	492
Capital Outlay	1,150	3,955	2,454	1,501
TOTAL EXPENDITURES	<u>2,324</u>	<u>5,400</u>	<u>3,407</u>	<u>1,993</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(154)</u>	<u>(3,230)</u>	<u>(1,601)</u>	<u>1,629</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(287)	(321)	-	321
NET CHANGE IN FUND BALANCE	<u>(441)</u>	<u>(3,551)</u>	<u>(1,601)</u>	<u>1,950</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,091</u>	<u>3,091</u>	<u>3,091</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,650</u>	<u>\$ (460)</u>	<u>\$ 1,490</u>	<u>\$ 1,950</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

Air Quality

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 30	\$ 30	\$ 13	\$ (17)
Intergovernmental	240	240	230	(10)
TOTAL REVENUES	<u>270</u>	<u>270</u>	<u>243</u>	<u>(27)</u>
EXPENDITURES:				
Current:				
Human Resources	117	122	75	47
Public Works	100	233	211	22
Capital Outlay	200	303	99	204
TOTAL EXPENDITURES	<u>417</u>	<u>658</u>	<u>385</u>	<u>273</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(147)</u>	<u>(388)</u>	<u>(142)</u>	<u>246</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(250)	(230)	20
NET CHANGE IN FUND BALANCE	<u>(147)</u>	<u>(638)</u>	<u>(372)</u>	<u>266</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,175</u>	<u>1,175</u>	<u>1,175</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,028</u>	<u>\$ 537</u>	<u>\$ 803</u>	<u>\$ 266</u>

Traffic Impact Fee

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 75	\$ 75	\$ -	\$ (75)
Intergovernmental	-	-	15	15
Charges for Current Service	75	75	77	2
TOTAL REVENUES	<u>150</u>	<u>150</u>	<u>92</u>	<u>(58)</u>
EXPENDITURES:				
Current:				
Public Works	19	197	432	(235)
Non-Departmental	-	-	162	(162)
Capital Outlay	-	1,238	657	581
TOTAL EXPENDITURES	<u>19</u>	<u>1,435</u>	<u>1,251</u>	<u>184</u>
NET CHANGE IN FUND BALANCE	<u>131</u>	<u>(1,285)</u>	<u>(1,159)</u>	<u>126</u>
FUND BALANCE - BEGINNING OF YEAR	<u>626</u>	<u>626</u>	<u>626</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 757</u>	<u>\$ (659)</u>	<u>\$ (533)</u>	<u>\$ 126</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

Fourth of July Parade

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 3	\$ 3	\$ 28	\$ 25
Intergovernmental	-	-	84	84
Charges for Current Service	-	-	127	127
Other	400	400	82	(318)
TOTAL REVENUES	<u>403</u>	<u>403</u>	<u>321</u>	<u>(82)</u>
EXPENDITURES:				
Current:				
Community Services	400	409	377	32
NET CHANGE IN FUND BALANCE	<u>3</u>	<u>(6)</u>	<u>(56)</u>	<u>(50)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>114</u>	<u>114</u>	<u>114</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 117</u>	<u>\$ 108</u>	<u>\$ 58</u>	<u>\$ (50)</u>

Special Library

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES):				
Transfers In	\$ -	\$ -	\$ 119	\$ 119
FUND BALANCE - BEGINNING OF YEAR	<u>(119)</u>	<u>(119)</u>	<u>(119)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (119)</u>	<u>\$ (119)</u>	<u>\$ -</u>	<u>\$ 119</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

Park Acquisition and Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 150	\$ 150	\$ 52	\$ (98)
Intergovernmental	-	-	203	203
Charges for Current Service	40	40	169	129
TOTAL REVENUES	<u>190</u>	<u>190</u>	<u>424</u>	<u>234</u>
EXPENDITURES:				
Current:				
Community Services	1,458	2,901	459	2,442
Capital Outlay	-	146	5	141
TOTAL EXPENDITURES	<u>1,458</u>	<u>3,047</u>	<u>464</u>	<u>2,583</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,268)</u>	<u>(2,857)</u>	<u>(40)</u>	<u>2,817</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(375)	(375)	(294)	81
NET CHANGE IN FUND BALANCE	<u>(1,643)</u>	<u>(3,232)</u>	<u>(334)</u>	<u>2,898</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,379</u>	<u>3,379</u>	<u>3,379</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,736</u>	<u>\$ 147</u>	<u>\$ 3,045</u>	<u>\$ 2,898</u>

Highway Safety & Traffic Reduction

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ -	\$ -	\$ 35	\$ 35
From Use of Money and Property	80	80	58	(22)
Intergovernmental	-	2,400	3,007	607
TOTAL REVENUES	<u>80</u>	<u>2,480</u>	<u>3,100</u>	<u>620</u>
EXPENDITURES:				
Current:				
Public Works	-	-	123	(123)
Capital Outlay	-	3,882	2,460	1,422
TOTAL EXPENDITURES	<u>-</u>	<u>3,882</u>	<u>2,583</u>	<u>1,299</u>
NET CHANGE IN FUND BALANCE	<u>80</u>	<u>(1,402)</u>	<u>517</u>	<u>1,919</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,552</u>	<u>1,552</u>	<u>1,552</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,632</u>	<u>\$ 150</u>	<u>\$ 2,069</u>	<u>\$ 1,919</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

Traffic Congestion Relief

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 75	\$ 75	\$ 37	\$ (38)
Intergovernmental	1,910	1,910	2,490	580
TOTAL REVENUES	<u>1,985</u>	<u>1,985</u>	<u>2,527</u>	<u>542</u>
EXPENDITURES:				
Current:				
Public Works	500	500	136	364
Capital Outlay	850	1,466	354	1,112
TOTAL EXPENDITURES	<u>1,350</u>	<u>1,966</u>	<u>490</u>	<u>1,476</u>
NET CHANGE IN FUND BALANCE	<u>635</u>	<u>19</u>	<u>2,037</u>	<u>2,018</u>
FUND BALANCE - BEGINNING OF YEAR	<u>887</u>	<u>887</u>	<u>887</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,522</u>	<u>\$ 906</u>	<u>\$ 2,924</u>	<u>\$ 2,018</u>

Property Tax Refund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ -	\$ -	\$ 5	\$ 5
EXPENDITURES:				
Current:				
Non-Departmental	6	6	2	4
Debt Service:				
Principal	785	785	785	-
Interest	346	346	254	92
TOTAL EXPENDITURES	<u>1,137</u>	<u>1,137</u>	<u>1,041</u>	<u>96</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,137)</u>	<u>(1,137)</u>	<u>(1,036)</u>	<u>101</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,091	1,091	1,037	(54)
Transfers Out	-	(1,700)	(1,722)	(22)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,091</u>	<u>(609)</u>	<u>(685)</u>	<u>(76)</u>
NET CHANGE IN FUND BALANCE	<u>(46)</u>	<u>(1,746)</u>	<u>(1,721)</u>	<u>25</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,687</u>	<u>1,687</u>	<u>1,687</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,641</u>	<u>\$ (59)</u>	<u>\$ (34)</u>	<u>\$ 25</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

Public Financing Authority

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ -	\$ -	\$ 134	\$ 134
EXPENDITURES:				
Current:				
Non-Departmental	24	209	191	18
Debt Service:				
Principal	4,192	4,380	3,620	760
Interest	2,096	2,991	2,575	416
TOTAL EXPENDITURES	6,312	7,580	6,386	1,194
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,312)	(7,580)	(6,252)	1,328
OTHER FINANCING SOURCES (USES):				
Transfers In	6,251	6,251	6,083	(168)
Issuance of Long Term Debt	-	14,745	14,745	-
Issuance Premium	-	707	707	-
Payments to Escrow	-	(15,967)	(15,967)	-
TOTAL OTHER FINANCING SOURCES (USES)	6,251	5,736	5,568	(168)
NET CHANGE IN FUND BALANCE	(61)	(1,844)	(684)	1,160
FUND BALANCE - BEGINNING OF YEAR	6,634	6,634	6,634	-
FUND BALANCE - END OF YEAR	\$ 6,573	\$ 4,790	\$ 5,950	\$ 1,160

