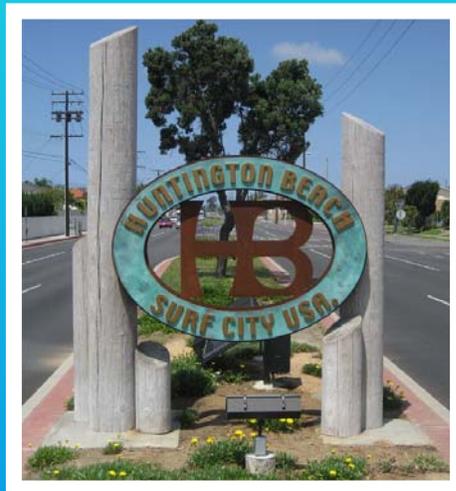
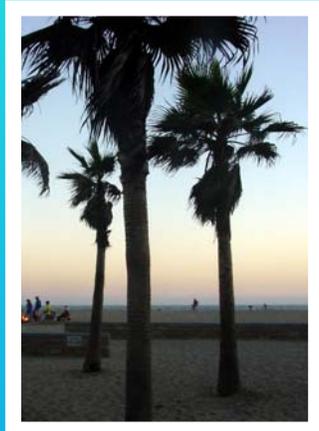


# Comprehensive Annual Financial Report Year Ended September 30, 2008



City of Huntington Beach,  
California



# **CITY OF HUNTINGTON BEACH, CALIFORNIA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**WITH REPORT ON AUDIT BY INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**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, 2008**

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# CITY OF HUNTINGTON BEACH

March 17, 2009

To the Honorable Mayor and City Council

As part of the City of Huntington Beach's ongoing commitment to transparent management of its finances, the City is presenting its Comprehensive Annual Financial Report (CAFR). This report outlines in detail the financial condition of all City funds through September 30, 2008.

As required by 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 Diehl, Evans & Company, 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, data contained within the CAFR, assessing the accounting principles used, as well as significant estimates made by management, Diehl, Evans & Company, LLP granted the City an unqualified (clean) opinion for the fiscal year ending September 30, 2008. 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 reports 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 OF HUNTINGTON BEACH AND LOCAL ECONOMY**

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 eleven 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.

The City of Huntington Beach is one of the leading commercial and industrial centers in Southern California. As the third largest city in Orange County, more than 119,300 people are currently employed by over 14,400 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.

### **CASH MANAGEMENT POLICIES AND PRACTICES**

The City operates on a fiscal year basis, beginning October 1<sup>st</sup> and ending September 30<sup>th</sup>. The budget is prepared under the supervision of the City Administrator and transmitted to the City Council for deliberation sixty days prior to the end of the fiscal year. Per the City's charter, the City Council must adopt the annual budget by September 30<sup>th</sup> 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 (salaries and benefits, operating, and capital expenditures) of the same department.

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 period ending September 30, 2008 was 4.06%. 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.

### **LONG-TERM FINANCIAL PLANNING**

In 2006, the City Council adopted its Strategic Plan which outlines five goals: Engaging the Community, Financial, City Services, Land Use & Economic Development, and Infrastructure. As part of the Financial strategic goal, 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.

### **PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

The City of Huntington Beach contracts with the California Public Employees' Retirement System (CalPERS) to provide retirement benefits to all permanent employees. In addition, the City maintains a supplemental retirement plan for employees hired before January 1,

1998 (exact dates are different for various associations), and other post-retirement medical benefits available to retirees. Detailed information of these plans can be found in Notes 6, 7, and 8 respectively.

	Percent Funded	Unfunded Liability (in millions)
Retirement - Normal Plan	89%	\$79.3
Retirement - Supplemental	43%	\$30.1
Post-Employment Benefits	37%	\$14.7

During fiscal year 2007/08, the City implemented Government Accounting Standards Board (GASB) Statement 45. This statement required the City to contribute additional amounts towards post-retirement liabilities than in previous years. These amounts were included in the 2007/08 budget and expended throughout the year. The City relies on actuarially sound funding plans to pay down unfunded liabilities. These actuarial studies are conducted by both CalPERS and independent actuaries.

**RISK MANAGEMENT**

The City is self-insured for both workers compensation and liability insurance, with both programs recorded in the General Fund. For large claims, the City relies on its membership in the Big Independent Cities Excess Insurance Pool (BICEP). Further information on the City’s risk management program can be found in Note 9 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 twentieth 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 fiscal year ending September 30, 2007, 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 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 Robert Sedlak, Dahle Bulosan, Josh Brooks, Carrie Gonzales, Jennifer Lampman, and Michael Solorza of the Finance Department who prepared this report.




---

Dan T. Villella, CPA  
 Director of Finance

# **City of Huntington Beach**

## **City Council 2007/2008**

Keith Bohr, Mayor  
Cathy Green, Mayor Pro Tem

Joe Carchio, Councilmember  
Gil Coerper, Councilmember  
Devin Dwyer, Councilmember  
Cathy Green, Councilmember  
Don Hansen, Councilmember  
Jill Hardy, Councilmember

### **Executive Team**

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

### **Elected Department Heads**

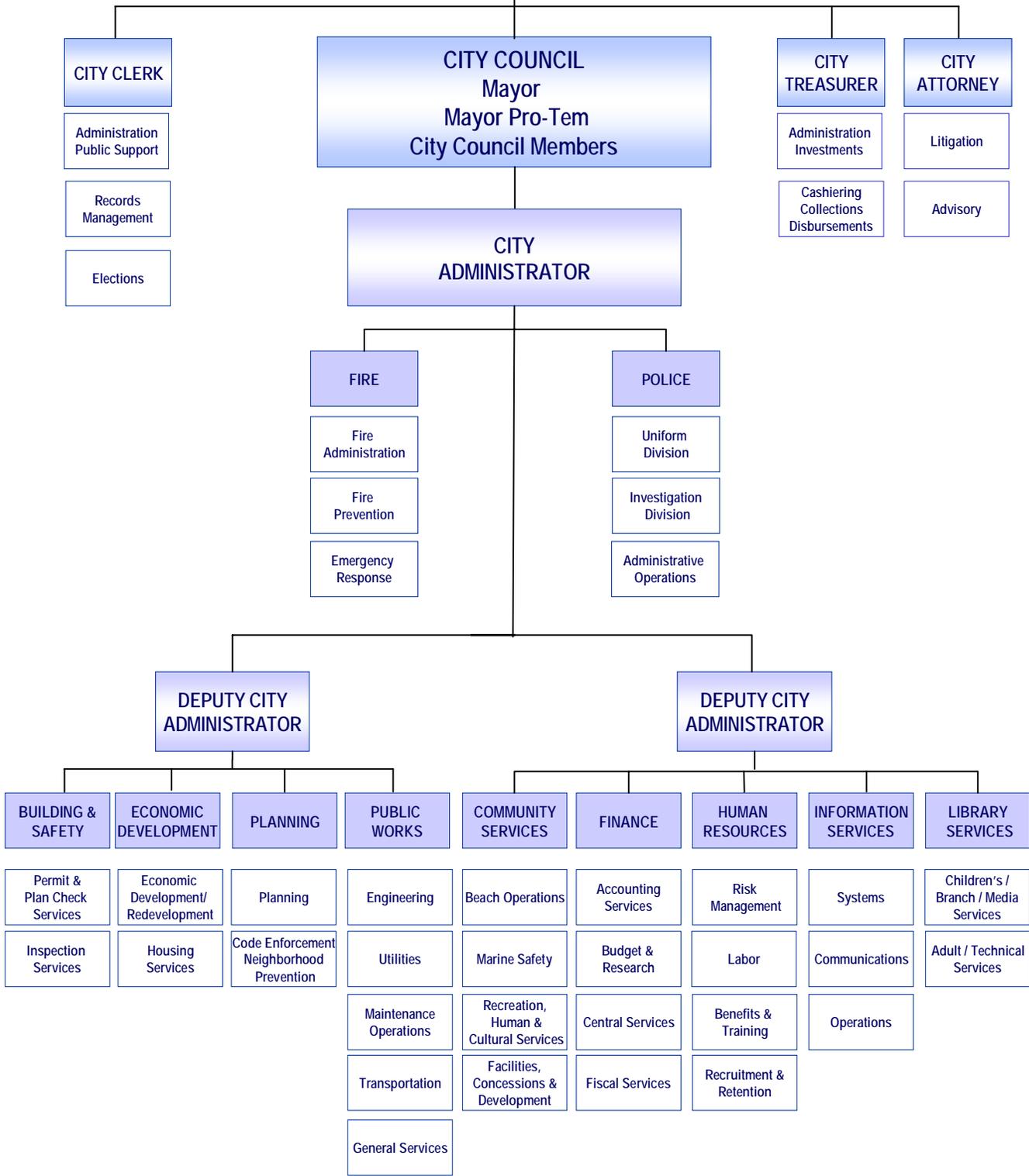
Joan L. Flynn, City Clerk  
Shari L. Freidenrich, City Treasurer  
Jennifer M. McGrath, City Attorney

### **Department Directors**

Stephanie Beverage, Library Services  
Michele Carr, Human Resources  
Ross D. Cranmer, Building & Safety  
Jim B. Engle, Community Services  
Scott Hess, Planning  
Travis Hopkins, Public Works  
Jack Marshall, Information Services  
Chief Duane S. Olson, Fire  
Stanley Smalewitz, Economic Development  
Chief Kenneth W. Small, Police  
Dan T. Vilella, Finance

# 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, 2007

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

# **FINANCIAL SECTION**



**DIEHL, EVANS & COMPANY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

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\*WILLIAM C. PENTZ, CPA

\*A PROFESSIONAL CORPORATION

February 25, 2009

**INDEPENDENT AUDITORS' REPORT**

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

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, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. The financial statements are the responsibility of the City of Huntington Beach'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Beach, as of September 30, 2008 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.

- 1 -

OTHER OFFICES AT:

2965 ROOSEVELT STREET  
CARLSBAD, CALIFORNIA 92008-2389  
(760) 729-2343 • FAX (760) 729-2234

613 W. VALLEY PARKWAY, SUITE 330  
ESCONDIDO, CALIFORNIA 92025-2598  
(760) 741-3141 • FAX (760) 741-9890

As described in Note 8 to the financial statements, the City adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," in 2008.

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2009 on our consideration of the City of Huntington Beach's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, the California Public Employees Retirement System's Schedule of Funding Progress, and the Other Post Employment Benefits - Medical Retirement Schedule of Funding Progress, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the management's discussion and analysis, the California Public Employees Retirement System's Schedule of Funding Progress, and the Other Post Employment Benefits - Medical Retirement Schedule of Funding Progress, and we express no opinions on them. The budgetary comparison schedules and related note have been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huntington Beach's basic financial statements. The introductory section, combining and individual other fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual other fund financial statements and capital assets schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

*Diehl, Evans and Company, LLP*



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2008

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, 2008. 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-vii 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, 2008	September 30, 2007	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets	\$ 1,046,598	\$ 1,030,304	\$ 16,294	1.6%
Liabilities	211,163	202,787	8,376	4.1%
Total Net Assets	835,435	827,517	7,918	1.0%
Unrestricted Net Assets	93,319	113,655	(20,336)	-17.9%
Long-Term Obligations	141,662	146,490	(4,828)	-3.3%
Program Revenues	130,119	115,215	14,904	12.9%
Taxes	146,232	145,232	1,000	0.7%
Other General Revenues	19,269	29,879	(10,610)	-35.5%
Expenses	287,702	256,119	31,583	12.3%

- The total assets of the City of Huntington Beach exceeded its liabilities at the close of the most recent fiscal year by \$835,435,000. Of this amount, \$93,319,000 may be used to meet the City's ongoing obligations to citizens and creditors. Net assets increased \$7,918,000 or 1.0%. This increase is due in large part to investments in capitalized infrastructure. Unrestricted net assets decreased by \$15,760,000 or 13.9%.
- Long-term obligations decreased by \$4,828,000 or 3.3%.
- Program revenues increased by \$14,904,000 or 12.9% due to developer contributions and other post employment benefit contributions in the current fiscal year. Taxes increased \$1,000,000 or 0.7%. Expenses increased \$31,583,000 or 12.3%

### 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.

### 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



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2008

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 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 public safety, public works, general government, and community-related activities. Business activities include the Water, Sewer, Refuse, Emerald Cove Housing, Emergency Fire Medical, Hazmat Service, and Ocean View Estates.

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 17-18 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.

The City maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund 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 19 funds are combined into a single, aggregated



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2008

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 on pages 79-80 and 93-104 demonstrate compliance.

The basic governmental fund financial statements can be found on pages 19-22 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, Emerald Cove Housing, Emergency Fire Medical, Hazmat Service, and Ocean View Estates activities. The Emergency Fire Medical Fund and Ocean View Estates Fund were closed and the remaining funds were transferred to the General Fund in the current fiscal year.

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, and Refuse Funds, which are considered to be major funds of the City. The remaining proprietary funds noted above are combined into a single, aggregated presentation.

The basic proprietary fund financial statements can be found on pages 24-26 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 27 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 28-74 of this report.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City'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 76-81 of this report.



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2008

The combining statements 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 page 83-90 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. Below is a summary schedule of the City's net assets at September 30, 2008 (in thousands):

	September 30, 2008	September 30, 2007	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Governmental Activities</b>				
Current and Other Assets	\$ 192,243	\$ 181,577	\$ 10,666	5.9%
Capital Assets	637,997	633,421	4,576	0.7%
<b>Total Assets</b>	<b>830,240</b>	<b>814,998</b>	<b>15,242</b>	<b>1.9%</b>
Current Liabilities	63,267	50,301	12,966	25.8%
Long-Term Liabilities	140,578	145,422	(4,844)	-3.3%
<b>Total Liabilities</b>	<b>203,845</b>	<b>195,723</b>	<b>8,122</b>	<b>4.1%</b>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	521,654	486,901	34,753	7.1%
Restricted	69,126	73,541	(4,415)	-6.0%
Unrestricted	35,615	58,833	(23,218)	-39.5%
<b>Total Net Assets</b>	<b>\$ 626,395</b>	<b>\$ 619,275</b>	<b>\$ 7,120</b>	<b>1.1%</b>

	September 30, 2008	September 30, 2007	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Business Activities</b>				
Current and Other Assets	\$ 97,678	\$ 95,420	\$ 2,258	2.4%
Capital Assets	118,680	119,886	(1,206)	-1.0%
<b>Total Assets</b>	<b>216,358</b>	<b>215,306</b>	<b>1,052</b>	<b>0.5%</b>
Current Liabilities	6,234	5,996	238	4.0%
Long-Term Obligations	1,084	1,068	16	1.5%
<b>Total Liabilities</b>	<b>7,318</b>	<b>7,064</b>	<b>254</b>	<b>3.6%</b>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	118,671	119,874	(1,203)	-1.0%
Restricted	32,665	33,546	(881)	-2.6%
Unrestricted	57,704	54,822	2,882	5.3%
<b>Total Net Assets</b>	<b>\$ 209,040</b>	<b>\$ 208,242</b>	<b>\$ 798</b>	<b>0.4%</b>

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. An additional portion of the City's net assets is subject to external (legally imposed or statutory) restrictions (\$69,126,000 for governmental activities, and \$32,665,000 for business activities). These amounts represent 11.0% and 15.6% of net assets for governmental activities and business activities respectively. The unrestricted assets (\$35,615,000 for governmental activities and \$57,704,000 for business activities) represent 5.7% and 27.6% of net assets for governmental activities and business



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2008

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

	Governmental Activities			
	September 30, 2008	September 30, 2007	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for Current Services	\$ 43,509	\$ 44,672	\$ (1,163)	-2.6%
Operating Grants and Contributions	7,684	1,996	5,688	285.0%
Capital Grants and Contributions	14,284	5,154	9,130	177.1%
<b>Total Program Revenues</b>	<b>65,477</b>	<b>51,822</b>	<b>13,655</b>	<b>26.3%</b>
<b>General Revenues:</b>				
Property Taxes	84,016	79,369	4,647	5.9%
Sales Taxes	25,560	30,608	(5,048)	-16.5%
Utility Taxes	21,591	21,479	112	0.5%
Other Taxes	15,065	13,776	1,289	9.4%
Use of Money and Property	5,714	7,895	(2,181)	-27.6%
From Other Agencies	6,899	12,689	(5,790)	-45.6%
Participation Payments	-	1,564	(1,564)	-100.0%
Other	2,332	2,696	(364)	-13.5%
<b>Total General Revenues</b>	<b>161,177</b>	<b>170,076</b>	<b>(8,899)</b>	<b>-5.2%</b>
<b>Total Revenues</b>	<b>226,654</b>	<b>221,898</b>	<b>4,756</b>	<b>2.1%</b>
<b>Expenses:</b>				
City Council	295	287	8	2.8%
City Administrator	1,652	1,442	210	14.6%
City Treasurer	1,408	1,088	320	29.4%
City Attorney	2,914	2,534	380	15.0%
City Clerk	1,020	950	70	7.4%
Finance	4,944	4,454	490	11.0%
Human Resources	4,725	4,202	523	12.4%
Planning	3,881	3,098	783	25.3%
Building	5,747	4,899	848	17.3%
Fire	27,299	27,247	52	0.2%
Information Systems	7,311	6,591	720	10.9%
Police	58,378	56,988	1,390	2.4%
Economic Development	18,031	9,209	8,822	95.8%
Community Services	18,565	16,482	2,083	12.6%
Library Services	5,607	5,586	21	0.4%
Public Works	31,246	34,581	(3,335)	-9.6%
Non-Departmental	30,814	15,131	15,683	103.6%
Interest on Long-Term Debt	5,291	5,875	(584)	-9.9%
<b>Total Expenses</b>	<b>229,128</b>	<b>200,644</b>	<b>28,484</b>	<b>14.2%</b>
<b>Change in Net Assets Before Transfers</b>	<b>(2,474)</b>	<b>21,254</b>		
Transfers	9,594	491		
<b>Change in Net Assets After Transfers</b>	<b>7,120</b>	<b>21,745</b>		
<b>Net Assets - Beginning of Year</b>	<b>619,275</b>	<b>597,530</b>		
<b>Net Assets - End of Year</b>	<b>\$ 626,395</b>	<b>\$ 619,275</b>		

The cost of all governmental activities this year was \$229,128,000. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$163,651,000, because costs of \$43,509,000 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 \$7,684,000, and capital grants and contributions of \$14,284,000. Overall, the City's governmental program revenues were \$65,477,000. The City paid for the remaining "public benefit" portion of governmental activities with \$161,177,000 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, 2008

general entitlements. Capital Grants and Contributions have increased by \$9,130,000 or 177.1% due to other post employment benefit contributions in the current fiscal year.

Total resources available during the year to finance governmental operations were \$835,435,000 consisting of net assets at October 1, 2007, of \$619,275,000, program revenues of \$65,477,000, general revenues of \$161,177,000, and transfers of \$9,594,000. Total expenses for governmental activities during the year were \$229,128,000, thus, net assets were increased by \$7,120,000, to \$626,395,000. A condensed summary of business activities (in thousands) follows:

	Business Activities			
	September 30, 2008	September 30, 2007	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Program Revenues:</b>				
Charges for Current Services	\$ 63,001	\$ 56,294	\$ 6,707	11.9%
Capital Grants and Contributions	1,641	7,099	(5,458)	-76.9%
<b>Total Program Revenues</b>	<b>64,642</b>	<b>63,393</b>	<b>1,249</b>	<b>2.0%</b>
Use of Money and Property	4,324	5,035	(711)	-14.1%
<b>Total Revenues</b>	<b>68,966</b>	<b>68,428</b>	<b>538</b>	<b>0.8%</b>
<b>Expenses:</b>				
Water Utility	32,701	32,606	95	0.3%
Emerald Cove Housing	893	936	(43)	-4.6%
Emergency Fire Medical	6,933	5,347	1,586	29.7%
Refuse Collection	10,561	10,542	19	0.2%
Sewer Service	7,120	5,766	1,354	23.5%
Hazmat Service	249	194	55	28.4%
Ocean View Estates	117	84	33	39.3%
<b>Total Expenses</b>	<b>58,574</b>	<b>55,475</b>	<b>3,099</b>	<b>5.6%</b>
<b>Increase in Net Assets Before Transfers</b>	<b>10,392</b>	<b>12,953</b>		
Transfers	(9,594)	(491)		
<b>Net Assets - Beginning of Year</b>	<b>208,242</b>	<b>195,780</b>		
<b>Net Assets - End of Year</b>	<b>\$ 209,040</b>	<b>\$ 208,242</b>		

The City's net assets from business activities increased by \$10,392,000 before transfers. The largest reasons for this increase was operating income of \$4,427,000, capital contributions for the Water Master Plan of \$1,641,000 and interest income of \$4,324,000.

The cost of all Proprietary (Business Type) activities this year was \$58,574,000. As shown in the Statement of Activities and Changes in Net Assets, the amount paid by users of the systems was \$63,001,000, capital grants and contributions were \$1,641,000, other revenue was \$4,324,000, and transfers were \$9,594,000. Beginning net assets were \$208,242,000 and ending net assets were \$209,040,000. Of the ending net asset amount, \$118,671,000, or 56.8%, was invested in capital assets, \$32,665,000 or 15.6% was restricted for expenditures for the Water Master Plan, and \$57,704,000, or 27.6% was unrestricted.

The City's programs for governmental activities include General Government, Fire, Police, Public Works, Redevelopment, Community Services, and Library. Business type activities include the Water, Sewer, Refuse, FireMed, Hazmat Service, and Ocean View Estates. A listing of each program's revenues and expenses for the current year is presented below (in thousands):



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2008

	2007-2008		2006-2007	
	Expenses	Less Program Revenues	Funded by Taxes and Other General Revenues	Funded by Taxes and Other General Revenues
<b>Governmental Activities:</b>				
City Council	\$ 295	\$ (103)	\$ 192	\$ 188
City Administrator	1,652	(404)	1,248	1,050
City Treasurer	1,408	(720)	688	390
City Attorney	2,914	(47)	2,867	2,488
City Clerk	1,020	(168)	852	740
Finance	4,944	(1,354)	3,590	3,142
Human Resources	4,725	(1,391)	3,334	2,855
Planning	3,881	(1,987)	1,894	(1,125)
Building	5,747	(4,582)	1,165	(551)
Fire	27,299	(2,890)	24,409	25,440
Information Systems	7,311	(697)	6,614	5,916
Police	58,378	(5,664)	52,714	51,976
Economic Development	18,031	(4,669)	13,362	5,191
Community Services	18,565	(16,152)	2,413	58
Library Services	5,607	(946)	4,661	4,496
Public Works	31,246	(13,123)	18,123	25,794
Non-Departmental	30,814	(10,580)	20,234	14,899
Interest on Long-Term Debt	5,291	-	5,291	5,875
<b>Total Governmental Activities</b>	<b>\$ 229,128</b>	<b>\$ (65,477)</b>	<b>\$ 163,651</b>	<b>\$ 148,822</b>

<b>Business Activities</b>				
Water Utility	32,701	(35,751)	(3,050)	(5,356)
Emerald Cove Housing	893	(1,180)	(287)	(101)
Emergency Fire Medical	6,933	(6,762)	171	(721)
Refuse Collection	10,561	(10,521)	40	(8)
Sewer Service	7,120	(9,906)	(2,786)	(1,476)
Hazmat Service	249	(185)	64	(16)
Ocean View Estates	117	(337)	(220)	(240)
<b>Total Business Activities</b>	<b>\$ 58,574</b>	<b>\$ (64,642)</b>	<b>\$ (6,068)</b>	<b>\$ (7,918)</b>

### 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, 2008	September 30, 2007	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Total Fund Equity:</b>				
General Fund	\$ 44,443	\$ 43,696	\$ 747	1.7%
Redevelopment Agency Capital Projects	15,663	21,757	(6,094)	-28.0%
Redevelopment Agency Debt Service	3,655	1,380	2,275	164.9%
Low-Income Housing Fund	8,197	12,666	(4,469)	-35.3%
Grants Special Revenue Fund	4,411	7,387	(2,976)	-40.3%
<b>Total Fund Equity</b>	<b>\$ 76,369</b>	<b>\$ 86,886</b>	<b>\$ (10,517)</b>	<b>-12.1%</b>
<b>Unreserved Fund Equity:</b>				
General Fund	\$ 33,476	\$ 33,017	\$ 459	1.4%
Redevelopment Agency Capital Projects	10,221	14,505	(4,284)	-29.5%
Redevelopment Agency Debt Service	1,246	1,380	(134)	-9.7%
<b>Total Unreserved Fund Equity</b>	<b>\$ 44,943</b>	<b>\$ 48,902</b>	<b>\$ (3,959)</b>	<b>-8.1%</b>



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2008

The General fund balance increased by \$747,000. Key factors in this growth were the transfer and closing of several funds into the General Fund. These funds include the FireMed, Ocean View Estates, Jail Program, and the Cultural Affairs fund.

The Redevelopment Agency Capital Projects Fund Balance and Low-Income Housing Fund decreased primarily due to completion of anticipated projects.

The Redevelopment Agency Debt Service Fund Balance increased by \$2,275,000 primarily due to increased tax increment revenue.

The Grant Special Revenue Fund Balance decreased by \$2,976,000 primarily due to decreased grant revenues and increased grant capital outlay.

### 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):

	<b>Enterprise Funds</b>			
	<b>September 30, 2008</b>	<b>September 30, 2007</b>	<b>Amount Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
<b>Net Assets:</b>				
Water Fund	\$ 156,684	\$ 150,023	\$ 6,661	4.4%
Sewer Fund	45,451	42,279	3,172	7.5%
Refuse Fund	249	232	17	7.3%
<b>Total Net Assets</b>	<b>\$ 202,384</b>	<b>\$ 192,534</b>	<b>\$ 9,850</b>	<b>5.1%</b>
<b>Unrestricted Net Assets:</b>				
Water Fund	\$ 43,665	\$ 38,810	\$ 4,855	12.5%
Sewer Fund	10,638	8,044	2,594	32.2%
Refuse Fund	249	232	17	7.3%
<b>Total Unrestricted Net Assets</b>	<b>\$ 54,552</b>	<b>\$ 47,086</b>	<b>\$ 7,466</b>	<b>15.9%</b>

The Water Fund net assets increased by \$6,661,000 and unrestricted net assets increased by \$4,855,000. Key factors in this growth were capital improvement fees of \$1,641,000 and net operating income of \$1,409,000.

The Sewer Fund net assets increased by \$3,172,000 and unrestricted net assets increased by \$2,594,000. The key factor in this growth was the net operating income of \$2,786,000.



City of Huntington Beach  
 Management's Discussion and Analysis  
 For the Year Ended September 30, 2008

**Debt Administration**

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

	Balance October 1, 2007	Additions	Retirements	Balance September 30, 2008
<b>Governmental Activities:</b>				
Certificates of Participation	\$ 14,215	\$ -	\$ (700)	\$ 13,515
Revenue Bonds	52,115	-	(2,500)	49,615
Tax Allocation Bonds	24,885	-	(1,225)	23,660
Judgement Obligation Bonds	10,795	-	(745)	10,050
Claims	4,672	2,268	(572)	6,368
Compensated Absences	11,068	4,277	(3,092)	12,253
Pension Obligation	4,775	-	(335)	4,440
Loans	28,851	1,485	(2,464)	27,872
Leases Payable	2,281	-	(600)	1,681
<b>Total Long-Term Obligations - Governmental Activities</b>	<b>153,657</b>	<b>8,030</b>	<b>(12,233)</b>	<b>149,454</b>
<b>Business Activities:</b>				
Compensated Absences	1,059	291	(272)	1,078
Leases	12	-	(3)	9
<b>Business Activities</b>	<b>1,071</b>	<b>291</b>	<b>(275)</b>	<b>1,087</b>
<b>Total Long-Term Obligations</b>	<b>\$ 154,728</b>	<b>\$ 8,321</b>	<b>\$ (12,508)</b>	<b>\$ 150,541</b>

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 15% of its assessed valuation. Since the City has no general obligation bonds outstanding, the limit does not apply. This is shown on page 129 of the financial statements. The City's total debt decreased \$4,187,000 or 2.7% from its beginning amount primarily due to debt repayment.

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 &amp; P</u>
1998 Tax Allocation Refunding Bonds	Aaa	Not Available
2000 Lease Revenue Bonds, Series A	AA	AAA
2001 Lease Revenue Bonds, Series A	AA	AAA
2001 Lease Revenue Bonds, Series B	AA	AAA
2002 Tax Allocation Refunding Bonds	Aaa	Not Available
2004 Judgment Obligation Bonds	AA	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, 2008

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

	September 30, 2008	September 30, 2007	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Governmental Activities:</b>				
Land	\$ 366,342	\$ 360,971	\$ 5,371	1.5%
Buildings	102,319	105,288	(2,969)	-2.8%
Machinery and Equipment	14,849	19,895	(5,046)	-25.4%
Construction in Progress	6,627	3,929	2,698	68.7%
Joint Venture	1,723	1,498	225	15.0%
Infrastructure	146,137	141,840	4,297	3.0%
<b>Total Governmental Activities</b>	<b>637,997</b>	<b>633,421</b>	<b>4,576</b>	<b>0.7%</b>
<b>Business Activities:</b>				
Land	\$ 5,196	\$ 7,840	\$ (2,644)	-33.7%
Buildings	34,947	36,654	(1,707)	-4.7%
Machinery and Equipment	4,353	6,282	(1,929)	-30.7%
Construction in Progress	12,211	10,786	1,425	13.2%
Infrastructure	61,973	58,324	3,649	6.3%
<b>Total Business Activities</b>	<b>118,680</b>	<b>119,886</b>	<b>(1,206)</b>	<b>-1.0%</b>
<b>Total Capital Assets</b>	<b>\$ 756,677</b>	<b>\$ 753,307</b>	<b>\$ 3,370</b>	<b>0.4%</b>

Capital assets from governmental activities increased \$4,576,000 (0.7%) and capital assets from business activities decreased \$1,208,000 (1.0%). The increases in capital assets from governmental activities and decrease in capital assets from business activities is primarily due to the transfer of capital assets of the Emergency Fire Medical Fund and Ocean View Estates Fund from Business to Governmental Activities. 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 \$818,000 (0.5%) from the original (adopted) budget for the fiscal year ending September 30, 2008. The change from original to final budget occurred in two areas:

- **Other Taxes:** Final budgeted revenue received from the Cable TV franchise increased \$66,000. This amount represented revenue owed the city from Time Warner Cable. The Public Cable Television Authority (PCTA), through a routine audit, found this amount was due the city from prior year underpayment of franchise fees.
- **Licenses and Permits:** This category's final budgeted revenue increased \$752,000 from the original budget. The reason for this increase was from reimbursement revenue received from environmental impact reports (EIRs). Periodically, agreements for EIRs are approved, with the developer reimbursing the city for the cost of the EIR.

Comparing the fiscal year 2007/2008 original budget (or adopted) General Fund (expenditures and transfers) amount of \$188,130,000 to the final budgeted amount of \$197,259,000 shows a net increase of \$9,129,000 (4.9%). Reasons for the increase include:



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2008

- Continuing appropriations from the prior fiscal year for Environmental Impact Reports in the Planning department.
- Capital improvement projects and capital purchases were carried forward from the prior fiscal year. Capital items included police vehicles as well as alternative fuel vehicles for the Public Works department added subsequent to the original budget.
- Per financial policies the City transferred \$1 million to the Infrastructure Fund mid-year. This transfer is reflected as an increase to the budget as well as the corresponding expense.

### Variance with Final Budget

General Fund actual revenues were less than final budget by \$6,352,000 for the fiscal year ending September 30, 2008. The factors contributing to this shortfall are listed below:

- Sales Tax: Actual sales tax revenue was \$2,126,000 less than the final budgeted due to less retail activity citywide.
- Utility Tax: The net \$1,534,000 negative variance in actual vs. final budgeted revenue in this category was primarily due to lower than expected utility user tax (UUT) revenue for telephone, electric and cable usage; even with higher than anticipated UUT for gas.
- Licenses and Permits: The slowing economy, which lead to less development activity citywide, lead to \$1,972,000 less in revenue in this category. Building and Safety and Planning permits and license revenue was less than originally anticipated.
- Intergovernmental: Vehicle License Fee (VLF) revenue apportioned from the State of California was primarily responsible for the \$1,056,000 shortfall in actual vs. final budgeted revenue in this category. In addition, real property transfer tax revenue was less than expected due to the slowing real estate market.

General Fund expenditures were \$12,175,000 less than the final budget. The favorable budget variance is due to the following:

- \$4 million in savings in benefits due to lower worker's compensation claims. In addition, funds budgeted for health insurance increases were not needed as a result of memoranda of understanding negotiations with public safety units.
- The Planning department carried over \$1 million in Professional Services into FY2008/09 for Environmental Impact Reports for projects that were delayed. This carryover resulted in a large amount of budget to expenditure savings in FY2007/08.



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2008

- Included in the FY2007/08 budget was the appropriation of \$2.5 million for the planned transfer to the Equipment Replacement Reserve. This transfer while reflected as savings if comparing actuals to budget is accounted for in the fund balance calculation.
- The purchase of several large pieces of equipment and capital items at the end of FY2007/08 led to the need to carryover these encumbrances into FY2008/09 as they were not received by year-end.