Parking in-Lieu

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ 50	\$ 50	\$ 51	\$ 1
From Use of Money and Property	50	50	10	(40)
TOTAL REVENUES	100	100	61	(39)
EXPENDITURES:				
Current:				
Capital Outlay	625	625	-	625
NET CHANGE IN FUND BALANCE	(525)	(525)	61	586
FUND BALANCE - BEGINNING OF YEAR	706	706	706	-
FUND BALANCE - END OF YEAR	\$ 181	\$ 181	\$ 767	\$ 586

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

Sewer Development

	Original Budget	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ -	\$ -	\$ 9	\$ 9
From Use of Money and Property	30	30	15	(15)
Intergovernmental	-	-	12	12
Charges for Current Service	150	150	40	(110)
TOTAL REVENUES	180	180	76	(104)
EXPENDITURES:				
Current:				
Public Works	5	5	78	(73)
Capital Outlay	945	945	53	892
TOTAL EXPENDITURES	950	950	131	819
NET CHANGE IN FUND BALANCE	(770)	(770)	(55)	715
FUND BALANCE - BEGINNING OF YEAR	1,134	1,134	1,134	-
FUND BALANCE - END OF YEAR	\$ 364	\$ 364	\$ 1,079	\$ 715

Infrastructure

	Original Budget	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ -	\$ -	\$ 32	\$ 32
Other	-	-	10	10
TOTAL REVENUES	-	-	42	42
EXPENDITURES:				
Current:				
Public Works	-	-	31	(31)
Capital Outlay	-	2,172	234	1,938
TOTAL EXPENDITURES	-	2,172	265	1,907
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(2,172)	(223)	1,949
OTHER FINANCING SOURCES (USES):				
Transfers Out	(150)	(459)	(309)	150
NET CHANGE IN FUND BALANCE	(150)	(2,631)	(532)	2,099
FUND BALANCE - BEGINNING OF YEAR	2,738	2,738	2,738	-
FUND BALANCE - END OF YEAR	\$ 2,588	\$ 107	\$ 2,206	\$ 2,099

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)**

Redevelopment Agency Debt Service

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 19,355	\$ 19,355	\$ 18,186	\$ (1,169)
From Use of Money and Property	250	250	168	(82)
Total Revenues	<u>19,605</u>	<u>19,605</u>	<u>18,354</u>	<u>(1,251)</u>
EXPENDITURES				
Current:				
Economic Development	4,309	8,359	8,298	61
Debt Service:				
Principal	4,790	2,437	2,435	2
Interest	1,376	3,318	3,318	-
Total Expenditures	<u>10,475</u>	<u>14,114</u>	<u>14,051</u>	<u>63</u>
Excess Of Revenues Over (Under) Expenditures	<u>9,130</u>	<u>5,491</u>	<u>4,303</u>	<u>(1,188)</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(8,296)	(9,158)	(8,944)	214
Net Change in Fund Balance	<u>834</u>	<u>(3,667)</u>	<u>(4,641)</u>	<u>(974)</u>
Fund Balance - Beginning Of Year	<u>4,489</u>	<u>4,489</u>	<u>4,489</u>	<u>-</u>
Fund Balance - End Of Year	<u>\$ 5,323</u>	<u>\$ 822</u>	<u>\$ (152)</u>	<u>\$ (974)</u>

Redevelopment Agency Capital Projects

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
From Use of Money and Property	\$ 1,150	\$ 1,150	\$ 719	\$ (431)
Other	-	-	181	181
Total Revenues	<u>1,150</u>	<u>1,150</u>	<u>900</u>	<u>(250)</u>
EXPENDITURES				
Current:				
City Attorney	150	161	115	46
Economic Development	1,560	2,395	1,388	1,007
Community Services	90	107	90	17
Public Works	-	1	93	(92)
Capital Outlay	2,068	4,685	3,144	1,541
Total Expenditures	<u>3,868</u>	<u>7,349</u>	<u>4,830</u>	<u>2,519</u>
Excess Of Revenues Over (Under) Expenditures	<u>(2,718)</u>	<u>(6,199)</u>	<u>(3,930)</u>	<u>2,269</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	882	882	-
Transfers Out	-	(216)	(216)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>666</u>	<u>666</u>	<u>-</u>
Net Change in Fund Balance	<u>(2,718)</u>	<u>(5,533)</u>	<u>(3,264)</u>	<u>2,269</u>
Fund Balance - Beginning Of Year	<u>11,073</u>	<u>11,073</u>	<u>11,073</u>	<u>-</u>
Fund Balance - End Of Year	<u>\$ 8,355</u>	<u>\$ 5,540</u>	<u>\$ 7,809</u>	<u>\$ 2,269</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(In Thousands)
(continued)**

Low Income Housing Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
From Use of Money and Property	\$ -	\$ -	\$ 967	\$ 967
Intergovernmental	-	1,000	1,222	222
Other	-	-	439	439
Total Revenues	<u>-</u>	<u>1,000</u>	<u>2,628</u>	<u>1,628</u>
EXPENDITURES				
Current:				
Economic Development	3,593	5,203	2,354	2,849
Capital Outlay	-	4,511	4,166	345
Total Expenditures	<u>3,593</u>	<u>9,714</u>	<u>6,520</u>	<u>3,194</u>
Excess Of Revenues Over (Under) Expenditures	<u>(3,593)</u>	<u>(8,714)</u>	<u>(3,892)</u>	<u>4,822</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	3,871	3,924	3,689	(235)
Transfers Out	(405)	(405)	(405)	-
Total Other Financing Sources (Uses)	<u>3,466</u>	<u>3,519</u>	<u>3,284</u>	<u>(235)</u>
Net Change in Fund Balance	<u>(127)</u>	<u>(5,195)</u>	<u>(608)</u>	<u>4,587</u>
Fund Balance - Beginning Of Year	<u>12,017</u>	<u>12,017</u>	<u>12,017</u>	<u>-</u>
Fund Balance - End Of Year	<u>\$ 11,890</u>	<u>\$ 6,822</u>	<u>\$ 11,409</u>	<u>\$ 4,587</u>

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City of Huntington Beach Fiduciary Funds

Fiduciary Funds account for assets held by the City as an agent for other organizations or individuals.

- The **General Deposit Fund** accounts for the deposit of general monies held by the City for private individuals and businesses.
- The **Community Facilities Districts Funds** accounts for the debt service activity of the City's community facilities district.
- The **Huntington Beach Business Improvement District Fund** accounts for the activities of the City's business improvement district.
- The **Central Net Fund** accounts for the activity of the Central Net Operations Authority.
- The **Parking Structures Fund** accounts for the activities of the Bella Terra Parking Structure and Strand Parking Structure.
- The **West Orange County Water Board Fund** accounts for the activities of the West Orange County Water Board.

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**CITY OF HUNTINGTON BEACH
 COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2010**

	Agency Funds						Total Agency Funds
	General Deposit	Community Facilities Districts	Business Improvement Districts	Central Net Operations Authority	Parking Structures	West Orange County Water Board	
Assets:							
Cash and Investments	\$ 226	\$ 1,190	\$ 145	\$ 1,338	\$ 669	\$ 237	\$ 3,805
Cash with Fiscal Agent	-	4,139	-	-	-	-	4,139
Accounts Receivable, Net	-	78	18	-	2	-	98
Total Assets	\$ 226	\$ 5,407	\$ 163	\$ 1,338	\$ 671	\$ 237	\$ 8,042
Liabilities:							
Accounts Payable	\$ 49	\$ 6	\$ 90	\$ 15	\$ 259	\$ -	\$ 419
Due to Bondholders	-	5,401	-	-	-	-	5,401
Held for others	177	-	73	1,323	412	237	2,222
Total Liabilities	\$ 226	\$ 5,407	\$ 163	\$ 1,338	\$ 671	\$ 237	\$ 8,042

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
General Deposit				
Assets:				
Cash and Investments	\$ 355	\$ 774	\$ (903)	\$ 226
Total Assets	\$ 355	\$ 774	\$ (903)	\$ 226
Liabilities:				
Accounts Payable	\$ -	\$ 49	\$ -	\$ 49
Held for others	355	-	(178)	177
Total Liabilities	\$ 355	\$ 49	\$ (178)	\$ 226
Community Facilities Districts				
Assets:				
Cash and Investments	\$ 1,268	\$ 7,013	\$ (7,091)	\$ 1,190
Cash with Fiscal Agent	4,142	22	(25)	4,139
Accounts Receivable, Net	39	79	(40)	78
Total Assets	\$ 5,449	\$ 7,114	\$ (7,156)	\$ 5,407
Liabilities:				
Accounts Payable	\$ 2	\$ 4,716	\$ (4,712)	\$ 6
Due to Bondholders	5,447	-	(46)	5,401
Total Liabilities	\$ 5,449	\$ 4,716	\$ (4,758)	\$ 5,407
Business Improvement Districts				
Assets:				
Cash and Investments	\$ 20	\$ 1,010	\$ (885)	\$ 145
Accounts Receivable, Net	26	277	(285)	18
Total Assets	\$ 46	\$ 1,287	\$ (1,170)	\$ 163
Liabilities:				
Accounts Payable	\$ 46	\$ 458	\$ (414)	\$ 90
Held for others	-	73	-	73
Total Liabilities	\$ 46	\$ 531	\$ (414)	\$ 163
Central Net Operations Authority				
Assets:				
Cash and Investments	\$ 1,479	\$ 2,714	\$ (2,855)	\$ 1,338
Accounts Receivable, Net	-	64	(64)	-
Total Assets	\$ 1,479	\$ 2,778	\$ (2,919)	\$ 1,338
Liabilities:				
Accounts Payable	\$ 11	\$ 287	\$ (283)	\$ 15
Held for others	1,468	-	(145)	1,323
Total Liabilities	\$ 1,479	\$ 287	\$ (428)	\$ 1,338

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2010
(CONTINUED)

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Parking Structures				
Assets:				
Cash and Investments	\$ 593	\$ 1,662	\$ (1,586)	\$ 669
Accounts Receivable, Net	-	73	(71)	2
Total Assets	\$ 593	\$ 1,735	\$ (1,657)	\$ 671
Liabilities:				
Accounts Payable	\$ 528	\$ 1,702	\$ (1,971)	\$ 259
Held for others	65	347	-	412
Total Liabilities	\$ 593	\$ 2,049	\$ (1,971)	\$ 671
West Orange County Water Board				
Assets:				
Cash and Investments	\$ 212	\$ 246	\$ (221)	\$ 237
Accounts Receivable, Net	-	40	(40)	-
Total Assets	\$ 212	\$ 286	\$ (261)	\$ 237
Liabilities:				
Accounts Payable	\$ 1	\$ 34	\$ (35)	\$ -
Held for others	211	26	-	237
Total Liabilities	\$ 212	\$ 60	\$ (35)	\$ 237
Total - All Agency Funds				
Assets:				
Cash and Investments	\$ 3,927	\$ 13,419	\$ (13,541)	\$ 3,805
Cash with Fiscal Agent	4,142	22	(25)	4,139
Accounts Receivable, Net	65	533	(500)	98
Total Assets	\$ 8,134	\$ 13,974	\$ (14,066)	\$ 8,042
Liabilities:				
Accounts Payable	\$ 588	\$ 7,246	\$ (7,415)	\$ 419
Due to Bondholders	5,447	-	(46)	5,401
Held for others	2,099	446	(323)	2,222
Total Liabilities	\$ 8,134	\$ 7,692	\$ (7,784)	\$ 8,042

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City of Huntington Beach Statistical Section

This part of the City of Huntington Beach's Comprehensive Annual 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 City's overall financial health.

Financial Trends- contain trend information to aid the reader understand how the City's financial performance has changed over time.
Revenue Capacity – contain information to help the reader assess the City's most significant local revenue source, the property tax.
Debt Capacity – present information to assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
Demographic and Economic Information – offers information to help the reader understand the environment within which the City's financial activities take place.
Operating Information – contains service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activities it performs.

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in the 2002 fiscal year; schedules presenting government-wide information include information beginning in that year.

CITY OF HUNTINGTON BEACH
NET ASSETS BY COMPONENT - LAST NINE FISCAL YEARS
(In Thousands)

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Governmental Activities					
Investment in Capital Assets, Net of Related Debt	\$ 567,631	\$ 559,059	\$ 521,654	\$ 486,552	\$ 472,372
Restricted	49,100	48,198	69,126	73,541	68,381
Unrestricted	32,855	36,319	35,615	59,182	34,269
Total Governmental Activities Net Assets	\$ 649,586	\$ 643,576	\$ 626,395	\$ 619,275	\$ 575,022
Business - Type Activities					
Investment in Capital Assets, Net of Related Debt	\$ 121,576	\$ 118,059	\$ 118,671	\$ 119,874	\$ 111,651
Restricted	30,512	30,794	32,665	33,546	31,109
Unrestricted	61,723	59,810	57,704	54,822	53,020
Total Business - Type Activities Net Assets	\$ 213,811	\$ 208,663	\$ 209,040	\$ 208,242	\$ 195,780
Primary Government					
Investment in Capital Assets, Net of Related Debt	\$ 689,207	\$ 677,118	\$ 640,325	\$ 606,426	\$ 584,023
Restricted	79,612	78,992	101,791	107,087	99,490
Unrestricted	94,578	96,129	93,319	114,004	87,289
Total Primary Government Net Assets	\$ 863,397	\$ 852,239	\$ 835,435	\$ 827,517	\$ 770,802

CITY OF HUNTINGTON BEACH
CHANGES IN NET ASSETS - LAST NINE FISCAL YEARS
(In Thousands)

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Expenses:					
Governmental Activities:					
City Council	\$ 301	\$ 295	\$ 295	\$ 287	\$ 271
City Administrator	1,674	1,861	1,652	1,442	5,540
City Treasurer	1,532	1,308	1,408	1,088	1,479
City Attorney	2,772	2,877	2,914	2,534	2,317
City Clerk	883	1,099	1,020	950	756
Administrative Services	-	-	-	-	-
Finance	4,309	4,479	4,944	4,454	3,306
Human Resources	5,284	4,749	4,725	4,202	-
Planning	3,170	3,232	3,881	3,098	2,813
Building	4,608	9,549	5,747	4,899	3,930
Fire	33,545	33,942	27,299	27,247	24,787
Information Systems	6,812	7,377	7,311	6,591	7,361
Police	59,049	60,551	58,378	56,988	50,877
Economic Development	11,891	15,758	18,031	9,209	4,977
Community Services	16,147	17,110	18,565	16,482	15,777
Library Services	4,519	4,574	5,607	5,586	4,829
Public Works	26,483	29,514	31,246	34,581	49,654
Non-Departmental	24,303	21,196	30,814	15,131	11,263
Interest on Long-Term Debt	6,146	5,232	5,291	5,875	5,575
Total Governmental Activities	213,428	224,703	229,128	200,644	195,512
Business-type Activities:					
Water Utility	34,902	34,290	32,701	32,606	28,117
Sewer Service	6,575	7,306	7,120	5,766	3,855
Refuse Collection	10,585	10,623	10,561	10,542	10,289
Emerald Cove Housing	-	306	893	936	551
Emergency Fire Medical	-	-	6,933	5,347	5,637
Cultural Affairs	-	-	-	-	-
Hazmat Service	315	196	249	194	163
Ocean View Estates	-	-	117	84	120
Total Business Type Activities	52,377	52,721	58,574	55,475	48,732
Total Business and Government Type Activities	\$ 265,805	\$ 277,424	\$ 287,702	\$ 256,119	\$ 244,244

CITY OF HUNTINGTON BEACH
NET ASSET ASSETS BY COMPONENT - LAST NINE FISCAL YEARS
(In Thousands)
(continued)

	Fiscal Year Ended September 30,			
	2005	2004	2003	2002
Governmental Activities				
Investment in Capital Assets, Net of Related Debt	\$ 479,897	\$ 448,217	\$ 446,061	\$ 425,967
Restricted	39,227	61,051	51,261	42,417
Unrestricted	40,226	(9,278)	(12,924)	(10,745)
Total Governmental Activities Net Assets	\$ 559,350	\$ 499,990	\$ 484,398	\$ 457,639
Business - Type Activities				
Investment in Capital Assets, Net of Related Debt	\$ 102,068	\$ 92,890	\$ 88,884	\$ 79,781
Restricted	34,085	32,968	30,946	31,043
Unrestricted	41,563	33,664	25,671	23,236
Total Business - Type Activities Net Assets	\$ 177,716	\$ 159,522	\$ 145,501	\$ 134,060
Primary Government				
Investment in Capital Assets, Net of Related Debt	\$ 581,965	\$ 541,107	\$ 534,945	\$ 505,748
Restricted	73,312	94,019	82,207	73,460
Unrestricted	81,789	24,386	12,747	12,491
Total Primary Government Net Assets	\$ 737,066	\$ 659,512	\$ 629,899	\$ 591,699