### **Economic Factors and Next Year's Budgets and Rates**

The key assumptions in the General Fund revenue forecast for fiscal year 2008/2009 are:

- Moderate to slowing growth in secured property tax revenue, most prevalent slowing evident in supplemental revenue and real estate transfer taxes
- Moderating growth in sales tax revenue due to slowing economy
- Conduct a comprehensive fee study and update of the cost allocation plan
- Slowing growth of development related revenues due to downturn in housing market as well as fewer large development projects
- Increased growth in transient occupancy tax (TOT) late in summer 2008 with opening of new hotel downtown with anticipation of greater TOT growth in 2009 as second major hotel opens
- Continued growth in lease and concession revenue, especially with several new cellular service site leases going into effect

### **Contacting the City's Financial Management**

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) 536-5907 or e-mail [rsedlak@surfcity-hb.org](mailto:rsedlak@surfcity-hb.org).

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# **BASIC FINANCIAL STATEMENTS**

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2008**  
(In Thousands)

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and Investments	\$ 29,556	\$ 57,572	\$ 87,128
Receivables	31,085	6,110	37,195
Inventories	-	1,331	1,331
Prepays	12,958	-	12,958
Other Assets	1,567	-	1,567
<b>Subtotal</b>	<b>75,166</b>	<b>65,013</b>	<b>140,179</b>
Restricted Assets:			
Cash and Investments	52,984	32,665	85,649
Cash with Fiscal Agent	11,720	-	11,720
Receivables	41,464	-	41,464
Land Held for Resale	2,682	-	2,682
Other Postemployment Benefits Asset	8,227	-	8,227
<b>Total Restricted Assets</b>	<b>117,077</b>	<b>32,665</b>	<b>149,742</b>
Capital Assets :			
Non-Depreciable	374,692	17,407	392,099
Depreciable	263,305	101,273	364,578
<b>Total Capital Assets</b>	<b>637,997</b>	<b>118,680</b>	<b>756,677</b>
<b>Total Assets</b>	<b>830,240</b>	<b>216,358</b>	<b>1,046,598</b>
<b>LIABILITIES</b>			
Accounts Payable	5,860	4,290	10,150
Accrued Payroll	3,158	256	3,414
Deposits	834	1,685	2,519
Claims Payable	5,464	-	5,464
<b>Current Liabilities</b>	<b>15,316</b>	<b>6,231</b>	<b>21,547</b>
Current Liabilities Payable from Restricted Assets:			
Accounts Payable	3,597	-	3,597
Accrued Interest Payable	942	-	942
Unearned Revenue	33,019	-	33,019
Deposits	1,517	-	1,517
Long-Term Obligations Due Within One Year	8,876	3	8,879
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>47,951</b>	<b>3</b>	<b>47,954</b>
Long-Term Obligations:			
Long-Term Obligations Due in More than One Year	140,578	1,084	141,662
<b>Total Liabilities</b>	<b>203,845</b>	<b>7,318</b>	<b>211,163</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Related Debt	521,654	118,671	640,325
Restricted for:			
Debt Service	14,663	-	14,663
Capital Projects	20,428	32,665	53,093
Specific Projects and Programs	34,035	-	34,035
<b>Total Restricted Net Assets</b>	<b>69,126</b>	<b>32,665</b>	<b>101,791</b>
Unrestricted	35,615	57,704	93,319
<b>Total Net Assets</b>	<b>\$ 626,395</b>	<b>\$ 209,040</b>	<b>\$ 835,435</b>

See Independent Auditors' Report and Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**  
(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
<b>Governmental Activities:</b>							
City Council	\$ 295	\$ 103	\$ -	\$ -	\$ (192)	\$ -	\$ (192)
City Administrator	1,652	404	-	-	(1,248)	-	(1,248)
City Treasurer	1,408	720	-	-	(688)	-	(688)
City Attorney	2,914	47	-	-	(2,867)	-	(2,867)
City Clerk	1,020	168	-	-	(852)	-	(852)
Finance	4,944	1,354	-	-	(3,590)	-	(3,590)
Human Resources	4,725	1,391	-	-	(3,334)	-	(3,334)
Planning	3,881	1,987	-	-	(1,894)	-	(1,894)
Building	5,747	4,582	-	-	(1,165)	-	(1,165)
Fire	27,299	1,423	1,467	-	(24,409)	-	(24,409)
Information Systems	7,311	697	-	-	(6,614)	-	(6,614)
Police	58,378	5,159	505	-	(52,714)	-	(52,714)
Economic Development	18,031	3,001	1,668	-	(13,362)	-	(13,362)
Community Services	18,565	15,383	163	606	(2,413)	-	(2,413)
Library Services	5,607	851	95	-	(4,661)	-	(4,661)
Public Works	31,246	6,000	3,786	3,337	(18,123)	-	(18,123)
Non-Departmental	30,814	239	-	10,341	(20,234)	-	(20,234)
Interest on Long-Term Debt	5,291	-	-	-	(5,291)	-	(5,291)
<b>Total Governmental Activities</b>	<b>229,128</b>	<b>43,509</b>	<b>7,684</b>	<b>14,284</b>	<b>(163,651)</b>	<b>-</b>	<b>(163,651)</b>
<b>Business-type Activities:</b>							
Water Utility	32,701	34,110	-	1,641	-	3,050	3,050
Sewer Service	7,120	9,906	-	-	-	2,786	2,786
Refuse Collection	10,561	10,521	-	-	-	(40)	(40)
Emerald Cove Housing	893	1,180	-	-	-	287	287
Emergency Fire Medical	6,933	6,762	-	-	-	(171)	(171)
Hazmat Service	249	185	-	-	-	(64)	(64)
Ocean View Estates	117	337	-	-	-	220	220
<b>Total Business Type Activities</b>	<b>58,574</b>	<b>63,001</b>	<b>-</b>	<b>1,641</b>	<b>-</b>	<b>6,068</b>	<b>6,068</b>
<b>Total Business and Government Type Activities</b>	<b>\$ 287,702</b>	<b>\$ 106,510</b>	<b>\$ 7,684</b>	<b>\$ 15,925</b>	<b>(163,651)</b>	<b>6,068</b>	<b>(157,583)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes					84,016	-	84,016
Sales Taxes					25,560	-	25,560
Utility Taxes					21,591	-	21,591
Other Taxes					15,065	-	15,065
<b>Total Taxes</b>					<b>146,232</b>	<b>-</b>	<b>146,232</b>
<b>Other:</b>							
Use of Money and Property					5,714	4,324	10,038
From Other Agencies					6,899	-	6,899
Other					2,332	-	2,332
<b>Total Other General Revenues</b>					<b>161,177</b>	<b>4,324</b>	<b>165,501</b>
<b>Transfers</b>					9,594	(9,594)	-
<b>Total General Revenues and Transfers</b>					<b>170,771</b>	<b>(5,270)</b>	<b>165,501</b>
<b>Change in Net Assets</b>					<b>7,120</b>	<b>798</b>	<b>7,918</b>
<b>Net Assets - Beginning of Year</b>					<b>619,275</b>	<b>208,242</b>	<b>827,517</b>
<b>Net Assets - End of Year</b>					<b>\$ 626,395</b>	<b>\$ 209,040</b>	<b>\$ 835,435</b>

**CITY OF HUNTINGTON BEACH  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008  
(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			
<b>ASSETS</b>								
Cash and Investments	\$ 29,556	\$ 5,139	\$ 1,291	\$ 13,802	\$ 6,490	\$ 56,278	\$ 26,262	\$ 82,540
Cash and Investments with Fiscal Agent	-	-	2,409	-	-	2,409	9,311	11,720
Taxes Receivable	26,529	-	4,557	-	-	31,086	637	31,723
Other Receivables	4,556	12,358	27	273	21,099	38,313	2,513	40,826
Due from Other Funds	-	-	-	956	-	956	718	1,674
Advances to Other Funds	1,321	-	-	302	1,363	2,986	-	2,986
Land Held for Resale	-	-	-	2,682	-	2,682	-	2,682
Other Assets	-	-	-	-	300	300	1,267	1,567
Prepays	12,958	-	-	-	-	12,958	-	12,958
<b>TOTAL ASSETS</b>	<b>\$ 74,920</b>	<b>\$ 17,497</b>	<b>\$ 8,284</b>	<b>\$ 18,015</b>	<b>\$ 29,252</b>	<b>\$ 147,968</b>	<b>\$ 40,708</b>	<b>\$ 188,676</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ 5,860	\$ 1,050	\$ -	\$ 831	\$ 1	\$ 7,742	\$ 1,715	\$ 9,457
Accrued Payroll	3,060	29	-	28	8	3,125	33	3,158
Due to Other Funds	-	-	956	-	-	956	718	1,674
Advances from Other Funds	-	-	302	1,363	-	1,665	1,321	2,986
Deposits Payable	834	75	-	130	-	1,039	1,312	2,351
Deferred Revenue	15,259	11,932	3,371	-	21,046	51,608	-	51,608
Claims Payable	5,464	-	-	-	-	5,464	-	5,464
<b>Total Liabilities</b>	<b>30,477</b>	<b>13,086</b>	<b>4,629</b>	<b>2,352</b>	<b>21,055</b>	<b>71,599</b>	<b>5,099</b>	<b>76,698</b>
<b>Fund Balances:</b>								
<b>Reserved for:</b>								
Encumbrances	6,522	4,411	-	2,336	1,722	14,991	8,199	23,190
Long-Term Receivables	1,321	-	-	424	1,363	3,108	-	3,108
Debt Service	-	-	2,409	-	-	2,409	6,787	9,196
Capital Projects	-	-	-	-	5,112	5,112	-	5,112
Land Held for Resale	-	-	-	2,682	-	2,682	-	2,682
Prepaid Insurance	2,904	-	-	-	-	2,904	-	2,904
Restitution	220	-	-	-	-	220	-	220
<b>Total Reserved Fund Balance</b>	<b>10,967</b>	<b>4,411</b>	<b>2,409</b>	<b>5,442</b>	<b>8,197</b>	<b>31,426</b>	<b>14,986</b>	<b>46,412</b>
<b>Unreserved, Designated:</b>								
Designated for Future Expenditure (Reported in):								
Special Revenue Funds	-	-	-	-	-	-	5,963	5,963
Debt Service Funds	-	-	1,246	-	-	1,246	-	1,246
Capital Projects Funds	-	-	-	3,077	-	3,077	2,427	5,504
Other Designations:								
Equipment Replacement	6,913	-	-	-	-	6,913	-	6,913
Capital Projects	3,280	-	-	-	-	3,280	-	3,280
Council Projects	890	-	-	-	-	890	-	890
Second Tier	8,591	-	-	-	-	8,591	-	8,591
Economic Uncertainties	13,628	-	-	-	-	13,628	-	13,628
Unreserved, Undesignated (Reported in):								
General Fund	174	-	-	-	-	174	-	174
Special Revenue Funds	-	-	-	-	-	-	5,344	5,344
Debt Service Funds	-	-	-	-	-	-	4,221	4,221
Capital Projects Funds	-	-	-	7,144	-	7,144	2,668	9,812
<b>Total Unreserved</b>	<b>33,476</b>	<b>-</b>	<b>1,246</b>	<b>10,221</b>	<b>-</b>	<b>44,943</b>	<b>20,623</b>	<b>65,566</b>
<b>TOTAL FUND BALANCE</b>	<b>44,443</b>	<b>4,411</b>	<b>3,655</b>	<b>15,663</b>	<b>8,197</b>	<b>76,369</b>	<b>35,609</b>	<b>111,978</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 74,920</b>	<b>\$ 17,497</b>	<b>\$ 8,284</b>	<b>\$ 18,015</b>	<b>\$ 29,252</b>	<b>\$ 147,968</b>	<b>\$ 40,708</b>	<b>\$ 188,676</b>

**CITY OF HUNTINGTON BEACH  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008  
(In Thousands)**

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

<b>Total Fund Balances Governmental Funds</b>	<b>\$</b>	<b>111,978</b>
<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		869,508
Accumulated Depreciation		(231,511)
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds</p>		
Accrued Property Taxes Receivable		18,589
Other Postemployment Benefit Asset		8,227
<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		(942)
<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		(8,876)
Long-Term Obligations Due in More than One Year		(140,578)
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>626,395</u></b>

**CITY OF HUNTINGTON BEACH  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)**

	Other Major Governmental Funds				
	General Fund	Grants Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Low-Income Housing Capital Projects
<b>REVENUES</b>					
Property Taxes	\$ 65,110	\$ -	\$ 17,028	\$ -	\$ -
Sales Taxes	23,934	-	-	-	-
Utility Taxes	21,591	-	-	-	-
Other Taxes	15,065	-	-	-	-
Licenses and Permits	7,831	-	-	-	-
Fines and Forfeitures	4,060	-	-	-	-
From Use of Money and Property	13,875	308	192	1,422	505
Intergovernmental	4,509	5,551	-	16	-
Charges for Current Service	16,019	-	-	-	-
Other	1,883	-	19	1	-
<b>Total Revenues</b>	<b>173,877</b>	<b>5,859</b>	<b>17,239</b>	<b>1,439</b>	<b>505</b>
<b>EXPENDITURES</b>					
Current:					
City Council	295	-	-	-	-
City Administrator	1,588	-	-	-	-
City Treasurer	1,357	-	-	-	-
City Attorney	2,771	-	-	110	-
City Clerk	992	-	-	-	-
Finance	4,792	-	-	-	-
Human Resources	4,725	-	-	-	-
Planning	3,856	3	-	-	-
Building	3,844	113	-	-	-
Fire	26,638	508	-	-	-
Information Services	6,741	-	-	-	-
Police	55,808	587	-	-	-
Economic Development	1,750	2,193	2,316	1,973	7,362
Community Services	13,919	207	-	36	-
Library Services	4,018	52	-	-	-
Public Works	21,824	147	-	219	-
Non-Departmental	21,382	-	112	-	-
Capital Outlay	-	5,148	-	3,910	1,017
Debt Service:					
Principal	600	110	3,579	-	-
Interest	140	240	1,482	-	-
<b>Total Expenditures</b>	<b>177,040</b>	<b>9,308</b>	<b>7,489</b>	<b>6,248</b>	<b>8,379</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>(3,163)</b>	<b>(3,449)</b>	<b>9,750</b>	<b>(4,809)</b>	<b>(7,874)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	11,321	1,560	-	-	3,405
Transfers Out	(7,411)	(1,087)	(7,475)	(1,285)	-
Total Other Financing Sources (Uses)	3,910	473	(7,475)	(1,285)	3,405
<b>Net Change In Fund Balances</b>	<b>747</b>	<b>(2,976)</b>	<b>2,275</b>	<b>(6,094)</b>	<b>(4,469)</b>
<b>Fund Balance- Beginning Of Year</b>	<b>43,696</b>	<b>7,387</b>	<b>1,380</b>	<b>21,757</b>	<b>12,666</b>
<b>Fund Balance- End Of Year</b>	<b>\$ 44,443</b>	<b>\$ 4,411</b>	<b>\$ 3,655</b>	<b>\$ 15,663</b>	<b>\$ 8,197</b>

See Independent Auditors' Report and Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)  
(continued)**

Total Major Governmental Funds	Other Governmental Funds	Total
\$ 82,138	\$ -	\$ 82,138
23,934	2,443	26,377
21,591	-	21,591
15,065	-	15,065
7,831	93	7,924
4,060	-	4,060
16,302	1,919	18,221
10,076	9,155	19,231
16,019	1,890	17,909
1,903	833	2,736
<b>198,919</b>	<b>16,333</b>	<b>215,252</b>
295	-	295
1,588	-	1,588
1,357	-	1,357
2,881	-	2,881
992	-	992
4,792	-	4,792
4,725	-	4,725
3,859	-	3,859
3,957	-	3,957
27,146	-	27,146
6,741	-	6,741
56,395	140	56,535
15,594	634	16,228
14,162	1,504	15,666
4,070	892	4,962
22,190	1,338	23,528
21,494	25	21,519
10,075	11,450	21,525
4,289	3,945	8,234
1,862	3,483	5,345
<b>208,464</b>	<b>23,411</b>	<b>231,875</b>
<b>(9,545)</b>	<b>(7,078)</b>	<b>(16,623)</b>
16,286	7,992	24,278
(17,258)	(1,398)	(18,656)
(972)	6,594	5,622
<b>(10,517)</b>	<b>(484)</b>	<b>(11,001)</b>
86,886	36,093	122,979
<b>\$ 76,369</b>	<b>\$ 35,609</b>	<b>\$ 111,978</b>

**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, 2008  
(In Thousands)**

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

Net Changes in Fund Balances - Total Governmental funds \$ (11,001)

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	14,829
Non-Depreciable Assets Purchased	8,714
Capital Asset Dispositions	(6,837)
Capital Asset Depreciation	(12,130)

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	18,589
Prior Year Property Tax Accrual	(17,528)

Other Post Employment Benefits Payments - Revenues and expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues and expenditures in governmental funds.