CITY OF HUNTINGTON BEACH
CHANGES IN NET ASSETS - LAST NINE FISCAL YEARS
(In Thousands)
(continued)

	Fiscal Year Ended September 30,			
	2005	2004	2003	2002
Expenses:				
Governmental Activities:				
City Council	\$ 254	\$ 280	\$ 267	\$ 262
City Administrator	1,990	1,188	1,587	2,214
City Treasurer	1,568	1,541	1,341	1,160
City Attorney	2,852	2,775	2,899	3,634
City Clerk	685	717	559	698
Administrative Services	5,554	6,348	8,357	7,230
Finance	2,501	-	-	-
Human Resources	-	-	-	-
Planning	2,559	2,396	3,633	2,658
Building	3,321	2,858	3,045	3,101
Fire	23,365	20,000	19,490	19,361
Information Systems	6,806	6,423	4,401	4,464
Police	47,029	40,686	41,104	42,187
Economic Development	4,199	19,372	3,830	3,080
Community Services	13,693	15,735	9,989	12,440
Library Services	4,394	4,138	6,721	4,801
Public Works	33,018	30,277	25,386	28,237
Non-Departmental	12,024	4,054	25,604	19,725
Interest on Long-Term Debt	6,810	6,001	6,199	9,438
Total Governmental Activities	172,622	164,789	164,412	164,690
Business-type Activities:				
Water Utility	22,349	24,643	24,943	27,250
Sewer Service	5,924	4,042	3,775	2,419
Refuse Collection	9,826	9,806	9,681	9,178
Emerald Cove Housing	399	409	401	405
Emergency Fire Medical	5,497	5,605	3,765	3,172
Cultural Affairs	-	-	-	317
Hazmat Service	141	204	150	143
Ocean View Estates	118	62	58	11
Total Business Type Activities	44,254	44,771	42,773	42,895
Total Business and Government Type Activities	\$ 216,876	\$ 209,560	\$ 207,185	\$ 207,585

CITY OF HUNTINGTON BEACH
CHANGES IN NET ASSETS - LAST NINE FISCAL YEARS
(In Thousands)
(continued)

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues:					
Governmental Activities:					
Charges for Services					
City Council	\$ 62	\$ 94	\$ 103	\$ 99	\$ 90
City Administrator	126	370	404	392	1,612
City Treasurer	566	765	720	698	1,332
City Attorney	456	50	47	46	43
City Clerk	106	108	168	210	95
Finance	1,234	1,264	1,354	1,312	325
Human Resources	1,103	1,254	1,391	1,347	-
Planning	682	801	1,987	4,223	825
Building	4,126	3,665	4,582	5,450	4,859
Fire	8,504	7,978	1,423	1,267	1,086
Information Systems	731	674	697	675	641
Police	4,849	5,083	5,159	4,890	5,355
Economic Development	2,685	3,049	3,001	2,944	505
Community Services	15,470	15,278	15,383	15,036	14,644
Library Services	415	437	851	835	714
Public Works	4,850	4,328	6,000	5,016	4,784
Non-Departmental	269	216	239	232	229
Total Charges for Services	46,234	45,414	43,509	44,672	37,139
Operating Grants	7,069	4,181	7,684	1,996	917
Capital Grants	7,418	25,625	14,284	5,154	6,893
Transfers	(38)	7,175	9,594	491	464
Total Governmental Activities Program Revenue	60,683	82,395	75,071	52,313	45,413
Business- Type Activities Program Revenue					
Water Utility	34,394	34,200	35,751	37,962	37,946
Sewer Service	10,565	10,535	9,906	7,242	7,873
Refuse Collection	10,506	10,386	10,521	10,550	10,292
Emerald Cove Housing	-	843	1,180	1,037	960
Emergency Fire Medical	-	-	6,762	6,068	6,145
Cultural Affairs	-	-	-	-	-
Hazmat Service	198	204	185	210	182
Ocean View Estates	-	-	337	324	273
Total Business Type Activities	55,663	56,168	64,642	63,393	63,671
Total Primary Government Program Revenue	116,346	138,563	139,713	115,706	109,084
Net (Expense) Revenue:					
Governmental Activities:	(152,745)	(142,308)	(154,057)	(148,331)	(150,099)
Business- Type Activities	3,286	3,447	6,068	7,918	14,939
Total Net (Expense) Revenue	(149,459)	(138,861)	(147,989)	(140,413)	(135,160)
General Revenue and Other Changes in Net Assets					
Governmental Activities:					
Property Taxes	85,552	84,010	84,016	79,369	66,598
Sales Taxes	23,646	21,427	25,560	30,608	26,448
Utility Taxes	19,757	20,616	21,591	21,479	21,170
Other Taxes	11,629	12,085	15,065	13,776	13,226
Use of Money and Property	4,043	5,002	5,714	7,895	4,310
From Other Agencies	4,184	8,500	6,899	12,689	10,390
Participation Payments	4,496	-	-	1,564	6,221
Other	5,448	7,849	2,332	2,696	9,278
Total Governmental General Revenue	158,755	159,489	161,177	170,076	157,641
Business-Type Activities:					
Transfers	38	(7,175)	(9,594)	(491)	(464)
Use of Money and Property	1,824	3,351	4,324	5,035	3,589
Total Business-Type Activities General Revenue	1,862	(3,824)	(5,270)	4,544	3,125
Total General Revenue and Transfers	160,617	155,665	155,907	174,620	160,766
Changes in Net Assets - Governmental Activities	6,010	17,181	7,120	21,745	7,542
Changes in Net Assets - Business Activities	5,148	(377)	798	12,462	18,064
Net Assets - Beginning of Year	852,239	835,435	827,517	793,310	745,196
Net Assets - End of Year	\$ 863,397	\$ 852,239	\$ 835,435	\$ 827,517	\$ 770,802

City of Huntington Beach
CHANGES IN NET ASSETS - LAST NINE FISCAL YEARS
(In Thousands)
(continued)

	Fiscal Year Ended September 30,			
	2005	2004	2003	2002
Revenues:				
Governmental Activities:				
Charges for Services				
City Council	\$ -	\$ -	\$ -	\$ -
City Administrator	-	-	-	33
City Treasurer	-	-	-	-
City Attorney	-	-	-	-
City Clerk	111	-	82	46
Finance	-	-	-	-
Human Resources	-	-	-	-
Planning	1,024	1,403	752	580
Building	5,068	4,513	3,067	3,940
Fire	1,095	1,183	1,157	500
Information Systems	-	-	-	-
Police	5,254	1,605	4,176	4,433
Economic Development	385	5	257	-
Community Services	13,376	12,611	9,433	8,510
Library Services	714	4,290	673	-
Public Works	1,781	4,220	3,356	1,103
Non-Departmental	-	589	5	4,411
Total Charges for Services	<u>28,808</u>	<u>30,419</u>	<u>22,958</u>	<u>23,556</u>
Operating Grants	1,657	6,343	1,736	5,063
Capital Grants	43,341	7,384	6,955	13,039
Transfers	4,884	-	-	(244)
Total Governmental Activities Program Revenue	<u>78,690</u>	<u>44,146</u>	<u>31,649</u>	<u>41,414</u>
Business-Type Activities Program Revenue				
Water Utility	40,371	40,172	37,943	59,103
Sewer Service	8,512	6,373	5,876	4,540
Refuse Collection	9,985	10,412	9,123	9,182
Emerald Cove Housing	866	781	746	707
Emergency Fire Medical	5,725	5,650	4,103	4,103
Cultural Affairs	-	-	-	189
Hazmat Service	110	187	233	145
Ocean View Estates	263	258	245	192
Total Business Type Activities	<u>65,832</u>	<u>63,833</u>	<u>58,269</u>	<u>78,161</u>
Total Primary Government Program Revenue	<u>144,522</u>	<u>107,979</u>	<u>89,918</u>	<u>119,575</u>
Net (Expense) Revenue:				
Governmental Activities:	(93,932)	(120,643)	(132,763)	(123,276)
Business-Type Activities	21,578	19,062	15,496	35,266
Total Net (Expense) Revenue	<u>(72,354)</u>	<u>(101,581)</u>	<u>(117,267)</u>	<u>(88,010)</u>
General Revenue and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes	61,466	47,405	40,633	38,106
Sales Taxes	24,340	28,273	28,011	-
Utility Taxes	20,004	19,424	18,310	-
Other Taxes	14,952	11,365	13,337	55,084
Use of Money and Property	3,137	3,528	9,923	13,895
From Other Agencies	8,186	14,406	16,414	20,359
Participation Payments	12,697	-	-	-
Other	8,510	7,328	5,491	2,604
Total Governmental General Revenue	<u>153,292</u>	<u>131,729</u>	<u>132,119</u>	<u>130,048</u>
Business-Type Activities:				
Transfers	(4,884)	-	-	244
Use of Money and Property	1,500	1,085	1,482	2,240
Total Business-Type Activities General Revenue	<u>(3,384)</u>	<u>1,085</u>	<u>1,482</u>	<u>2,484</u>
Total General Revenue and Transfers	<u>149,908</u>	<u>132,814</u>	<u>133,601</u>	<u>132,532</u>
Changes in Net Assets - Governmental Activities	59,360	11,086	(644)	6,772
Changes in Net Assets - Business Activities	18,194	20,147	16,978	37,750
Net Assets - Beginning of Year	<u>659,512</u>	<u>628,279</u>	<u>613,565</u>	<u>563,111</u>
Net Assets - End of Year	<u>\$ 737,066</u>	<u>\$ 659,512</u>	<u>\$ 629,899</u>	<u>\$ 607,633</u>

CITY OF HUNTINGTON BEACH
FUND BALANCES - GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS
(In Thousands)
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended September 30,			
	2010	2009 (c)	2008	2007
General Fund:			General Fund:	
Nonspendable	\$ 4,605	\$ 4,834	Reserved	\$ 10,967
Restricted	1,452	1,921	Unreserved	33,476
Committed	30,493	20,600	Total General Fund	\$ 44,443
Assigned	4,802	11,733		\$ 43,696
Total General Fund	\$ 41,352	\$ 39,088		
Other Governmental Funds:			Other Governmental Funds:	
Nonspendable	\$ 6,576	\$ 11,328	Reserved	\$ 35,445
Restricted	33,319	11,509	Unreserved, Reported in:	
Committed	1,755	7,545	Special Revenue Funds	11,307
Assigned	3,914	24,437	Debt Service Funds	5,467
Unassigned	(4,319)	(1,557)	Capital Projects Funds	15,316
Total Other Governmental Funds	\$ 41,245	\$ 53,262	Total Other Governmental Funds	\$ 67,535

	Fiscal Year Ended September 30,					
	2006	2005	2004	2003 (b)	2002 (a)	2001
General Fund:						
Reserved	\$ 7,382	\$ 5,915	\$ 2,113	\$ 2,757	\$ 25,773	\$ 23,677
Unreserved	33,204	32,371	24,219	12,217	15,972	11,741
Total General Fund	\$ 40,586	\$ 38,286	\$ 26,332	\$ 14,974	\$ 41,745	\$ 35,418
Other Governmental Funds:						
Reserved	\$ 25,472	\$ 35,458	\$ 30,143	\$ 35,470	\$ 45,259	\$ 81,465
Unreserved, Reported in:						
Special Revenue Funds	20,631	17,833	11,810	10,399	7,967	21,698
Debt Service Funds	4,022	3,916	4,434	10,992	(33,364)	12,969
Capital Projects Funds	27,096	16,820	10,242	8,553	8,637	7,898
Total Other Governmental Funds	\$ 77,221	\$ 74,027	\$ 56,629	\$ 65,414	\$ 28,499	\$ 124,030

Notes:

(a) Beginning with fiscal year 2001/2002, the City implemented the new reporting model which changed the way in which interfund advances were reported and resulted in a larger negative fund balance in the Redevelopment Agency Debt Service fund

(b) In fiscal year 2002-2003 the City changed accounting for interfund advances and eliminated the advances to/from in each fund. This results in a smaller reserved fund balance in the General Fund and eliminates the deficit in the Redevelopment Agency Debt Service Fund

(c) The City implemented GASB statement No. 54 in the fiscal year ended September 30, 2009.

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**CITY OF HUNTINGTON BEACH
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS- LAST TEN FISCAL YEARS
(In Thousands)
(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
REVENUES:					
Property Taxes	\$ 85,072	\$ 85,612	\$ 82,138	\$ 75,916	\$ 69,065
Sales Taxes	22,582	22,356	26,377	26,271	26,448
Utility Taxes	19,757	20,616	21,591	21,479	21,170
Other Taxes	11,629	12,085	15,065	13,776	13,226
Licenses and Permits	6,204	5,879	7,924	10,131	7,432
Fines and Forfeitures	3,965	4,144	4,060	4,165	4,288
From Use of Money and Property	16,330	17,285	18,221	19,796	16,461
From Other Agencies	19,893	21,152	19,231	19,304	16,611
Charges for Current Service/Other Revenue	26,401	24,894	20,645	23,270	27,237
TOTAL REVENUES	211,833	214,023	215,252	214,108	201,938
EXPENDITURES					
Current:					
City Council	301	295	295	287	271
City Administrator	1,652	1,839	1,588	1,490	5,508
City Treasurer	1,532	1,308	1,357	1,060	1,446
City Attorney	2,772	2,877	2,881	2,526	2,313
City Clerk	868	1,084	992	932	828
Administrative Services	-	-	-	-	-
Finance	4,286	4,456	4,792	4,400	3,283
Human Resources	5,284	4,749	4,725	4,202	-
Planning	3,170	3,232	3,859	3,092	2,800
Building	3,449	4,176	3,957	4,670	3,729
Fire	32,816	33,596	27,146	26,438	24,334
Information Systems	6,782	7,339	6,741	6,437	6,540
Police	58,566	59,686	56,535	55,461	50,151
Economic Development	14,704	11,086	16,228	8,292	4,172
Community Services	14,501	15,407	15,666	14,744	14,382
Library Services	4,158	4,336	4,962	5,097	4,359
Public Works	20,466	22,143	23,528	25,248	28,448
Non-Departmental	14,832	16,710	21,519	12,977	13,831
Capital Outlay	17,175	38,494	21,525	16,142	30,174
Debt Service:					
Principal	7,351	11,480	8,234	10,453	9,406
Interest	6,368	5,383	5,345	5,514	6,512
TOTAL EXPENDITURES	221,033	249,676	231,875	209,462	212,487
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	(9,200)	(35,653)	(16,623)	4,646	(10,549)
OTHER FINANCING SOURCES (USES):					
Transfers In	20,850	27,125	24,278	16,313	21,531
Reclassification of Interfund Advances	-	-	-	-	-
Proceeds of Long-Term Debt	14,745	8,850	-	35	15,579
Issuance Premium	707	-	-	-	-
Capital Assets Reclassification for Changes in	-	-	-	-	-
Payments to Escrow	(15,967)	-	-	-	-
Transfers Out	(20,888)	(19,950)	(18,656)	(15,822)	(20,075)
TOTAL OTHER FINANCING SOURCES (USES)	(553)	16,025	5,622	526	17,035
INCREASE (DECREASE) IN FUND BALANCES	\$ (9,753)	\$ (19,628)	\$ (11,001)	\$ 5,172	\$ 6,486
DEBT SERVICE AS A PERCENTAGE OF					
NON-CAPITAL EXPENDITURES	6.6%	8.7%	6.9%	9.0%	9.6%