8,227

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	(942)
Prior Year Interest Accrual	996

Long-Term Debt Proceeds - Issuances and changes in long-term debt (bonds, leases, certificates of participation, compensated absences, etc) provide current financial resources to governmental funds, while repayments of this debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, etc. when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.

(8,030)

Payments of Long-Term Debt - Principal payments on long-term debt are recorded as an expenditure in the governmental funds and a reduction of liability in the government-wide statements.

12,233

Change in Net Assets of Governmental Activities	\$ 7,120
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**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2008**  
(In Thousands)

	Water Fund	Sewer Service Fund	Refuse Fund	Total Major Enterprise Funds	Other Enterprise Funds	Total
<b>ASSETS</b>						
Current Assets:						
Cash and Investments	\$ 43,063	\$ 11,111	\$ 180	\$ 54,354	\$ 3,218	\$ 57,572
Restricted Cash	32,665	-	-	32,665	-	32,665
Other Receivables	2,448	812	456	3,716	40	3,756
Inventories	1,331	-	-	1,331	-	1,331
Unbilled Receivable	1,469	440	445	2,354	-	2,354
<b>Total Current Assets</b>	<b>80,976</b>	<b>12,363</b>	<b>1,081</b>	<b>94,420</b>	<b>3,258</b>	<b>97,678</b>
Capital Assets:						
Land	3,907	-	-	3,907	1,289	5,196
Buildings and Improvements	39,702	3,102	-	42,804	4,102	46,906
Machinery and Equipment	8,295	829	-	9,124	-	9,124
Infrastructure	79,134	39,704	-	118,838	-	118,838
Construction in Progress	11	12,200	-	12,211	-	12,211
Less Accumulated Depreciation	(50,686)	(21,022)	-	(71,708)	(1,887)	(73,595)
<b>Total Capital Assets</b>	<b>80,363</b>	<b>34,813</b>	<b>-</b>	<b>115,176</b>	<b>3,504</b>	<b>118,680</b>
<b>Total Assets</b>	<b>161,339</b>	<b>47,176</b>	<b>1,081</b>	<b>209,596</b>	<b>6,762</b>	<b>216,358</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	2,080	1,369	816	4,265	25	4,290
Accrued Payroll	188	57	6	251	5	256
Deposits Payable	1,631	2	-	1,633	52	1,685
Current Portion of Claims and Leases	3	-	-	3	-	3
<b>Total Current Liabilities</b>	<b>3,902</b>	<b>1,428</b>	<b>822</b>	<b>6,152</b>	<b>82</b>	<b>6,234</b>
Non-Current Liabilities:						
Compensated Absences	747	297	10	1,054	24	1,078
Capital Leases	6	-	-	6	-	6
<b>Total Non-Current Liabilities</b>	<b>753</b>	<b>297</b>	<b>10</b>	<b>1,060</b>	<b>24</b>	<b>1,084</b>
<b>Total Liabilities</b>	<b>4,655</b>	<b>1,725</b>	<b>832</b>	<b>7,212</b>	<b>106</b>	<b>7,318</b>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	80,354	34,813	-	115,167	3,504	118,671
Restricted for:						
Capital Projects	32,665	-	-	32,665	-	32,665
Unrestricted	43,665	10,638	249	54,552	3,152	57,704
<b>Total Net Assets</b>	<b>\$ 156,684</b>	<b>\$ 45,451</b>	<b>\$ 249</b>	<b>\$ 202,384</b>	<b>\$ 6,656</b>	<b>\$ 209,040</b>

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**  
(In Thousands)

	<b>Water Fund</b>	<b>Sewer Service Fund</b>	<b>Refuse Fund</b>	<b>Total Major Enterprise Funds</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>OPERATING REVENUES</b>						
Sales	\$ 31,464	\$ -	\$ -	\$ 31,464	\$ -	\$ 31,464
Rentals	-	-	-	-	1,510	1,510
Fees for Service	-	9,434	10,394	19,828	6,731	26,559
Other	2,646	472	127	3,245	223	3,468
<b>Total Operating Revenues</b>	<b>34,110</b>	<b>9,906</b>	<b>10,521</b>	<b>54,537</b>	<b>8,464</b>	<b>63,001</b>
<b>OPERATING EXPENSES</b>						
Water Purchases	10,570	-	-	10,570	-	10,570
Supplies and Operations	5,412	5,887	10,561	21,860	7,697	29,557
Engineering	1,189	-	-	1,189	-	1,189
Production and Distribution	5,947	-	-	5,947	-	5,947
Maintenance	2,954	-	-	2,954	-	2,954
Water Meters	1,721	-	-	1,721	-	1,721
Water Quality	530	-	-	530	-	530
Depreciation	4,378	1,233	-	5,611	495	6,106
<b>Total Operating Expenses</b>	<b>32,701</b>	<b>7,120</b>	<b>10,561</b>	<b>50,382</b>	<b>8,192</b>	<b>58,574</b>
<b>Operating Income (Loss)</b>	<b>1,409</b>	<b>2,786</b>	<b>(40)</b>	<b>4,155</b>	<b>272</b>	<b>4,427</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest Income	3,611	386	6	4,003	321	4,324
Capital Improvement Fees	1,641	-	-	1,641	-	1,641
Total Non-Operating Revenues (Expenses)	5,252	386	6	5,644	321	5,965
<b>Change In Net Assets Before Transfers</b>	<b>6,661</b>	<b>3,172</b>	<b>(34)</b>	<b>9,799</b>	<b>593</b>	<b>10,392</b>
<b>TRANSFERS</b>						
Transfers In	-	-	51	51	-	51
Transfers Out	-	-	-	-	(9,645)	(9,645)
Total Transfers	-	-	51	51	(9,645)	(9,594)
Total Change In Net Assets	6,661	3,172	17	9,850	(9,052)	798
<b>Net Assets - Beginning Of Year</b>	<b>150,023</b>	<b>42,279</b>	<b>232</b>	<b>192,534</b>	<b>15,708</b>	<b>208,242</b>
<b>Net Assets- End Of Year</b>	<b>\$ 156,684</b>	<b>\$ 45,451</b>	<b>\$ 249</b>	<b>\$ 202,384</b>	<b>\$ 6,656</b>	<b>\$ 209,040</b>

**CITY OF HUNTINGTON BEACH  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)**

	Water Fund	Sewer Service Fund	Refuse Fund	Total Major Enterprise Funds	Other Enterprise Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received from Customers and Users	\$ 34,863	\$ 9,446	\$ 10,617	\$ 54,926	\$ 9,638	\$ 64,564
Cash Paid to Employees for Services	(6,622)	(2,071)	(243)	(8,936)	(4,272)	(13,208)
Cash Paid to Suppliers of Goods and Services	(21,019)	(4,015)	(10,310)	(35,344)	(3,731)	(39,075)
<b>Net Cash Provided (Used) by Operating Items</b>	<b><u>7,222</u></b>	<b><u>3,360</u></b>	<b><u>64</u></b>	<b><u>10,646</u></b>	<b><u>1,635</u></b>	<b><u>12,281</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers In	-	-	51	51	-	51
Transfers Out	-	-	-	-	(5,673)	(5,673)
<b>Net Cash Provided (Used) by Non Capital Financing Activities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>51</u></b>	<b><u>51</u></b>	<b><u>(5,673)</u></b>	<b><u>(5,622)</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of Capital Assets	(7,060)	(1,811)	-	(8,871)	-	(8,871)
Capital Surcharge	1,641	-	-	1,641	-	1,641
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b><u>(5,419)</u></b>	<b><u>(1,811)</u></b>	<b><u>-</u></b>	<b><u>(7,230)</u></b>	<b><u>-</u></b>	<b><u>(7,230)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest Received	3,611	386	6	4,003	321	4,324
Net Increase (Decrease) in Cash and Cash Equivalents	5,414	1,935	121	7,470	(3,717)	3,753
Cash and Cash Equivalents - Beginning of Year	70,314	9,176	59	79,549	6,935	86,484
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 75,728</u></b>	<b><u>\$ 11,111</u></b>	<b><u>\$ 180</u></b>	<b><u>\$ 87,019</u></b>	<b><u>\$ 3,218</u></b>	<b><u>\$ 90,237</u></b>
<b>RECONCILIATION OF OPERATING INCOME ( LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 1,409	\$ 2,786	\$ (40)	\$ 4,155	\$ 272	\$ 4,427
<b>Adjustments to Reconcile Operating income to Net Cash Provided (Used) by Operating Activities</b>						
Depreciation	4,378	1,233	-	5,611	495	6,106
Decrease (Increase) in Accounts Receivable	425	(352)	40	113	1,174	1,287
Decrease (Increase) in Unbilled Receivables	328	(109)	58	277	-	277
Decrease (Increase) in Inventory	(69)	-	-	(69)	-	(69)
Increase (Decrease) in Accounts Payable	467	(246)	3	224	(158)	66
Increase (Decrease) in Accrued Payroll	61	18	1	80	(61)	19
Increase (Decrease) in Claims Payable	(6)	-	-	(6)	-	(6)
Increase (Decrease) in Deposits	172	1	(2)	171	(17)	154
Increase (Decrease) in Compensated Absences	57	29	4	90	(70)	20
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 7,222</u></b>	<b><u>\$ 3,360</u></b>	<b><u>\$ 64</u></b>	<b><u>\$ 10,646</u></b>	<b><u>\$ 1,635</u></b>	<b><u>\$ 12,281</u></b>

See Independent Auditors' Report and Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH  
STATEMENT OF FIDUCIARY FUND NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2008  
(In Thousands)**

	Total Agency Funds	Trust Fund - Retirement Supplemental Fund
<b>ASSETS</b>		
Cash and Investments	\$ 3,670	\$ 22,954
Cash with Fiscal Agent	4,140	-
Accounts Receivable, Net	246	188
<b>Total Assets</b>	<b><u>\$ 8,056</u></b>	<b><u>\$ 23,142</u></b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 139	\$ 14
Due to Bondholders	5,695	-
Held for Others	2,222	-
Net Pension/Benefit Obligation	-	4,440
<b>Total Liabilities</b>	<b><u>8,056</u></b>	<b><u>4,454</u></b>
<b>NET ASSETS</b>		
Held in Trust For Pension Benefits and Other Purposes	<b><u>\$ -</u></b>	<b><u>\$ 18,688</u></b>

**CITY OF HUNTINGTON BEACH  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS  
TRUST FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)**

	Trust Fund - Retirement Supplemental Fund
<b>ADDITIONS</b>	
Employer Contributions	\$ 3,746
Other Income	343
Interest Income	903
<b>Total Additions</b>	<b><u>\$ 4,992</u></b>
<b>DEDUCTIONS</b>	
Benefits	1,974
Total Deductions	1,974
Change in Net Assets	3,018
Net Assets- Beginning of Year	15,670
<b>Net Assets- End of Year</b>	<b><u>\$ 18,688</u></b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

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## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Reporting Entity

The City of Huntington Beach is the primary government. It was incorporated in 1909, is 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 prepared 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, 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### b. Government-wide Financial Statements

The government-wide financial statements include a Statement of Net Assets, a Statement of Activities, and Changes in Net Assets. 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 with 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 or account group. They simply distinguish between governmental and business activities. The City’s statement of net assets includes both current and non-current assets and liabilities.

#### **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.



## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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 as established by the City Council.

**Unrestricted Net Assets** – represent 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 business type activities, 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 applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

#### **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 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, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.



## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the Fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the City Council and Management and can be increased, reduced, or eliminated by similar actions.

#### **Governmental Fund Financial Statements**

Governmental Fund 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 net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City presents all major funds that met those qualifications.

#### **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 and non-major funds aggregated.

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.



## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Fiduciary Fund Financial Statements**

Fiduciary Fund Financial Statements include a Statement of Net Assets and a Statement of Changes in Net Assets for Trust Funds. The City's Fiduciary funds represent 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 employee. Contributions made are funded by a percentage of 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.

**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 low income 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 the activities of the City's refuse program

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

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

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

The **Capital Projects Funds** are used to account for the acquisition and construction of capital assets other than those financed by proprietary fund types



# City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Other Enterprise Funds

- **Emerald Cove Housing Fund** – accounts for the operations of a senior-citizens apartment complex
- **Emergency Fire Medical Fund** – accounts for the user-fee portion of the City's paramedic service
- **Hazmat Service Fund** – accounts for user fees charged for City's hazardous material program
- **Ocean View Estates Fund** – accounts for the operation of the Ocean View Estates Mobile Home Park owned by the City

### 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 district
- **Huntington Beach Auto Business Improvement District Fund** - accounts for the activities of the City's business improvement district
- **Central Net Operations Authority Fund** - accounts for the activity of the Central Net Operations Authority
- **Retiree Medical Insurance Fund** - accounts for the City's medical retirement program. During the year, the city adopted Government Accounting Standards Board (GASB) Statement 45, and the balance of this fund was transferred to an irrevocable trust (see note 8)

### Reconciliations of Financial Statements

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

#### d. Cash and Investments

The City records investments at fair value. The City pools cash resources of its various funds to facilitate cash management. Cash in excess of current requirements 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 ending accounting period cash and investment balances. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less at the time of acquisition.



# City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 with the full faith and credit of the State of California collateralizing these investments. 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 38.

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

### 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. Capital assets have an acquisition cost of \$50,000 or greater (\$100,000 for infrastructure) and a useful life of two years 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 market value at the time received, or in the case of infrastructure assets, at City Council acceptance date.

In the Government-Wide and proprietary fund financial statements, depreciation is recorded on the straight-line method over the estimated useful lives of the assets shown below and charged to the respective 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



# City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest is capitalized on proprietary fund assets acquired with 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 with interest earned on the invested proceeds over the same period.

### f. Inventories

Proprietary 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 activity 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, 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 fund 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 other financing source or use. Issuance costs are recorded a current year expenditure.



## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i. Employee Compensated Absences

The City records the cost of all accumulated and unused leave time (vacation, sick, comp) as a liability when earned in the government-wide financial statements. In the fund financial statements these amounts are recorded as expenditures in the years paid since it is the City's policy to pay these from future financial resources, rather than available, spendable resources.

#### 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 Balance 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, July 1 - Prior 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



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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              |

**k. Cash Flow Statements**

For purposes of the Statement of Cash Flows, the Proprietary Fund types consider all cash and investments to be cash equivalents, as these funds participate in the citywide cash and investment pool.

**l. Estimates**

The accompanying financial statements require management to make estimates and assumptions that effect certain report 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 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and GASB Statement 50, *Pension Disclosure – an amendment of GASB Statements No. 25 and No. 27*.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**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, credit 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%**	10%
Time Certificate of Deposits	3 years	50%	10%
Negotiable Certificates of Deposit	3/5 years***	30%	10%
Repurchase Agreements	3 months	20%	10%
Reverse-Repurchase Agreements ****	92 days	50%	10%
Local Agency Investment Fund (LAIF)	5 years	No Limit	\$60,000,000
Commercial Paper	270 days	25%	10%
Municipal Bonds from Any State	5 years	50%	10%
Money Market Funds	60 Day Wgt Avg	15%	10%
Medium Term Notes	5 years	20%/30%****	10%

N/A - Not Applicable

\*\* - 40% only with City Council approval

\*\*\* - 5 years only with City Council approval

\*\*\*\* - 30% with City Council approval

\*\*\*\*\* - Only with City Council approval



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**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, credit 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 Enterprise 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, 2008

### 2. CASH AND INVESTMENTS (Continued)

Cash and investments were recorded in the government-wide statements as follows (in thousands):

DEPOSITS:	Investment Maturities (In Years)					Total
	Fair Value	Less than 1	1 to 3	3 to 5	more than 5	
Demand Accounts	\$ 1,554	\$ 1,554	\$ -	\$ -	\$ -	\$ 1,554
<b>INVESTMENTS:</b>						
US Treasuries	12,098	12,098	-	-	-	12,098
US Agencies	112,015	34,085	41,988	35,942	-	112,015
Guaranteed Investment Contracts	6,800	-	-	-	6,800	6,800
Commercial Paper	11,914	11,914	-	-	-	11,914
Money Market Funds	3,550	3,550	-	-	-	3,550
Medium Term Notes	3,967	2,000	1,967	-	-	3,967
Local Agency Investment Fund	63,363	63,363	-	-	-	63,363
<b>Subtotal of Investments</b>	<b>213,707</b>	<b>127,010</b>	<b>43,955</b>	<b>35,942</b>	<b>6,800</b>	<b>213,707</b>
<b>Total Deposits and Investments</b>	<b>\$ 215,261</b>	<b>\$ 128,564</b>	<b>\$ 43,955</b>	<b>\$ 35,942</b>	<b>\$ 6,800</b>	<b>\$ 215,261</b>

At Year end the City had the following investments and maturities (amounts in thousands):

<b>Statement of Net Assets:</b>	
Cash and Investments	\$ 87,128
Restricted Assets (Cash and Cash Equivalents)	85,649
Cash with Fiscal Agent - Restricted	11,720
<b>Total Per Statement of Net Assets</b>	<b>184,497</b>
Fiduciary Funds:	
Cash and Investments	26,624
Cash with Fiscal Agent - Restricted	4,140
<b>Total Fiduciary Funds</b>	<b>30,764</b>
<b>Total Cash and Investments</b>	<b>\$ 215,261</b>

*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.