(a) Finance was originally included with Administrative Services

Fiscal Year Ended September 30,				
2005 (a)	2004	2003	2002	2001
\$ 59,716	\$ 43,501	\$ 38,983	\$ 33,204	\$ 36,860
24,340	28,273	28,011	23,449	28,082
20,004	19,424	18,310	18,014	17,045
13,068	11,365	13,337	13,621	15,096
7,457	7,736	8,045	7,162	6,902
4,365	4,342	3,815	3,797	4,092
12,733	11,856	9,923	13,895	15,812
20,179	26,321	25,103	28,426	31,634
33,950	17,553	14,140	15,201	12,150
195,812	170,371	159,667	156,769	167,673
254	280	269	237	231
1,917	1,165	1,559	2,109	1,776
1,547	1,519	1,377	1,108	916
2,848	2,771	2,836	3,570	2,943
679	712	555	676	559
5,731	6,295	8,323	7,095	3,874
2,501	-	-	-	-
-	-	-	-	-
2,548	2,382	2,544	2,585	2,329
3,291	2,938	3,043	2,991	2,589
22,365	19,018	19,021	18,024	18,142
5,726	5,315	3,619	3,500	2,814
45,778	39,414	41,184	37,990	39,081
2,866	5,132	3,616	3,073	2,816
12,321	11,718	10,182	11,065	11,395
3,969	3,745	4,215	4,350	4,265
21,535	16,756	19,832	21,565	24,870
13,039	23,809	31,236	13,407	15,298
9,065	29,484	24,217	54,356	33,687
8,474	8,718	7,427	5,541	11,884
5,999	5,987	6,273	7,152	16,204
172,453	187,158	191,328	200,394	195,673
23,359	(16,787)	(31,661)	(43,625)	(28,000)
20,890	30,274	54,463	58,948	21,267
-	-	16,018	-	-
1,102	13,236	24,582	61,514	37,947
-	-	-	-	-
-	-	(1,743)	-	-
-	-	-	(52,673)	-
(16,006)	(24,148)	(57,096)	(59,818)	(21,908)
5,986	19,362	36,224	7,971	37,306
\$ 29,345	\$ 2,575	\$ 4,563	\$ (35,654)	\$ 9,306

9.7% 10.3% 8.9% 9.5% 21.0%

**CITY OF HUNTINGTON BEACH
 ASSESSED AND ACTUAL VALUATION
 OF ALL TAXABLE PROPERTY (EXCLUDING REDEVELOPMENT AGENCY)
 LAST TEN FISCAL YEARS
 (In Thousands)**

Fiscal Year	Common Property	Public Utilities	Total Secured	Unsecured	Total Assessed Valuation	Total Direct Tax Rate
2000-2001	\$ 15,796,157	2,745	\$ 15,798,902	\$ 674,719	\$ 16,473,621	1.00770
2001-2002	16,081,760	2,449	16,084,209	699,307	16,783,516	1.01902
2002-2003	17,949,445	2,428	17,951,873	820,219	18,772,092	1.02571
2003-2004	17,987,861	2,876	17,990,737	911,027	18,901,764	1.06575
2004-2005	19,532,238	3,524	19,535,762	877,078	20,412,840	1.06575
2005-2006	20,925,190	1,522	20,926,712	790,513	21,717,225	1.06487
2006-2007	22,817,616	1,458	22,819,074	962,198	23,781,272	1.06487
2007-2008	24,294,404	305	24,294,709	1,066,668	25,361,377	1.07024
2008-2009	25,062,579	263	25,062,842	1,039,636	26,102,478	1.06855
2009-2010	25,324,857	263	25,325,120	1,086,770	26,411,890	1.08082

Source: County of Orange Auditor Controller

**PROPERTY TAX RATES
 ALL DIRECT AND
 OVERLAPPING GOVERNMENTS
 TAX RATE 04-001
 LARGEST AREA IN CITY
 LAST TEN FISCAL YEARS**

Fiscal Year	Basic Levy	City	School Districts	Metro Water District	Others	Total
2000-2001	1.00000	0.04930	-	0.00880	-	1.05810
2001-2002	1.00000	-	-	0.00770	-	1.00770
2002-2003	1.00000	-	0.01	0.00670	-	1.01902
2003-2004	1.00000	0.01	0.01214	0.00610	0.00	1.02571
2004-2005	1.00000	0.00696	0.02850	0.00520	0.02509	1.06575
2005-2006	1.00000	0.00696	0.03814	0.00520	0.01545	1.06575
2006-2007	1.00000	0.00700	0.03718	0.00470	0.01599	1.06487
2007-2008	1.00000	0.00800	0.04273	0.00450	0.01501	1.07024
2008-2009	1.00000	0.00900	0.04053	0.00430	0.01472	1.06855
2009-2010	1.00000	0.01500	0.04479	0.00430	0.01673	1.08082

Note: Rates are per \$100 of assessed valuation

Source: County of Orange Auditor Controller

**CITY OF HUNTINGTON BEACH
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections				
	Total Levy	Amount	Percentage of Levy	Delinquent Tax Collections*	Amount	Percentage of Levy	Delinquent Taxes Receivable	Delinquency Percent
Secured Taxes								
2000-2001	\$ 22,724	\$ 22,035	97.0%	\$ -	\$ 22,035	97.0%	\$ 629	2.8%
2001-2002	24,581	24,238	98.6%	-	24,238	98.6%	343	1.4%
2002-2003	27,634	26,765	96.9%	-	26,765	96.9%	507	1.8%
2003-2004	31,024	30,033	96.8%	-	30,033	96.8%	441	1.4%
2004-2005	34,403	33,423	97.2%	434	33,857	98.4%	570	1.7%
2005-2006	36,556	35,318	96.6%	498	35,816	98.0%	795	2.2%
2006-2007	39,174	37,194	94.9%	622	37,816	96.5%	1,278	3.3%
2007-2008	42,269	40,001	94.6%	1,113	41,114	97.3%	1,734	4.1%
2008-2009	42,569	40,298	94.7%	1,789	42,087	98.9%	1,582	3.7%
2009-2010	43,892	36,992	84.3%	1,880	38,872	88.6%	1,038	2.4%
Unsecured Taxes								
2000-2001	1,348	1,267	94.0%	-	1,267	94.0%	33	2.4%
2001-2002	1,419	1,366	96.3%	-	1,366	96.3%	53	3.7%
2002-2003	1,467	1,343	91.5%	-	1,343	91.5%	42	2.9%
2003-2004	1,507	1,382	91.7%	-	1,382	91.7%	34	2.3%
2004-2005	1,606	1,474	91.8%	24	1,498	93.3%	40	2.5%
2005-2006	1,590	1,434	90.2%	23	1,457	91.6%	42	2.6%
2006-2007	1,842	1,600	86.9%	37	1,637	88.9%	150	8.1%
2007-2008	1,718	1,618	94.2%	60	1,678	97.7%	34	2.0%
2008-2009	1,783	1,606	90.1%	90	1,696	95.1%	49	2.7%
2009-2010	1,882	1,677	89.1%	44	1,721	91.4%	65	3.5%
Reservoir Hill								
2000-2001	184	180	97.8%	-	180	97.8%	4	2.2%
2001-2002	188	184	97.9%	-	184	97.9%	4	2.1%
2002-2003	192	189	98.4%	-	189	98.4%	3	1.6%
2003-2004	191	190	99.5%	-	190	99.5%	1	0.5%
2004-2005	-	-	0.0%	-	-	0.0%	-	0.0%
2005-2006	-	-	0.0%	-	-	0.0%	-	0.0%
2006-2007	-	-	0.0%	-	-	0.0%	-	0.0%
2007-2008	-	-	0.0%	-	-	0.0%	-	0.0%
2008-2009	-	-	0.0%	-	-	0.0%	-	0.0%
2009-2010	-	-	0.0%	-	-	0.0%	-	0.0%
Community Facilities Districts								
2000-2001	264	258	97.7%	-	258	97.7%	5	1.9%
2001-2002	264	258	97.7%	-	258	97.7%	6	2.3%
2002-2003	538	534	99.3%	-	534	99.3%	1	0.2%
2003-2004	1,797	1,789	99.6%	-	1,789	99.6%	2	0.1%
2004-2005	1,731	1,719	99.3%	4	1,723	99.5%	7	0.4%
2005-2006	4,085	4,069	99.6%	12	4,081	99.9%	11	0.3%
2006-2007	4,061	4,041	99.5%	22	4,063	100.0%	7	0.2%
2007-2008	4,106	4,085	99.5%	21	4,106	100.0%	9	0.2%
2008-2009	4,053	4,034	99.5%	12	4,046	99.8%	7	0.2%
2009-2010	3,937	3,925	99.7%	11	3,936	100.0%	-	0.0%

Source: County of Orange Auditor Controller's Office

* Delinquency tax collections information not available prior to fiscal year 2004-2005

Note: The levy and tax year is for July 1st through June 30th and does not include the Redevelopment Agency

**CITY OF HUNTINGTON BEACH
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)**

	Fiscal Year Ended September 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Long-Term Indebtedness										
Governmental Activities:										
Judgement Obligation Bonds	\$ 5,989	\$ 6,774	\$ 10,050	\$ 10,795	\$ 11,525	\$ 12,245	\$ 12,500	\$ -	\$ -	\$ -
Public Financing Authority:										
1992 Revenue Bonds	-	-	-	-	-	-	-	-	-	20,460
1997 Leasehold Revenue Bond	-	2,860	2,945	3,025	3,690	4,330	4,940	5,515	6,070	6,580
2000 Lease Revenue Bond	-	12,785	13,515	14,215	14,885	15,525	16,140	16,730	17,295	17,840
2001-a Lease Revenue Bond	25,650	26,375	27,075	27,750	28,400	29,030	29,635	30,220	30,780	31,360
2001-b Lease Revenue Bond	15,915	17,795	19,595	21,340	23,030	24,670	26,265	27,800	29,275	-
2010-a Lease Revenue Bond	13,820	-	-	-	-	-	-	-	-	-
Total Public Financing Authority	55,385	59,815	63,130	66,330	70,005	73,555	76,980	80,265	83,420	76,240
Civic Improvement Corporation:										
Refunding Certificates of Participation (Civic Center 1993)	-	-	-	-	-	-	-	-	-	16,655
Refunding Certificates of Participation (Police Admin Bldg 1993)	-	-	-	-	-	-	-	-	-	13,095
Reservoir Hill Assessment Bonds	-	-	-	-	-	-	-	360	415	605
Total Civic Improvement Corporation	-	-	-	-	-	-	-	360	415	30,355
Redevelopment Agency:										
1999 Tax Allocation Refunding Bonds	6,610	7,020	7,410	7,790	8,155	8,505	8,840	9,160	9,470	9,770
2002 Tax Allocation Refunding Bonds	14,470	15,380	16,250	17,095	17,910	18,700	19,465	20,215	20,900	-
Mayer Disposition and Development Agreement	6,153	6,503	6,810	7,101	8,197	10,083	10,730	10,549	11,280	4,756
Bella Terra OPA (Parking)	14,076	14,227	14,532	14,855	15,000	-	-	-	-	-
CIM DDA (Parking & Infrastructure)	7,444	7,768	-	-	-	-	-	-	-	-
CIM DDA (Additional Parking)	440	421	-	-	-	-	-	-	-	-
Section 108 Loan/Bowen Court	5,725	6,140	6,530	6,895	7,235	7,550	7,850	7,630	7,890	8,130
Total Redevelopment Agency	54,918	57,459	51,532	53,736	56,497	44,838	46,885	47,554	49,540	22,656
Other Long-Term Obligations:										
Notes Payable	-	-	-	-	-	116	337	545	293	345
Energy Financing Loan	-	-	-	-	-	-	-	-	742	927
Advances from Other Funds	-	-	-	-	-	-	-	-	-	57,507
Capital Leases Payable	857	1,161	1,681	2,281	2,975	3,461	4,885	6,420	4,107	123
Property Tax Claims	-	-	-	-	-	-	-	22,138	-	-
Total Other Long-Term Obligations	857	1,161	1,681	2,281	2,975	3,577	5,222	29,103	5,142	58,902
Total Long-Term Obligations - Governmental Activities	\$ 117,149	\$ 125,209	\$ 126,393	\$ 133,142	\$ 141,002	\$ 134,215	\$ 141,587	\$ 157,282	\$ 138,517	\$ 188,153
Long-Term Obligations - Business Activities:										
Leases Payable	\$ 3	\$ 6	\$ 9	\$ 12	\$ 40	\$ 112	\$ 183	\$ 250	\$ 595	\$ 431
Total Long Term Obligations - Governmental Activities and Business Activities	\$ 117,152	\$ 125,215	\$ 126,402	\$ 133,154	\$ 141,042	\$ 134,327	\$ 141,770	\$ 157,532	\$ 139,112	\$ 188,584
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Population*	203,484	202,480	201,993	202,250	201,000	200,023	198,996	197,263	194,889	192,446
Debt Per-Capita	\$ 576	\$ 578	\$ 712	\$ 619	\$ 623	\$ 705	\$ 675	\$ 719	\$ 695	\$ 723
Total Personal Income (In Thousands)**	\$ 8,440,720	\$ 8,207,324	\$ 8,000,943	\$ 7,626,443	\$ 7,436,799	\$ 7,284,238	\$ 7,246,837	\$ 7,456,541		
Per - Capita Personal Income**	\$ 41,481	\$ 40,534	\$ 39,610	\$ 37,708	\$ 36,999	\$ 36,417	\$ 36,417	\$ 37,800		
Unemployment Rate***	7.80%	7.90%	4.70%	3.40%	2.70%	3.00%	3.20%	3.80%	4.00%	3.40%
Total Employment***	112,100	114,100	119,300	121,100	121,400	119,600	117,200	114,400	112,600	111,800

Source:
* State of California Department of Finance
** Claritas, Inc.
*** State of California Employee Development Department

NOTE:
Information on personal income is not readily available for year 2002 and earlier. Until Data is readily available, only available years will be presented.

**CITY OF HUNTINGTON BEACH
TOP TEN PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

2009-2010

	Revenue (In Thousands)	Percent of Total
Mayer Financial Limited Partnership	\$ 1,945	2.27%
Bella Terra Associates LLC	1,925	2.25%
Bella Terra Office JV LLC	1,285	1.50%
AES Huntington Beach LLC	876	1.02%
CIM Huntington LLC	824	0.96%
NF Huntington Plaza	568	0.66%
Mc Donnel Douglas Corp/Boeing Corp	561	0.66%
Waterfront Construction	435	0.51%
Essex Huntington Breakers	323	0.38%
Atlanta Huntington Beach LLC	299	0.35%
Total Top Ten	9,041	10.57%
All Other Properties	76,511	89.43%
City Total	\$ 85,552	100.00%

2000-2001

	Revenue (In Thousands)	Percent of Total
Mc Donnel Douglas Corp/Boeing Corp	\$ 764	2.10%
Huntington Center	357	0.98%
Waterfront Construction 1 A California	335	0.92%
Essex Huntington Breakers	259	0.71%
Kyray LLC	214	0.59%
Atlanta Huntington Beach LLC	211	0.58%
AES Huntington Beach LLC	205	0.56%
Liu Corporation	172	0.47%
Bentall US Partners	158	0.43%
JT Development Company	112	0.31%
Total Top Ten	2,787	7.66%
All Other Properties	33,609	92.34%
City Total	\$ 36,396	100.00%

Source: HdL Coren & Cone

Note: Information provided if for the period from July 1st through June 30th

**CITY OF HUNTINGTON BEACH
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(In Thousands)**

	Assessed Valuation	Debt Limit - 12% of Assessed Valuation	Debt Applicable to Limit	Legal Debt Margin
2000-2001	\$ 16,473,621	\$ 1,976,835	\$ -	\$ 1,976,835
2001-2002	16,783,516	2,014,022	-	2,014,022
2002-2003	18,772,092	2,252,651	-	2,252,651
2003-2004	18,901,764	2,268,212	-	2,268,212
2004-2005	20,412,840	2,449,541	-	2,449,541
2005-2006	21,717,225	2,606,067	-	2,606,067
2006-2007	23,781,272	2,853,753	-	2,853,753
2007-2008	25,361,377	3,043,365	-	3,043,365
2008-2009	26,102,478	3,132,297	-	3,132,297
2009-2010	26,411,890	3,169,427	-	3,169,427

**PRINCIPAL PRIVATE EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO**

	2010	% of total
Boeing	4,478	3.99%
Cambro Manufacturing	951	0.85%
Quiksilver	705	0.63%
Hyatt Regency Huntington Beach	641	0.57%
C & D Aerospace	555	0.50%
Huntington Beach Hospital	503	0.45%
Rainbow Disposal	408	0.36%
Verizon	290	0.26%
Walmart	255	0.23%
Westec Intelligent Surveillance, Inc.	230	0.21%
Total of top 10	9,016	8.04%
all others	103,084	91.96%
Total employment (public and private)	112,100	100.00%

	2005	% of total
Boeing	4,282	3.58%
Quiksilver	1,550	1.30%
Cambro Manufacturing	886	0.74%
Dynamic Cooking Systems	706	0.59%
Triad Financial	637	0.53%
Verizon	556	0.46%
E-Trade Mortgage	554	0.46%
C & D Aerospace	554	0.46%
Huntington Beach Hospital	513	0.43%
Rainbow Disposal	408	0.34%
Total of top 10	10,646	8.90%
all others	108,954	91.10%
Total employment (public and private)	119,600	100.00%

Source - Economic Development Department, City of Huntington Beach

Note: Information on the principal private employers is not readily available for fiscal year ending September 2004 and earlier. Until data is readily available, only the available years will be presented.