*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 AAA, AA, and AA- and Aaa, Aa2, or Aa3 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



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**2. CASH AND INVESTMENTS (Continued)**

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, Standard and Poor's and Moody's ratings of the City's investments in commercial paper were A1 or better, and P-1 respectively.

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

*Concentration of Credit Risk* – The City's investment policy limits investments in any one issuer, except for U.S. Treasury Securities and U.S. Government Agencies 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 that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Par Value Amount
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	\$32,000,000
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	\$40,000,000
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	\$18,000,000
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$22,000,000

*Local Agency Investment Fund* – The City holds investments with the Local Agency Investment Fund (LAIF), a State of California investment pool, which at year-end also included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend on one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flow from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.



## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

### 2. CASH AND INVESTMENTS (Continued)

*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 or fully guaranteed by a government entity and no losses are expected.

As of September 30, 2008, the City held \$87,919,000 in callable securities, which amounted to approximately 45% of investments. LAIF had invested 17.99% of the pooled investments funds in Structured Notes and Asset-Backed Securities. This external investment pool is not rated.

### 3. OTHER RECEIVABLE

#### a. Deferred Loans – Developers

Loans made to developers to construct or rehabilitate certain facilities under deferred loan agreements total \$28,986,000 at year-end. These loans are deferred until a future event occurs. Loans made by the Agency total \$21,046,000 and loans made under the Home Program total \$7,940,000.

#### b. Deferred Loans – Housing Rehabilitation

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 \$3,046,000 at year-end. These loans are deferred until a future event occurs.

#### c. Other Receivables

A summary of Other Receivable as of September 30, 2008 is as follows:

<u>Descripton</u>	<u>Amount</u>
Deferred Loans Receivable	\$ 28,986,000
Housing Rehabilitation Loans Receivable	3,046,000
Emergency Medical Fee Receivable	1,028,000
Franchise Fee Receivable	1,859,000
Gas Tax Fund - Federal Grant Receivable	1,775,000
Other Receivables	4,132,000
Total	<u>\$ 40,826,000</u>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**4. DEFERRED COMPENSATION**

Permanent City employees may defer a portion of their salary under tax-deferred plans as permitted under Internal Revenue Code. These plan permits 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.

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 no longer 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 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. The other amounts are unearned revenue in both the funds and government-wide financial statements. The amounts are as follows (in thousands):

	<b>Property Taxes</b>	<b>Deferred Loans - Developers</b>	<b>Deferred Loans - Housing Rehabilitation</b>	<b>Other Deferred Revenue</b>	<b>Total</b>
General Fund	\$ 15,218	\$ -	\$ -	\$ 41	\$ 15,259
Redevelopment Agency Debt Service	3,371	-	-	-	3,371
Low Income Housing	-	21,046	-	-	21,046
Grants	-	7,940	3,046	946	11,932
<b>Total</b>	<b>\$ 18,589</b>	<b>\$ 28,986</b>	<b>\$ 3,046</b>	<b>\$ 987</b>	<b>\$ 51,608</b>

Deferred Loans to developers and for housing rehabilitation is discussed in the notes receivable note.

**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



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**6. RETIREMENT PLAN – NORMAL (Continued)**

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.

**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 ending Year-end are:

	<b>October 1, 2007 to June 30, 2008</b>	<b>July 1, 2008 to Year end</b>
<b>Local Miscellaneous</b>	<b>8.212%</b>	<b>8.245%</b>
<b>Local Safety</b>	<b>28.261%</b>	<b>28.142%</b>

**c. Employer and Employee Contribution Obligations**

The member rates are as follows:

	<b>Rate</b>
<b>Local Miscellaneous</b>	<b>7.000%</b>
<b>Local Safety</b>	<b>9.000%</b>

**d. Annual Pension Cost**

The City's annual pension cost of \$13,704,000 was equal to the City's required and actual contributions. The required contribution was determined as part of a June 30, 2005 and 2006, actuarial valuations using the entry age normal actuarial cost method.

CalPERS conducted an actuarial valuation using the entry-age actuarial cost method using a level percent of payroll to determine the City's net pension obligation as of June 30, 2008. Significant assumptions were:

- Average amortization remaining period -18 years as of the Valuation Date – closed end
- Asset valuation method - 3 years smoothed market



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**6. RETIREMENT PLAN – NORMAL (Continued)**

- 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%
- 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 .25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level 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 period, which results in an amortization of 10% of the unamortized gains and losses each year. 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.

**e. 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
9/30/2006	\$ 3,123	100%	\$ -	\$ 8,616	100%	\$ -
9/30/2007	\$ 3,375	100%	\$ -	\$ 9,046	100%	\$ -
9/30/2008	\$ 3,745	100%	\$ -	\$ 9,959	100%	\$ -

**f. Funded Status and Funding Progress**

Below is the funding progress based on the June 30, 2007 actuarial valuation for the miscellaneous and safety plans:

Plan	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
Safety	\$ 409,859	\$ 338,305	\$ (71,554)	82.5%	\$ 34,961	-204.7%
Miscellaneous	295,078	287,302	(7,776)	97.4%	44,249	-17.6%
<b>Total</b>	<b>\$ 704,937</b>	<b>\$ 625,607</b>	<b>\$ (79,330)</b>	<b>88.7%</b>	<b>\$ 79,210</b>	<b>-100.2%</b>

The schedule of funding progress presented as 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.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**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 CalPERS. It is a defined benefit plan and will pay the retiree an additional amount to his or her normal amount for life. The City's contracts with employee bargaining associations 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 1,143 active employees reported on the September 30, 2008 data, only 546 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. The assets used to pay these liabilities have not yet been set up in a legal trust.

**b. Employer Obligations and Funding Status and Progress**

The City annually transfers amounts from the various City funds to a pension trust fund. The City is required to contribute the actuarially determined rate of 4.20% of total payroll for all permanent employees. Administrative costs of this plan are financed through investment earnings.

**c. Annual Pension Cost and Net Pension Obligation**

The City's annual pension cost and net pension obligation for this plan fiscal year 2007/08 were (in thousands):

Annual required contribution	\$ 3,419
Interest on net pension obligation	262
Adjustment to annual required contribution	<u>(389)</u>
Annual pension cost	3,292
Contributions made	<u>(3,627)</u>
Increase (decrease) in net pension obligation	(335)
Net Pension Obligation – Beginning of Year	<u>4,775</u>
<b>Net Pension Obligation – End of Year</b>	<b><u><u>\$ 4,440</u></u></b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)**

The annual required contribution was determined as part of an independent actuarial valuation 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% per annum
- Projected salary increases due to merit - 0%
- Inflation rate - 3.0%
- Post employment 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):

<b>Fiscal Year</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Funded</b>	<b>Net Pension Obligation</b>
2005/06	\$2,851	138%	\$6,548
2006/07	\$2,691	166%	\$4,775
2007/08	\$3,292	110%	\$4,440

Below is other required trend information (dollar amounts in thousands):

<b>Fiscal Year Ending September 30</b>	<b>Annual Required Contribution</b>	<b>Percentage of ARC Contributed</b>
2006	3,022	130%
2007	2,850	157%
2008	3,419	106%

**e. Funded Status and Funding Progress**

Below is the funding progress based on the September 30, 2008 actuarial valuation update (dollar amounts in thousands):

<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
\$ 52,777	\$ 22,722	\$ (30,055)	43.1%	\$ 78,777	-38.2%



## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

### 7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

The schedule of funding progress presented as 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.

#### f. Accounting for Plan

Since the City is required to adopt GASB 25 for the supplemental pension plan, the difference between the ARC and the amount of pension cost funded for the years in which there was an actuarial study must be recorded as a liability in the government-wide financial statements. The amount of this liability is \$4,440,000. Benefits are recognized when due and payable (see Note 11).

### 8. POST-EMPLOYMENT MEDICAL INSURANCE

#### a. Plan Description

The City agreed, via contract, with each employee association to provide post-employment medical insurance to retirees. These Other Post Employment 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

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.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**8. POST-EMPLOYMENT MEDICAL INSURANCE (Continued)**

**b. Accounting and Funding**

The City implemented Governmental Accounting Standards Board Statement 45 for 2007/08 fiscal year and conducted an actuarial study to determine all of the required disclosures. The City utilized the California Employers' Retiree Benefit Trust (CERBT) to establish the trust for the benefit. In prior years, the City had prefunded these benefits and recorded the amounts in an agency fund. During the year, \$10,341,000 was transferred to the CERBT. Benefits paid from the CERBT were \$1,969,000. The assets of the CERBT are excluded from the accompanying financial statements since they are in an irrevocable trust. The City's policy is to make 100% of each year's ARC. Actuarial assumptions 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

Below are the required disclosures for this plan (in thousands):

Actuarial Accrued liability	\$23,470
Normal Cost	\$843
Assets	\$8,730
Funded Status	37.2%

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

Employer Contributions to CERBT	\$ 8,895
Direct Contributions – CALPERS and city health plan contributions	678
Implicit subsidy	768
Total Actual contributions	<u>\$ 10,341</u>
 Annual Required Contribution (ARC)	
Amortization of Actuarially Accrued Liability	\$ 1,298
Normal Cost	816
Total ARC – Equal to AOC	<u>\$ 2,114</u>
 Development of NOO / NOA	
NOO, beginning of year	\$ -
AOC	2,114
Employer Contribution	(10,341)
NOA	<u>\$ (8,227)</u>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**8. POST-EMPLOYMENT MEDICAL INSURANCE (Continued)**

The City's actual contributions exceed the annually required contribution by \$8,227,000. The excess contribution, or other postemployment benefits asset, is reported as a governmental activity on the government-wide financial statements. The actual contributions of \$10,341,000 and annual required contribution of \$2,114,000 is reported as revenue and expenses in the non-departmental governmental activities program.

**c. Other Disclosures**

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost (AOC) (Employer Contribution)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
9/30/06	N/A	N/A	N/A	N/A
9/30/07	N/A	N/A	N/A	N/A
9/30/08	\$2,114	\$10,341	489.2%	(\$8,227)

**d. Funding Status and Funding Progress**

As of June 30, 2008, the most recent actuarial valuation date, the plan was 37.2% funded. The actuarial accrued liability for benefits was \$23.5 million, and the actuarial value of assets was \$8.7 million, resulting in an unfunded accrued liability (UAAL) of \$14.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$78.8 million, and the ratio of the UAAL to the covered payroll was 18.7%.

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.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**8. POST-EMPLOYMENT MEDICAL INSURANCE (Continued)**

**e. Annual Medical Inflation (“Trend”)**

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:

<b>Year</b>	<b>Annual Rate</b>
2007/08	11.0%
2008/09	10.0%
2009/10	9.0%
2010/11	8.0%
2011/12	7.0%
2012/13	6.0%
2013/14	5.0%

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 liabilities 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, 2008

### 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 or member cities. BICEP allows member entities to finance 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. 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, 2008**

**9. RISK MANAGEMENT (Continued)**

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

	<b>Workers Compensation</b>	<b>Liability Insurance</b>	<b>Total</b>
<b>Balance September 30, 2006</b>	<b>\$ 6,734</b>	<b>\$ 3,022</b>	<b>\$ 9,756</b>
Additions	1,585	2,772	4,357
Reductions	(1,733)	(2,184)	(3,917)
Net Increase (Decrease)	(148)	588	440
<b>Balance September 30, 2007</b>	<b>6,586</b>	<b>3,610</b>	<b>10,196</b>
Additions	2,216	2,268	4,484
Reductions	(2,298)	(550)	(2,848)
Net Increase (Decrease)	(82)	1,718	1,636
<b>Balance September 30, 2008</b>	<b>\$ 6,504</b>	<b>\$ 5,328</b>	<b>\$ 11,832</b>

Below is a reconciliation of the above schedule of total claims payable to the financial statements (in thousands):

Current Claims Payable - Reported on the Balance Sheet of Both the Government-Wide and Fund Statements	\$ 5,464
Claims Payable - Long-Term (Greater than One Year) - Reported in Government-Wide Statements, but not in Fund Statements	6,368
<b>Total</b>	<b>\$ 11,832</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**10. INTERFUND TRANSACTIONS**

**a. Due To/From Other Funds**

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

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
Major Governmental Funds		
Redevelopment Agency Capital Projects	\$ 956	\$ -
Redevelopment Agency Debt Service	-	956
Other Governmental Funds		
Gas Tax	718	-
Special Library	-	51
Drainage	-	667
Total Due to/from Governmental Funds	\$ 1,674	\$ 1,674

These outstanding balances result mainly from short-term borrowings to cover payments for goods and services.

**b. Advances to/from Other Funds**

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

	<b>Advances to Other Funds</b>	<b>Advances from Other Funds</b>
Major Governmental Funds		
General Fund	\$ 1,321	\$ -
Redevelopment Agency Capital Projects	302	1,363
Redevelopment Agency Debt Service	-	302
Low-Income Housing Capital Projects	1,363	-
Other Governmental Funds		
Park Acquisition and Development	-	1,321
Total Due to/from Governmental Funds	\$ 2,986	\$ 2,986

There is a \$1,321,000 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 in within 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 Educational Revenue Augmentation Fund payments and Main Pier property acquisitions. There are no scheduled repayments for this advance.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**10. INTERFUND TRANSACTIONS (Continued)**

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. There are no scheduled repayments for this advance.

**c. Transfers In/Out**

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

Transfers In	Transfers Out					
	General Fund	Grants Special Revenue	RDA Debt Service Fund	RDA Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
General Fund	\$ -	\$ 820	\$ 4,000	\$ -	\$ 1,142	\$ 5,962
Low Income Housing Fund	-	-	3,405	-	-	3,405
Grants	25	267	-	1,268	-	1,560
Other Governmental Funds	7,335	-	70	17	256	7,678
<b>Total Governmental Funds</b>	<b>7,360</b>	<b>1,087</b>	<b>7,475</b>	<b>1,285</b>	<b>1,398</b>	<b>18,605</b>
Refuse Fund	51	-	-	-	-	51
<b>Total Transfers Out</b>	<b>\$ 7,411</b>	<b>\$ 1,087</b>	<b>\$ 7,475</b>	<b>\$ 1,285</b>	<b>\$ 1,398</b>	<b>\$ 18,656</b>

Transfers In	Transfer Out		
	Total Governmental Funds	Other Enterprise Funds	Total Transfers In
General Fund	\$ 5,962	\$ 5,359	\$ 11,321
Low Income Housing Fund	3,405	-	3,405
Grants	1,560	-	1,560
Other Governmental Funds	7,678	314	7,992
<b>Total Governmental Funds</b>	<b>18,605</b>	<b>5,673</b>	<b>24,278</b>
Refuse Fund	51	-	51
<b>Total Transfers Out</b>	<b>\$ 18,656</b>	<b>\$ 5,673</b>	<b>\$ 24,329</b>

The following is a summary of the significant transfers:

- \$7,335,000 was transferred from the General Fund to Other Governmental Funds primarily for debt service payments
- \$4,000,000 was transferred from the Redevelopment Agency Debt Service Fund to the General Fund to repay the General Fund Loan to the Redevelopment Agency
- \$3,405,000 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
- \$5,359,000 was transferred from other enterprise funds to the General Fund for funds that were closed



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**10. INTERFUND TRANSACTIONS (Continued)**

Below is a reconciliation between the amounts in the above table to amounts in the accompanying government-wide financial statements (in thousands):

**Governmental Funds**

Transfer In	\$ 24,278
Transfer Out	<u>(18,656)</u>
Net Transfer In - Governmental Funds	5,622
Capital Asset Transfer In from Other Enterprise Funds	<u>3,972</u>
Net Transfer In - Governmental Activities	<u><u>\$ 9,594</u></u>

**Other Enterprise Funds**

Transfer In	\$ 51
Transfer Out	<u>(5,673)</u>
Net Transfer Out - Other Enterprise Funds	(5,622)
Capital Asset Transfer Out to Governmental Activities	<u>(3,972)</u>
Net Transfer Out - Business Type Activities	<u><u>\$ (9,594)</u></u>

Capital assets of \$3,972,000 were transferred from other enterprise funds, including the Emergency Fire Medical Fund and the Ocean View Estates Fund, to Governmental Activities on the government-wide financial statements. These enterprise funds were closed as of year-end.



## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

### 11. LONG-TERM OBLIGATIONS

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

Governmental Activities:	October 1, 2007	Additions	Retirements	September 30, 2008	Accrued Interest	Due Within One Year
Judgment Obligation Bonds	\$ 10,795	\$ -	\$ (745)	\$ 10,050	\$ 246	\$ 765
<b>Public Financing Authority:</b>						
1997 Leasehold Revenue Bonds	3,025	-	(80)	2,945	133	85
2000 Certificates of Participation	14,215	-	(700)	13,515	60	730
2001-a Lease Revenue Bonds	27,750	-	(675)	27,075	107	700
2001-b Lease Revenue Bonds	21,340	-	(1,745)	19,595	136	1,800
<b>Total Public Financing Authority</b>	<b>66,330</b>	<b>-</b>	<b>(3,200)</b>	<b>63,130</b>	<b>436</b>	<b>3,315</b>
<b>Redevelopment Agency:</b>						
1999 Tax Allocation Refunding Bonds	7,790	-	(380)	7,410	58	390
2002 Tax Allocation Refunding Bonds	17,095	-	(845)	16,250	124	870
Mayer Disposition and Development Agreement	7,101	455	(746)	6,810	-	-
Bella Terra OPA (Parking)	14,855	1,030	(1,353)	14,532	-	-
Section 108 Loan/Bowen Court	6,895	-	(365)	6,530	78	390
<b>Total Redevelopment Agency</b>	<b>53,736</b>	<b>1,485</b>	<b>(3,689)</b>	<b>51,532</b>	<b>260</b>	<b>1,650</b>
<b>Other Long-Term Obligations:</b>						
Leases Payable	2,281	-	(600)	1,681	-	521
Compensated Absences	11,068	4,277	(3,092)	12,253	-	2,625
Net Pension Obligation	4,775	-	(335)	4,440	-	-
Claims Payable	4,672	2,268	(572)	6,368	-	-
<b>Total Other Long-Term Obligations</b>	<b>22,796</b>	<b>6,545</b>	<b>(4,599)</b>	<b>24,742</b>	<b>-</b>	<b>3,146</b>
<b>Total Long-Term Obligations - Governmental Activities</b>	<b>\$ 153,657</b>	<b>\$ 8,030</b>	<b>\$ (12,233)</b>	<b>\$ 149,454</b>	<b>\$ 942</b>	<b>\$ 8,876</b>

Below are reconciliations from amounts in the above table to amounts in the accompanying government-wide financial statements (in thousands):

<b>Issuance of Long-Term Debt in Governmental Fund Financial Statements</b>	<b>\$ -</b>
Increase in Mayer Disposition and Development Agreement	455
Increase in Bella Terra OPA (Parking)	1,030
Increase in Net Pension Obligation	-
Increase in Compensated Absences	4,277
Increase in Claims Payable	2,268
<b>Increases in Above Schedule</b>	<b>\$ 8,030</b>
<b>Principal Paid in Governmental Fund Financial Statements</b>	<b>\$ 8,234</b>
Decrease in Compensated Absences	3,092
Decrease in Net Pension Obligation	335
Decrease in Claims Payable	572
<b>Decreases in Above Schedule</b>	<b>\$ 12,233</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

**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

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2009	765	369	1,134
2010	785	346	1,131
2011	810	320	1,130
2012	840	292	1,132
2013	865	260	1,125
2014-2018	4,885	741	5,626
2019	1,100	23	1,123
<b>Total</b>	<b>\$ 10,050</b>	<b>\$ 2,351</b>	<b>\$12,401</b>

**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 <sup>th</sup> and December 15 <sup>th</sup>
Principal Payment Dates	December 15 <sup>th</sup>
Purpose of Debt	Construct Pier Plaza and Purchase 800 MHZ System



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2009	85	159	244
2010	90	154	244
2011	95	149	244
2012	100	144	244
2013	105	139	244
2014-2018	610	599	1,209
2019-2023	805	406	1,211
2024-2028	1,055	152	1,207
<b>Total</b>	<b>\$ 2,945</b>	<b>\$ 1,902</b>	<b>\$ 4,847</b>

**(2) 2000 Public Financing Authority Certificates of Participation**

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

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2009	730	714	1,444
2010	760	680	1,440
2011	490	645	1,135
2012	510	622	1,132
2013	535	598	1,133
2014-2018	3,115	2,554	5,669
2019-2023	3,235	1,626	4,861
2024-2028	2,795	848	3,643
2029-2030	1,345	110	1,455
<b>Total</b>	<b>\$ 13,515</b>	<b>\$ 8,397</b>	<b>\$21,912</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

**(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 <sup>st</sup> and September 1 <sup>st</sup>
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
2009	700	1,288	1,988
2010	725	1,262	1,987
2011	750	1,234	1,984
2012	785	1,204	1,989
2013	815	1,170	1,985
2014-2018	4,640	5,284	9,924
2019-2023	5,835	4,092	9,927
2024-2028	7,425	2,502	9,927
2029-2031	5,400	548	5,948
<b>Total</b>	<b>\$ 27,075</b>	<b>\$ 18,584</b>	<b>\$45,659</b>

**(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, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2009	1,800	818	2,618
2010	1,880	737	2,617
2011	1,955	662	2,617
2012	2,030	589	2,619
2013	2,110	510	2,620
2014-2018	8,785	1,235	10,020
2019	1,035	52	1,087
<b>Total</b>	<b>\$ 19,595</b>	<b>\$ 4,603</b>	<b>\$24,198</b>

**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 <sup>st</sup> and August 1 <sup>st</sup>
Principal Payment Dates	August 1 <sup>st</sup>
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
2009	390	350	740
2010	410	334	744
2011	430	317	747
2012	450	298	748
2013	465	278	743
2014-2018	2,705	1,044	3,749
2019-2023	2,200	402	2,602
2024	360	18	378
<b>Total</b>	<b>\$ 7,410</b>	<b>\$ 3,041</b>	<b>\$10,451</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**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 <sup>st</sup> and August 1 <sup>st</sup>
Principal Payment Dates	August 1 <sup>st</sup>
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
2009	870	742	1,612
2010	910	712	1,622
2011	945	677	1,622
2012	995	641	1,636
2013	1,040	601	1,641
2014-2018	5,905	2,283	8,188
2019-2023	4,805	875	5,680
2024	780	39	819
<b>Total</b>	<b>\$ 16,250</b>	<b>\$ 6,570</b>	<b>\$22,820</b>

**(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 \$6,810,000. Project-generated revenues as available will repay these amounts over the time needed to fully amortize the advance.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

**(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 \$14,532,000. Project-generated revenues as available will repay these amounts over the time needed to fully amortize the advance.

**(5) Section 108 Loan**

Year of Issuance	2000
Type of Debt	Loan from Federal Government
Original Principal Amount	\$8,570,000
Security	Loan Agreement with Federal Government
Interest Rates	7.7%
Interest Payment Dates	February 1 <sup>st</sup> and August 1 <sup>st</sup>
Principal Payment Dates	August 1 <sup>st</sup>
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
2009	390	467	857
2010	415	439	854
2011	445	408	853
2012	970	375	1,345
2013	500	339	839
2014-2018	3,070	1,278	4,348
2019	740	59	799
<b>Total</b>	<b>\$ 6,530</b>	<b>\$ 3,365</b>	<b>\$ 9,895</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

**d. Other Long-Term Obligations**

**(1) Leases Payable**

The City entered into capital leases for various items:

Year of Insurance	2001 through 2007
Type of Debt	Capital Leases
Original Principal Amount	Various (\$10,000 to \$1,800,000)
Security	Lease Agreement
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
2009	520	68	588
2010	304	47	351
2011	285	34	319
2012	282	21	303
2013	290	8	298
<b>Total</b>	<b>\$ 1,681</b>	<b>\$ 178</b>	<b>\$ 1,859</b>

**(2) Compensated Absences**

There is no repayment schedule to pay the compensated absences amount of \$12,253,000 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 actuarial liability for the unfunded net pension obligation totaling \$4,440,000 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, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

**(4) Claims Payable**

There is no repayment schedule for the claims payable of \$6,368,000 described in note 9. The City pays the claims upon final settlement.

**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, 2007	Additions	Retirements	September 30, 2008	Accrued Interest	Due Within One Year
Compensated Absences	\$ 1,059	\$ 291	\$ (272)	\$ 1,078	\$ -	\$ -
Leases Payable	12	-	(3)	9	-	3
<b>Total Long-Term Obligations - Business Activities</b>	<b>\$ 1,071</b>	<b>\$ 291</b>	<b>\$ (275)</b>	<b>\$ 1,087</b>	<b>\$ -</b>	<b>\$ 3</b>

**1) Compensated Absences**

There is no repayment schedule for the compensated absences amount of \$1,078,000 relating to business activities.

**(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	Lease Agreement
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
2009	3	1	4
2010	3	-	3
2011	3	-	3
<b>Total</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ 10</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

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

Community Facilities Districts: (in thousands)	(in	October 1, 2007	Additions	Retirements	September 30, 2008
Community Facilities District No. 1990-1					
Special Tax Refunding Bonds	\$	1,655	\$ -	\$ (95)	\$ 1,560
Community Facilities District 2000-1					
Special Assessment Tax Bonds		14,955	-	(295)	14,660
Community Facilities District NO. 2002-1					
Special Assessment Tax Bonds		4,870	-	(25)	4,845
Community Facilities District NO. 2003-1					
Special Assessment Tax Bonds		24,110	-	(465)	23,645
<b>Total Community Facilities Districts</b>		<b>45,590</b>	<b>-</b>	<b>(880)</b>	<b>44,710</b>
Residential Redevelopment Bonds		25,500	-	-	25,500
<b>Total Obligations Not Recorded in Financial Statements</b>	<b>\$</b>	<b>71,090</b>	<b>\$ -</b>	<b>\$ (880)</b>	<b>\$ 70,210</b>

**(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 <sup>st</sup>

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2009	100	80	180
2010	100	75	175
2011	110	70	180
2012	110	65	175
2013	120	59	179
2014-2018	690	187	877
2019-2021	330	19	349
<b>Total</b>	<b>\$ 1,560</b>	<b>\$ 555</b>	<b>\$ 2,115</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

**(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 <sup>st</sup> and March 1 <sup>st</sup>
Principal Payment Dates	September 1st
Purpose of Debt	Public Improvements for Grand Coast Resort

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2009	305	928	1,233
2010	325	912	1,237
2011	340	895	1,235
2012	360	876	1,236
2013	380	855	1,235
2014-2018	2,290	3,892	6,182
2019-2023	3,120	3,059	6,179
2024-2028	4,265	1,915	6,180
2029-2031	3,275	431	3,706
<b>Total</b>	<b>\$ 14,660</b>	<b>\$ 13,763</b>	<b>\$28,423</b>

**(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 <sup>st</sup> and September 1 <sup>st</sup>
Principal Payment Dates	September 1 <sup>st</sup>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2009	30	296	326
2010	40	295	335
2011	50	293	343
2012	55	290	345
2013	65	288	353
2014-2018	515	1,371	1,886
2019-2023	905	1,179	2,084
2024-2028	1,460	834	2,294
2029-2032	1,725	282	2,007
<b>Total</b>	<b>\$ 4,845</b>	<b>\$ 5,128</b>	<b>\$ 9,973</b>

**(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 <sup>st</sup> and September 1 <sup>st</sup>
Principal Payment Dates	September 1 <sup>st</sup>

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2009	485	1,323	1,808
2010	500	1,305	1,805
2011	520	1,284	1,804
2012	545	1,263	1,808
2013	570	1,236	1,806
2014-2018	3,305	5,728	9,033
2019-2023	4,330	4,698	9,028
2024-2028	5,750	3,281	9,031
2029-2033	7,640	1,391	9,031
<b>Total</b>	<b>\$ 23,645</b>	<b>\$ 21,509</b>	<b>\$45,154</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**11. LONG-TERM OBLIGATIONS (Continued)**

**(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):

<b><u>Bond Issue</u></b>	<b>Outstanding Year end</b>	<b>Original Issue Amount</b>
Five Points Senior Project Multi-Family Housing Revenue Bonds – Series A – 1991	\$9,500	\$9,500
Huntington Breakers Mortgage Revenue Bonds Refunding Issue – 1996 Series A	\$16,000	\$16,000
<b>Total</b>	<b>\$25,500</b>	<b>\$25,500</b>



**City of Huntington Beach**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2008**

**12. CAPITAL ASSETS**

**a. Changes in Capital Assets**

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

	October 1, 2007	Additions	Dispositions	September 30, 2008
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated:				
Land	\$ 360,971	5,371	-	\$ 366,342
Construction in Progress	3,929	3,118	(420)	6,627
Joint Ventures	1,498	225	-	1,723
<b>Total Capital Assets -Not Depreciated</b>	<b>366,398</b>	<b>8,714</b>	<b>(420)</b>	<b>374,692</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	138,765	560	(1,290)	138,035
Machinery and Equipment	60,478	3,932	(17,584)	46,826
Infrastructure	300,831	10,757	(1,633)	309,955
<b>Total Capital Assets Being Depreciated</b>	<b>500,074</b>	<b>15,249</b>	<b>(20,507)</b>	<b>494,816</b>
Less Accumulated Depreciation:				
Buildings	(33,477)	(2,842)	603	(35,716)
Machinery and Equipment	(40,583)	(3,182)	11,788	(31,977)
Infrastructure	(158,991)	(6,106)	1,279	(163,818)
<b>Total Accumulated Depreciation</b>	<b>(233,051)</b>	<b>(12,130)</b>	<b>13,670</b>	<b>(231,511)</b>
Total Depreciated - Net	267,023	3,119	(6,837)	263,305
<b>Total Capital Assets</b>	<b>866,472</b>	<b>23,963</b>	<b>(20,927)</b>	<b>869,508</b>
Total Accumulated Depreciation	(233,051)	(12,130)	13,670	(231,511)
<b>Capital Assets of Governmental Activities - Net</b>	<b>\$ 633,421</b>	<b>\$ 11,833</b>	<b>\$ (7,257)</b>	<b>\$ 637,997</b>

	October 1, 2007	Additions	Dispositions	September 30, 2008
<b>Business Activities:</b>				
Capital Assets, Not Depreciated:				
Land	\$ 7,840	-	(2,644)	\$ 5,196
Construction in Progress	10,786	1,425	-	12,211
<b>Total Capital Assets -Not Depreciated</b>	<b>18,626</b>	<b>1,425</b>	<b>(2,644)</b>	<b>17,407</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	48,114	76	(1,284)	46,906
Machinery and Equipment	12,550	1,528	(4,954)	9,124
Infrastructure	113,100	5,843	(105)	118,838
<b>Total Capital Assets Being Depreciated</b>	<b>173,764</b>	<b>7,447</b>	<b>(6,343)</b>	<b>174,868</b>
Less Accumulated Depreciation:				
Buildings	(11,460)	(1,322)	823	(11,959)
Machinery and Equipment	(6,268)	(2,590)	4,087	(4,771)
Infrastructure	(54,776)	(2,194)	105	(56,865)
<b>Total Accumulated Depreciation</b>	<b>(72,504)</b>	<b>(6,106)</b>	<b>5,015</b>	<b>(73,595)</b>
Total Depreciated - Net	101,260	1,341	(1,328)	101,273
<b>Total Capital Assets</b>	<b>192,390</b>	<b>8,872</b>	<b>(8,987)</b>	<b>192,275</b>
Total Accumulated Depreciation	(72,504)	(6,106)	5,015	(73,595)
<b>Capital Assets of Governmental Activities - Net</b>	<b>\$ 119,886</b>	<b>\$ 2,766</b>	<b>\$ (3,972)</b>	<b>\$ 118,680</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**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 Treasurer		21
City Clerk		15
Finance		23
Building and Safety		205
Fire		734
Information Services		103
Police		597
Community Services		1,482
Library Services		376
Public Works		7,568
Non-Departmental		984
<b>Total</b>	<b>\$</b>	<b><u>12,130</u></b>

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

**Fund:**

Water	\$	4,378
Sewer Service		1,233
Fire Medical Program		402
Oceanview Estates		11
Emerald Cove		82
<b>Total</b>	<b>\$</b>	<b><u>6,106</u></b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**12. CAPITAL ASSETS (Continued)**

**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):

	<b>Governmental Activities</b>
Machinery and Equipment	\$ 1,869
Buildings	3,449
Less: Accumulated Depreciation	(699)
<b>Total</b>	<b>\$ 4,619</b>

**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. City Council also agreed to pay increased sales tax revenues relating to the development of a new commercial site by Home Depot to the Huntington Beach Union High School District. The City of Huntington Beach has sales tax agreements that extend until 2017. Sales tax rebates total \$528,000 in fiscal year ending September 30, 2008.