**CITY OF HUNTINGTON BEACH
FULL-TIME ACTUAL AND BUDGETED CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS**

General Government:	Actual	Budgeted							
	2010	2009	2008	2007	2006	2005	2004	2003	2002
City Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Administrator	6.00	9.00	9.00	8.00	7.00	8.00	8.00	34.00	35.00
City Treasurer	10.00	10.00	10.00	10.00	10.00	16.00	16.00	16.00	16.00
City Attorney	17.00	18.00	18.00	18.00	17.00	17.00	15.00	15.00	15.00
City Clerk	8.00	8.00	8.00	7.50	7.50	7.50	7.50	7.50	7.50
Finance	32.00	33.00	33.00	33.00	31.00	22.00	18.00	20.00	20.00
Human Resources	20.50	20.50	20.50	20.00	22.00	21.00	22.00	-	-
Planning	26.00	28.00	28.00	28.00	28.00	26.50	25.00	26.00	26.00
Building	25.75	30.50	31.50	31.50	31.50	29.50	27.50	27.50	27.50
Information Systems	39.00	40.00	39.00	38.00	37.00	36.00	37.00	18.50	17.25
Economic Development	14.00	14.00	14.00	13.00	13.00	14.00	14.00	15.00	15.00
Library Services	32.25	37.25	37.25	37.25	37.25	37.25	37.25	37.25	37.25
Fire	176.00	185.00	185.00	184.00	157.00	156.00	155.00	156.00	156.00
Police	355.00	381.00	381.00	376.00	371.50	371.00	367.00	369.00	369.00
Community Services	65.75	69.75	69.75	69.75	66.50	62.25	63.25	63.25	63.25
Public Works	227.00	258.00	258.00	255.00	247.00	239.00	235.00	231.00	231.00
	<u>1,055.25</u>	<u>1,143.00</u>	<u>1,143.00</u>	<u>1,130.00</u>	<u>1,084.25</u>	<u>1,064.00</u>	<u>1,048.50</u>	<u>1,037.00</u>	<u>1,036.75</u>

Source: Finance Department, City of Huntington Beach

Note: Actual full-time city employees by function/program data available only for fiscal year ended September 30, 2010.

Budgeted full-time employees provided for remaining years.

CITY OF HUNTINGTON BEACH

OPERATING INDICATORS BY FUNCTION/ACTIVITY LAST SIX FISCAL YEARS						
Function/Program	2010	2009	2008	2007	2006	2005
Finance:						
Water Bills Processed	640,351	641,602	642,883	630,228	626,903	586,000
Business Licenses Issued	21,045	20,841	21,129	20,670	19,746	20,184
Accounts Receivable Billings Processed	37,146	31,894	26,263	21,352	22,453	22,768
City Clerk:						
Passports Issued	3,251	3,186	4,386	5,687	3,416	3,672
Planning:						
Entitlements Processed	353	465	674	504	566	523
Plan Reviews	2,216	1,447	1,941	1,456	2,105	2,296
Field Inspection Complaints	8,187	9,345	7,932	5,273	5,926	5,550
Code Violation Cases	3,315	3,876	3,385	2,231	3,580	3,906
Building:						
# of Permits Issued	8,037	8,114	9,254	4,355	11,210	12,082
# of Inspections Completed	29,792	33,734	40,510	42,181	43,905	49,737
Value of Construction Permits (Thousands of Dollars)	91,049	72,727	123,843	141,277	196,453	169,570
Processed # of Certificate of Occupancies	796	484	540	590	307	683
Automated Information Requests	n/a	n/a	n/a	78,243	77,006	78,868
Counter Vists	20,272	19,149	18,775	n/a	n/a	n/a
Fire:						
Inspections	7,450	6,375	6,203	4,900	4,300	4,100
Responses	15,629	14,130	13,879	12,400	12,100	12,100
Police:						
Physical Arrests	5,695	6,380	6,930	5,576	6,368	5,282
Parking Violations	74,115	55,840	67,270	123,096	68,712	112,698
Traffic Violations	22,660	19,433	18,882	19,859	22,755	25,902
Community Services:						
Acreage of Parks	1,003	999	1,001	999	999	998
Estimated Beach Visitors	8,208,477	9,922,165	10,452,461	10,363,719	10,085,358	8,727,369
Enrollment in Recreation Classes	31,743	32,906	35,537	34,932	25,447	22,346
Ocean Recues	2,822	6,047	n/a	n/a	n/a	n/a
Public Works:						
Water Sold (Acre Feet)	27,268	30,537	30,518	31,128	29,246	29,730
Gallons of Sewage Pumped Per Day	22 million	23 million				
Library:						
Items in Collection	437,603	440,578	438,467	431,304	437,472	441,523
Items Borrowed	1,009,634	944,492	879,225	826,921	823,116	931,347

Source: Various departments of the City of Huntington Beach

CAPITAL ASSET STATISTICS BY FUNCTION/ACTIVITY SEPTEMBER 30, 2010	
Library Services	One Main Library and Four Branches
Fire:	
Fire Stations	8
Police:	
Stations	One Main Station and Three Substations
Community Services:	
Acreage of Parks	1003
Community Centers	6
Miles of Beach Maintained	3.5
Public Works:	
Centerline Square Miles of Streets Maintained	444
Miles of Storm Drains Maintained	117
Miles of Sewer Maintained	360

Source: Various departments of the City of Huntington Beach

**CITY OF HUNTINGTON BEACH
STATEMENT OF DIRECT AND
OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2010**

2009-10 Assessed Valuation \$26,496,261,166 (after deducting \$1,753,218,093) of incremental redevelopment valuation

Debt Repaid with Property Taxes (Tax and Assessment Debt):

Tax Debt:	Percent Applicable	Debt Applicable to City
Metropolitan Water District	1.4610%	\$ 3,860,254
Coast Community College District	30.2000%	98,684,198
Huntington Beach Union High School District	77.9610%	178,359,174
Huntington Beach City School District	97.1640%	25,703,728
Westminster School District	41.2820%	14,155,879
Los Alamitos Unified School District School Facilities District No. 1	1.3600%	367,200
Los Alamitos Unified School District Comm Facilities Dist. 1990-1	1.2090%	93,516
City of Huntington Beach Community Facilities Districts	100.0000%	42,930,000
Tax and Assessment Debt		364,153,949
Other Debt		
Other Entities:		
Orange County General Fund Obligations		24,019,977
Orange County Pension Obligations		3,869,333
Orange County Board of Education Certificates of Participation		1,360,715
MWDOC Facilities Corporation		1,178,455
North Orange County Regional Occupation Program Certificates of Participation		12,928
Huntington Beach Union High School District Certificates of Participation		46,602,038
Los Alamitos Unified School District Certificates of Participation		244,463
Fountain Valley School Districts Certificates of Participation		3,443,637
Huntington Beach City School District Certificates of Participation		9,279,162
Ocean View School District Certificates of Participation		6,595,188
Westminster School District Certificates of Participation		10,132,667
City of Huntington Judgement Obligation Bonds		5,989,000
City of Huntington Reporting Entity Beach General Fund Obligations:		55,385,000
Total Gross and Overlapping Bonded Debt Not Repaid by Property Taxes		168,112,563
Less Self Supporting Debt of MWDOC Water Facilities Corporation		(1,178,455)
Total Net Direct and Overlapping General Fund Obligation Debt		166,934,108
Gross Combined Total Debt		\$ 532,266,512

Ratios to 2009-2010 Assessed Valuation

Total Overlapping Debt and Assessment Debt 1.29%

Ratios to Adjusted Assessed Valuations

Combined Direct Debt (\$61,374,000) 0.23%

Gross Combined Total Debt 2.01%

Net Combined Total Debt 2.00%

State School Building Aid Repayable \$ -

Source: California Municipal Statistics and City of Huntington Beach Finance Department

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