**c. Disposition and Development and Owner Participation Agreements**

Implementation of disposition and development agreement (DDA) and Six Implementation Agreement (Agreements) between the CIM Group, LLC (CIM), and the Redevelopment Agency (Agency) were entered into from June 1999 to November



## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2008

### 13. COMMITMENTS AND CONTINGENCIES (Continued)

2008. The Agreements allowed for the development of a hotel, retail and restaurant, and a public parking structure. The project costs for infrastructure are to be paid initially by the developer with the Agency reimbursing the developer a maximum of \$7.9 million from Agency tax increment revenues. The Agency funded \$950,000 (a reduction from the \$1,500,000) for development of additional/surplus parking spaces. Subsequent to year-end the City Council approved the Sixth Implementation Agreement, as detailed in Note 15, included an additional one time payment of \$2.4 million from the Agency to CIM for the development of the hotel and \$950,000 for additional parking spaces beyond what was funded prior by the Agency.

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 know 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.

As of September 30, 2008, the City has no outstanding obligations related to the disposition and development and owner participation agreements discussed above.

#### **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):



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2008**

**13. COMMITMENTS AND CONTINGENCIES (Continued)**

	Amount @ 10/1/07	Additions	Reductions	Amount @ 9/30/08
<b>General Fund</b>				
Direct Advances	\$ 4,235	\$ -	\$ -	\$ 4,235
Overhead Charges	6,567	-	-	6,567
Land Sales	32,833	-	-	32,833
Interest	31,956	2,819	(3,699)	31,076
<b>Total General Fund</b>	<b>75,591</b>	<b>2,819</b>	<b>(3,699)</b>	<b>74,711</b>
<b>Sewer Fund</b>				
Direct Advances	131	-	-	131
Deferred Development Fees	38	-	-	38
Interest	219	18	-	237
<b>Total Sewer Fund</b>	<b>388</b>	<b>18</b>	<b>-</b>	<b>406</b>
<b>Drainage Fund</b>				
Direct Advances	250	-	-	250
Deferred Development Fees	54	-	-	54
Interest	430	33	-	463
<b>Total Drainage Fund</b>	<b>734</b>	<b>33</b>	<b>-</b>	<b>767</b>
<b>Park Acquisition and Development Fund</b>				
Direct Advances	1,742	-	-	1,742
Deferred Development Fees	247	-	-	247
Interest	3,102	232	-	3,334
<b>Total Park Acquisition and Development Fund</b>	<b>5,091</b>	<b>232</b>	<b>-</b>	<b>5,323</b>
<b>Water Fund</b>				
Direct Advances	1,138	-	-	1,138
Interest	2,427	164	-	2,591
<b>Total Water Fund</b>	<b>3,565</b>	<b>164</b>	<b>-</b>	<b>3,729</b>
<b>Total All Funds</b>	<b>\$ 85,369</b>	<b>\$ 3,266</b>	<b>\$ (3,699)</b>	<b>\$ 84,936</b>

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, 2008

### 14. OTHER INFORMATION

#### a. Expenditures Exceeding Appropriations

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

General Fund		
Treasury Department	\$	2
Fire Department		43
Major Funds		
Redevelopment Agency Capital Projects - Public Works		212
Redevelopment Agency Debt Service - Non-Departmental		112
Other Governmental Funds		
Transportation - Public Works		83
Cultural Affairs - Community Services		21
Property Tax Refund - Interest		9
Holly Seacliff - Police		2
Bella Terra Parking Structure - Economic Development		109

#### b. Fund and Accumulated Deficits

The Drainage Special Fund, Special Library Special Revenue Fund, and Bella Terra Parking Structure Capital Projects Fund have total fund deficits of \$667,000, \$72,000, and \$104,000, respectively, at year-end. The deficit will be eliminated through monitoring of expenditures.

### 15. SUBSEQUENT EVENT

On November 3, 2008, the Agency approved the Sixth Implementation Agreement, as referenced in the Disposition and Development section of the Commitments and Contingency Note 13c, to assist in the development of a hotel with a \$2.4 million one-time payment from the Agency to be paid to CIM Group, LLC (CIM). The \$7.9 million loan from CIM to the Agency was modified to come solely from Agency tax increment revenues. The Parking in Lieu Fund will repay \$500,000 and the Agency will repay \$450,000 to CIM for the additional parking spaces.

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# **REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Huntington Beach  
Required Supplementary Information  
Year end**

**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 statements 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 reservations of 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 (in thousands):

**CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)**

**General Fund**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$65,001	\$65,001	\$65,110	\$ 109
Sales Taxes	26,060	26,060	23,934	(2,126)
Utility Taxes	23,125	23,125	21,591	(1,534)
Other Taxes	14,580	14,646	15,065	419
Licenses and Permits	9,051	9,803	7,831	(1,972)
Fines, Forfeitures and Penalties	4,969	4,969	4,060	(909)
From Use of Money and Property	14,126	14,126	13,875	(251)
Intergovernmental	5,565	5,565	4,509	(1,056)
Charges for Current Service	15,722	15,722	16,019	297
Other	1,212	1,212	1,883	671
<b>Total Revenues</b>	<b>179,411</b>	<b>180,229</b>	<b>173,877</b>	<b>(6,352)</b>
<b>EXPENDITURES</b>				
Current:				
City Council	305	305	295	10
City Administrator	1,970	1,851	1,588	263
City Treasurer	1,329	1,355	1,357	(2)
City Attorney	2,801	2,809	2,771	38
City Clerk	995	1,067	992	75
Finance	5,121	5,114	4,792	322
Human Resources	5,778	5,622	4,725	897
Planning	3,093	4,792	3,856	936
Building	4,249	4,546	3,844	702
Fire	26,478	26,595	26,638	(43)
Information Services	6,818	7,125	6,741	384
Police	60,237	60,037	55,808	4,229
Economic Development	1,680	1,776	1,750	26
Community Services	13,853	14,147	13,919	228
Library Services	3,741	4,088	4,018	70
Public Works	21,719	22,673	21,824	849
Non-Departmental	20,557	24,573	21,382	3,191
Debt Service:				
Principal	400	600	600	-
Interest	140	140	140	-
<b>Total Expenditures</b>	<b>181,264</b>	<b>189,215</b>	<b>177,040</b>	<b>12,175</b>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(1,853)	(8,986)	(3,163)	5,823
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,636	10,868	11,321	453
Transfers Out	(6,866)	(8,044)	(7,411)	633
Total Other Financing Sources (Uses)	(1,230)	2,824	3,910	1,086
Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses	(3,083)	(6,162)	747	6,909
<b>Fund Balance - Beginning Of Year</b>	<b>43,696</b>	<b>43,696</b>	<b>43,696</b>	<b>-</b>
<b>Fund Balance - End Of Year</b>	<b>\$ 40,613</b>	<b>\$ 37,534</b>	<b>\$ 44,443</b>	<b>\$ 6,909</b>

**CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)**

**Grants**

<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
From Use of Money and Property	\$ 441	\$ 441	\$ 308	\$ (133)
From Other Agencies	80	3,179	5,551	2,372
Other	4	4	-	(4)
<b>Total Revenues</b>	<b>525</b>	<b>3,624</b>	<b>5,859</b>	<b>2,235</b>
<b>EXPENDITURES</b>				
Current:				
Planning	-	3	3	-
Building	-	318	113	205
Fire	86	800	508	292
Police	323	709	587	122
Economic Development	673	2,641	2,193	448
Community Services	-	324	207	117
Library Services	-	103	52	51
Public Works	400	400	147	253
Capital Outlay	4,413	18,523	5,148	13,375
Debt Service:				
Principal	-	110	110	-
Interest	-	240	240	-
<b>Total Expenditures</b>	<b>5,895</b>	<b>24,171</b>	<b>9,308</b>	<b>14,863</b>
Excess Of Revenues Over (Under)				
Expenditures	(5,370)	(20,547)	(3,449)	17,098
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	1,560	1,560	-
Transfers Out	-	(267)	(1,087)	(820)
Total Other Financing Sources (Uses)	-	1,293	473	(820)
Excess Of Revenues And Other Sources				
Over (Under) Expenditures And Other Uses	(5,370)	(19,254)	(2,976)	16,278
<b>Fund Balance - Beginning of Year</b>	<b>7,387</b>	<b>7,387</b>	<b>7,387</b>	<b>-</b>
<b>Fund Balance - End Of Year</b>	<b>\$ 2,017</b>	<b>\$ (11,867)</b>	<b>\$ 4,411</b>	<b>\$ 16,278</b>

**CITY OF HUNTINGTON BEACH  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**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
<b>2003</b>						
Safety	\$ 320,670	\$ 270,538	\$ (50,132)	84.4%	\$ 28,919	-173.4%
Non Safety	222,221	225,689	3,468	101.6%	36,918	9.4%
<b>Total</b>	<b>\$ 542,891</b>	<b>\$ 496,227</b>	<b>\$ (46,664)</b>	<b>91.4%</b>	<b>\$ 65,837</b>	<b>-70.9%</b>
<b>2004</b>						
Safety	\$ 339,301	\$ 280,745	\$ (58,556)	82.7%	\$ 27,412	-213.6%
Non Safety	234,602	236,189	1,587	100.7%	36,143	4.4%
<b>Total</b>	<b>\$ 573,903</b>	<b>\$ 516,934</b>	<b>\$ (56,969)</b>	<b>90.1%</b>	<b>\$ 63,555</b>	<b>-89.6%</b>
<b>2005</b>						
Safety	\$ 356,782	\$ 296,477	\$ (60,305)	83.1%	\$ 29,081	-207.4%
Non Safety	253,268	249,443	(3,825)	98.5%	37,343	-10.2%
<b>Total</b>	<b>\$ 610,050</b>	<b>\$ 545,920</b>	<b>\$ (64,130)</b>	<b>89.5%</b>	<b>\$ 66,424</b>	<b>-96.5%</b>
<b>2006</b>						
Safety	\$ 382,934	\$ 316,038	\$ (66,896)	82.5%	\$ 32,149	-208.1%
Non Safety	271,254	266,642	(4,612)	98.3%	41,263	-11.2%
<b>Total</b>	<b>\$ 654,188</b>	<b>\$ 582,680</b>	<b>\$ (71,508)</b>	<b>89.1%</b>	<b>\$ 73,412</b>	<b>-97.4%</b>
<b>2007</b>						
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%
<b>Total</b>	<b>\$ 704,937</b>	<b>\$ 625,607</b>	<b>\$ (79,330)</b>	<b>88.7%</b>	<b>\$ 79,210</b>	<b>-100.2%</b>

**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
6/30/96 Actual	\$ 16,071	\$ (120)	\$ (16,191)	-0.7%	\$ 54,368	-29.8%
6/30/1997 Actual	25,342	2,334	(23,008)	9.2%	49,881	-46.1%
6/30/98 Update	26,493	3,251	(23,242)	12.3%	48,585	-47.8%
6/30/99 Actual	28,601	4,162	(24,439)	14.6%	50,723	-48.2%
6/30/2000 Update	28,844	5,077	(23,767)	17.6%	57,674	-41.2%
6/30/2001 Actual	36,453	6,678	(29,775)	18.3%	63,345	-47.0%
6/30/2002 Update	35,524	8,775	(26,749)	24.7%	65,137	-41.1%
6/30/2003 Actual	40,436	10,474	(29,962)	25.9%	65,227	-45.9%
6/30/2004 Update	40,978	11,936	(29,042)	29.1%	63,538	-45.7%
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%

**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	\$ 8,730	\$ 23,470	\$ (14,740)	37.2%	\$ 78,777	-18.7%

# **SUPPLEMENTARY INFORMATION**

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## 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.
- The **Cultural Affairs Fund** accounts revenues and expenditures associated with the City's Art Center.
- 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 **Holly Seacliff Fund** accounts for capital improvements made to the Holly Seacliff area.
- 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 **Bella Terra Parking Structure Fund** accounts for the fees paid by the developer for expenses related to the Bella Terra Parking Structure.
- The **Infrastructure Fund** records activity for certain designate infrastructure related expenditures.

**CITY OF HUNTINGTON BEACH  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008  
(In Thousands)**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Drainage	Narcotics Forfeiture	Transportation	Air Quality
<b>ASSETS</b>					
Cash and Investments	\$ 567	\$ -	\$ 305	\$ 6,051	\$ 1,104
Cash and Investments with Fiscal Agent	-	-	-	-	-
Taxes Receivable	260	-	-	377	-
Other Receivables	1,785	-	2	48	9
Due from Other Funds	718	-	-	-	-
Other Assets	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,330</b>	<b>\$ -</b>	<b>\$ 307</b>	<b>\$ 6,476</b>	<b>\$ 1,113</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 967	\$ -	\$ 4	\$ 2	\$ -
Accrued Payroll	9	-	-	9	3
Due to Other Funds	-	667	-	-	-
Advances from Other Funds	-	-	-	-	-
Deposits Payable	-	-	-	-	-
<b>Total Liabilities</b>	<b>976</b>	<b>667</b>	<b>4</b>	<b>11</b>	<b>3</b>
<b>FUND BALANCES</b>					
<b>Reserved for:</b>					
Encumbrances	2,354	-	34	3,095	92
Debt Service	-	-	-	-	-
Total Reserved Fund Balance	<u>2,354</u>	<u>-</u>	<u>34</u>	<u>3,095</u>	<u>92</u>
<b>Unreserved, Designated:</b>					
Special Revenue Funds	-	-	119	1,179	824
Capital Projects Funds	-	-	-	-	-
Council Projects	-	-	-	-	-
Total Unreserved, Designated Fund Balance	<u>-</u>	<u>-</u>	<u>119</u>	<u>1,179</u>	<u>824</u>
<b>Unreserved, Undesignated:</b>					
Special Revenue Funds	-	(667)	150	2,191	194
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Total Unreserved, Undesignated Fund Balance	<u>-</u>	<u>(667)</u>	<u>150</u>	<u>2,191</u>	<u>194</u>
Total Unreserved Fund Balance	<u>-</u>	<u>(667)</u>	<u>269</u>	<u>3,370</u>	<u>1,018</u>
<b>Total Fund Balances</b>	<b><u>2,354</u></b>	<b><u>(667)</u></b>	<b><u>303</u></b>	<b><u>6,465</u></b>	<b><u>1,110</u></b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,330</b>	<b>\$ -</b>	<b>\$ 307</b>	<b>\$ 6,476</b>	<b>\$ 1,113</b>

**CITY OF HUNTINGTON BEACH  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2008  
 (In Thousands)  
 (continued)**

**SPECIAL REVENUE FUNDS**

<b>Traffic Impact Fee</b>	<b>Fourth of July Parade</b>	<b>Special Library</b>	<b>Cultural Affairs</b>	<b>Park Acquisition and Development</b>	<b>Highway Safety &amp; Traffic Reduction</b>	<b>Traffic Congestion Relief</b>	<b>Total Special Revenue Funds</b>
\$ 2,762	\$ 129	\$ -	\$ -	\$ 5,211	\$ 3,253	\$ -	\$ 19,382
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	637
22	1	-	-	39	-	493	2,399
-	-	-	-	-	-	-	718
-	-	-	-	1,267	-	-	1,267
<b>\$ 2,784</b>	<b>\$ 130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,517</b>	<b>\$ 3,253</b>	<b>\$ 493</b>	<b>\$ 24,403</b>
\$ 521	\$ 2	\$ 21	\$ -	\$ 46	\$ -	\$ -	\$ 1,563
7	-	-	-	5	-	-	33
-	-	51	-	-	-	-	718
-	-	-	-	1,321	-	-	1,321
1	-	-	-	1,266	-	-	1,267
<u>529</u>	<u>2</u>	<u>72</u>	<u>-</u>	<u>2,638</u>	<u>-</u>	<u>-</u>	<u>4,902</u>
2,255	-	-	-	364	-	-	8,194
-	-	-	-	-	-	-	-
<u>2,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364</u>	<u>-</u>	<u>-</u>	<u>8,194</u>
-	-	-	-	-	3,250	-	5,372
-	-	-	-	-	-	-	-
-	-	-	-	591	-	-	591
-	-	-	-	591	3,250	-	5,963
-	128	(72)	-	2,924	3	493	5,344
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	128	(72)	-	2,924	3	493	5,344
-	128	(72)	-	3,515	3,253	493	11,307
<b>2,255</b>	<b>128</b>	<b>(72)</b>	<b>-</b>	<b>3,879</b>	<b>3,253</b>	<b>493</b>	<b>19,501</b>
<b>\$ 2,784</b>	<b>\$ 130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,517</b>	<b>\$ 3,253</b>	<b>\$ 493</b>	<b>\$ 24,403</b>

**CITY OF HUNTINGTON BEACH  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008  
(In Thousands)  
(continued)**

	Debt Service Fund			Capital Projects Funds	
	Property Tax Refund	Public Financing Authority	Total Debt Service Fund	Holly Seacliff	Parking in-lieu
<b>ASSETS</b>					
Cash and Investments	\$ 1,672	\$ -	\$ 1,672	\$ -	\$ 1,133
Cash and Investments with Fiscal Agent	2,503	6,808	9,311	-	-
Taxes Receivable	-	-	-	-	-
Other Receivables	27	46	73	-	9
Due from Other Funds	-	-	-	-	-
Other Assets	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,202</b>	<b>\$ 6,854</b>	<b>\$ 11,056</b>	<b>\$ -</b>	<b>\$ 1,142</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 2	\$ 1	\$ 3	\$ -	\$ -
Accrued Payroll	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Deposits Payable	45	-	45	-	-
<b>Total Liabilities</b>	<b>47</b>	<b>1</b>	<b>48</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
<b>Reserved for:</b>					
Encumbrances	-	-	-	-	-
Debt Service	-	6,787	6,787	-	-
Total Reserved Fund Balance	-	6,787	6,787	-	-
<b>Unreserved, Designated:</b>					
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	525
Council Projects	-	-	-	-	-
Total Unreserved, Designated Fund Balance	-	-	-	-	525
<b>Unreserved, Undesignated:</b>					
Special Revenue Funds	-	-	-	-	-
Debt Service Funds	4,155	66	4,221	-	-
Capital Projects Funds	-	-	-	-	617
Total Unreserved, Undesignated Fund Balance	4,155	66	4,221	-	617
Total Unreserved Fund Balance	4,155	66	4,221	-	1,142
<b>Total Fund Balances</b>	<b>4,155</b>	<b>6,853</b>	<b>11,008</b>	<b>-</b>	<b>1,142</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,202</b>	<b>\$ 6,854</b>	<b>\$ 11,056</b>	<b>\$ -</b>	<b>\$ 1,142</b>

**CITY OF HUNTINGTON BEACH  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2008  
 (In Thousands)  
 (continued)**

Capital Projects Funds				
Sewer Development	Bella Terra Parking Structure	Infrastructure	Total Capital Projects Funds	Total Other Governmental Funds
\$ 973	\$ 45	\$ 3,057	\$ 5,208	\$ 26,262
-	-	-	-	9,311
-	-	-	-	637
8	-	24	41	2,513
-	-	-	-	718
-	-	-	-	1,267
<u>\$ 981</u>	<u>\$ 45</u>	<u>\$ 3,081</u>	<u>\$ 5,249</u>	<u>\$ 40,708</u>
\$ -	\$ 149	\$ -	\$ 149	\$ 1,715
-	-	-	-	33
-	-	-	-	718
-	-	-	-	1,321
-	-	-	-	1,312
-	149	-	149	5,099
5	-	-	5	8,199
-	-	-	-	6,787
<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>14,986</u>
-	-	-	-	5,372
976	(104)	1030	2,427	2,427
-	-	-	-	591
<u>976</u>	<u>(104)</u>	<u>1,030</u>	<u>2,427</u>	<u>8,390</u>
-	-	-	-	5,344
-	-	-	-	4,221
-	-	2,051	2,668	2,668
-	-	2,051	2,668	12,233
976	(104)	3,081	5,095	20,623
<u>981</u>	<u>(104)</u>	<u>3,081</u>	<u>5,100</u>	<u>35,609</u>
<u>\$ 981</u>	<u>\$ 45</u>	<u>\$ 3,081</u>	<u>\$ 5,249</u>	<u>\$ 40,708</u>

**CITY OF HUNTINGTON BEACH  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)**

	Special Revenue Funds				
	Gas Tax	Drainage	Narcotics Forfeiture	Transportation	Air Quality
<b>REVENUES</b>					
Sales Taxes	\$ -	\$ -	\$ -	\$ 2,442	\$ -
Licenses and Permits	-	-	-	-	-
From Use of Money and Property	100	-	15	204	42
Intergovernmental	3,955	-	51	-	242
Charges for Current Service	-	67	-	-	-
Other	2	-	-	523	-
<b>Total Revenues</b>	<b><u>4,057</u></b>	<b><u>67</u></b>	<b><u>66</u></b>	<b><u>3,169</u></b>	<b><u>284</u></b>
<b>EXPENDITURES</b>					
Current:					
Police	-	-	138	-	-
Economic Development	-	-	-	-	-
Community Services	-	-	-	-	-
Library Services	-	-	-	-	-
Public Works	753	-	-	240	59
Non-Departmental	-	-	-	-	-
Capital Outlay	5,429	-	83	204	90
Debt Service:	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b><u>6,182</u></b>	<b><u>-</u></b>	<b><u>221</u></b>	<b><u>444</u></b>	<b><u>149</u></b>
<b>Excess Of Revenues Over (Under) Expenditures</b>	<b><u>(2,125)</u></b>	<b><u>67</u></b>	<b><u>(155)</u></b>	<b><u>2,725</u></b>	<b><u>135</u></b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	-	-	-	-	-
Transfers Out	(900)	-	-	-	-
<b>Total Other Financing Sources Sources (Uses)</b>	<b><u>(900)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Net Change in Fund Balances</b>	<b><u>(3,025)</u></b>	<b><u>67</u></b>	<b><u>(155)</u></b>	<b><u>2,725</u></b>	<b><u>135</u></b>
<b>Fund Balance - Beginning Of Year</b>	<b><u>5,379</u></b>	<b><u>(734)</u></b>	<b><u>458</u></b>	<b><u>3,740</u></b>	<b><u>975</u></b>
<b>Fund Balance - End Of Year</b>	<b><u>\$ 2,354</u></b>	<b><u>\$ (667)</u></b>	<b><u>\$ 303</u></b>	<b><u>\$ 6,465</u></b>	<b><u>\$ 1,110</u></b>

**CITY OF HUNTINGTON BEACH  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)  
(continued)**

Special Revenue Funds							
Traffic Impact Fee	Fourth of July Parade	Special Library	Cultural Affairs	Park Acquisiton and Development	Highway Safety & Traffic Reduction	Traffic Congestion Relief	Total Special Revenue Funds
\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 2,443
-	-	1	-	-	-	-	1
188	33	371	4	225	-	-	1,182
10	80	-	-	537	3,253	493	8,621
512	130	412	151	428	-	-	1,700
4	85	151	52	7	-	-	824
<u>714</u>	<u>328</u>	<u>936</u>	<u>207</u>	<u>1,197</u>	<u>3,253</u>	<u>493</u>	<u>14,771</u>
-	-	-	-	-	-	-	138
-	-	-	-	-	-	-	-
-	323	-	414	767	-	-	1,504
-	-	892	-	-	-	-	892
284	-	-	-	-	-	-	1,336
-	-	-	-	11	-	-	11
4,892	-	13	-	529	-	-	11,240
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,176</u>	<u>323</u>	<u>905</u>	<u>414</u>	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>15,121</u>
<u>(4,462)</u>	<u>5</u>	<u>31</u>	<u>(207)</u>	<u>(110)</u>	<u>3,253</u>	<u>493</u>	<u>(350)</u>
-	-	83	88	-	-	-	171
-	-	(456)	(42)	-	-	-	(1,398)
-	-	(373)	46	-	-	-	(1,227)
<u>(4,462)</u>	<u>5</u>	<u>(342)</u>	<u>(161)</u>	<u>(110)</u>	<u>3,253</u>	<u>493</u>	<u>(1,577)</u>
<u>6,717</u>	<u>123</u>	<u>270</u>	<u>161</u>	<u>3,989</u>	<u>-</u>	<u>-</u>	<u>21,078</u>
<u>\$ 2,255</u>	<u>\$ 128</u>	<u>\$ (72)</u>	<u>\$ -</u>	<u>\$ 3,879</u>	<u>\$ 3,253</u>	<u>\$ 493</u>	<u>\$ 19,501</u>

**CITY OF HUNTINGTON BEACH  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)  
(continued)**

	Debt Service Fund			Capital Projects Fund	
	Property Tax Refund	Public Financing Authority	Total Debt Service Fund	Holly Seacliff	Parking In-Lieu
<b>REVENUES</b>					
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	90
From Use of Money and Property	182	366	548	-	44
Intergovernmental	-	-	-	-	-
Charges for Current Service	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Revenues</b>	<b>182</b>	<b>366</b>	<b>548</b>	<b>-</b>	<b>134</b>
<b>EXPENDITURES</b>					
Current:					
Police	-	-	-	2	-
Economic Development	-	-	-	-	-
Community Services	-	-	-	-	-
Library Services	-	-	-	-	-
Public Works	-	-	-	-	-
Non-Departmental	2	12	14	-	-
Capital Outlay	-	-	-	10	-
Debt Service:					
Principal	745	3,200	3,945	-	-
Interest	389	3,094	3,483	-	-
<b>Total Expenditures</b>	<b>1,136</b>	<b>6,306</b>	<b>7,442</b>	<b>12</b>	<b>-</b>
<b>Excess Of Revenues Over (Under) Expenditures</b>	<b>(954)</b>	<b>(5,940)</b>	<b>(6,894)</b>	<b>(12)</b>	<b>134</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	1,025	5,708	6,733	-	17
Transfers Out	-	-	-	-	-
<b>Total Other Financing Sources Sources (Uses)</b>	<b>1,025</b>	<b>5,708</b>	<b>6,733</b>	<b>-</b>	<b>17</b>
<b>Net Change in Fund Balances</b>	<b>71</b>	<b>(232)</b>	<b>(161)</b>	<b>(12)</b>	<b>151</b>
<b>Fund Balance - Beginning Of Year</b>	<b>4,084</b>	<b>7,085</b>	<b>11,169</b>	<b>12</b>	<b>991</b>
<b>Fund Balance - End Of Year</b>	<b>\$ 4,155</b>	<b>\$ 6,853</b>	<b>\$ 11,008</b>	<b>\$ -</b>	<b>\$ 1,142</b>

**CITY OF HUNTINGTON BEACH  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)  
(continued)**

Capital Projects Fund				
Sewer Development	Bella Terra Parking Structure	Infrastructure	Total Capital Projects Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,443
2	-	-	92	93
37	-	108	189	1,919
13	521	-	534	9,155
190	-	-	190	1,890
-	-	9	9	833
<u>242</u>	<u>521</u>	<u>117</u>	<u>1,014</u>	<u>16,333</u>
-	-	-	2	140
-	634	-	634	634
-	-	-	-	1,504
-	-	-	-	892
2	-	-	2	1,338
-	-	-	-	25
50	-	150	210	11,450
-	-	-	-	3,945
-	-	-	-	3,483
<u>52</u>	<u>634</u>	<u>150</u>	<u>848</u>	<u>23,411</u>
<u>190</u>	<u>(113)</u>	<u>(33)</u>	<u>166</u>	<u>(7,078)</u>
-	-	1,071	1,088	7,992
-	-	-	-	(1,398)
-	-	<u>1,071</u>	<u>1,088</u>	<u>6,594</u>
<u>190</u>	<u>(113)</u>	<u>1,038</u>	<u>1,254</u>	<u>(484)</u>
<u>791</u>	<u>9</u>	<u>2,043</u>	<u>3,846</u>	<u>36,093</u>
<u>\$ 981</u>	<u>\$ (104)</u>	<u>\$ 3,081</u>	<u>\$ 5,100</u>	<u>\$ 35,609</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, 2008**  
(In Thousands)

**Gas Tax**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
From Use of Money and Property	\$ 36	\$ 36	\$ 100	\$ 64
Intergovernmental	7,200	7,200	3,955	(3,245)
Other	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<b><u>7,238</u></b>	<b><u>7,238</u></b>	<b><u>4,057</u></b>	<b><u>(3,181)</u></b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	1,156	1,276	753	523
Capital Outlay	<u>2,700</u>	<u>9,551</u>	<u>5,429</u>	<u>4,122</u>
<b>TOTAL EXPENDITURES</b>	<b><u>3,856</u></b>	<b><u>10,827</u></b>	<b><u>6,182</u></b>	<b><u>4,645</u></b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>3,382</u></b>	<b><u>(3,589)</u></b>	<b><u>(2,125)</u></b>	<b><u>1,464</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	<u>(1,156)</u>	<u>(1,156)</u>	<u>(900)</u>	<u>256</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>2,226</u></b>	<b><u>(4,745)</u></b>	<b><u>(3,025)</u></b>	<b><u>1,720</u></b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b><u>5,379</u></b>	<b><u>5,379</u></b>	<b><u>5,379</u></b>	<b><u>-</u></b>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ 7,605</u></b>	<b><u>\$ 634</u></b>	<b><u>\$ 2,354</u></b>	<b><u>\$ 1,720</u></b>

**Drainage**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
From Use of Money and Property	\$ 27	\$ 27	\$ -	\$ (27)
Charges for Current Service	<u>50</u>	<u>50</u>	<u>67</u>	<u>17</u>
<b>TOTAL REVENUES</b>	<b><u>77</u></b>	<b><u>77</u></b>	<b><u>67</u></b>	<b><u>(10)</u></b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b><u>(734)</u></b>	<b><u>(734)</u></b>	<b><u>(734)</u></b>	<b><u>-</u></b>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ (657)</u></b>	<b><u>\$ (657)</u></b>	<b><u>\$ (667)</u></b>	<b><u>\$ (10)</u></b>

**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, 2008**  
(In Thousands)  
(continued)

**Narcotics Forfeiture**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
From Use of Money and Property	\$ 15	\$ 15	\$ 15	\$ -
Intergovernmental	50	50	51	1
<b>TOTAL REVENUES</b>	<b>65</b>	<b>65</b>	<b>66</b>	<b>1</b>
<b>EXPENDITURES:</b>				
Current:				
Police	250	250	138	112
Capital Outlay	150	197	83	114
<b>TOTAL EXPENDITURES</b>	<b>400</b>	<b>447</b>	<b>221</b>	<b>226</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(335)</b>	<b>(382)</b>	<b>(155)</b>	<b>227</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>458</b>	<b>458</b>	<b>458</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 123</b>	<b>\$ 76</b>	<b>\$ 303</b>	<b>\$ 227</b>

**Transportation**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Sales Taxes	\$ 2,400	\$ 2,400	\$ 2,442	\$ 42
From Use of Money and Property	122	122	204	82
Other	2	2	523	521
<b>TOTAL REVENUES</b>	<b>2,524</b>	<b>2,524</b>	<b>3,169</b>	<b>645</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	157	157	240	(83)
Capital Outlay	4,050	4,204	204	4,000
<b>TOTAL EXPENDITURES</b>	<b>4,207</b>	<b>4,361</b>	<b>444</b>	<b>3,917</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,683)</b>	<b>(1,837)</b>	<b>2,725</b>	<b>4,562</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>3,740</b>	<b>3,740</b>	<b>3,740</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,057</b>	<b>\$ 1,903</b>	<b>\$ 6,465</b>	<b>\$ 4,562</b>

**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, 2008**

(In Thousands)  
(continued)

**Air Quality**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
From Use of Money and Property	\$ 33	\$ 33	\$ 42	\$ 9
Intergovernmental	240	240	242	2
<b>TOTAL REVENUES</b>	<b>273</b>	<b>273</b>	<b>284</b>	<b>11</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	92	92	59	33
Capital Outlay	350	557	90	467
<b>TOTAL EXPENDITURES</b>	<b>442</b>	<b>649</b>	<b>149</b>	<b>500</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(169)</b>	<b>(376)</b>	<b>135</b>	<b>511</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>975</b>	<b>975</b>	<b>975</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 806</b>	<b>\$ 599</b>	<b>\$ 1,110</b>	<b>\$ 511</b>

**Traffic Impact Fee**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Licenses and Permits	\$ 12	\$ 12	\$ -	\$ (12)
From Use of Money and Property	56	56	188	132
Intergovernmental	5,350	5,350	10	(5,340)
Charges for Current Service	500	500	512	12
Other	-	-	4	4
<b>TOTAL REVENUES</b>	<b>5,918</b>	<b>5,918</b>	<b>714</b>	<b>(5,204)</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	748	912	284	628
Capital Outlay	4,601	12,644	4,892	7,752
<b>TOTAL EXPENDITURES</b>	<b>5,349</b>	<b>13,556</b>	<b>5,176</b>	<b>8,380</b>
<b>EXCESS OF REVENUES OVER (UNDER EXPENDITURES)</b>	<b>569</b>	<b>(7,638)</b>	<b>(4,462)</b>	<b>3,176</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	185	185	-	(185)
Transfers Out	(425)	(425)	-	425
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(240)</b>	<b>(240)</b>	<b>-</b>	<b>240</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>329</b>	<b>(7,878)</b>	<b>(4,462)</b>	<b>3,416</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>6,717</b>	<b>6,717</b>	<b>6,717</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 7,286</b>	<b>\$ (1,161)</b>	<b>\$ 2,255</b>	<b>\$ 3,416</b>

**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, 2008**  
**(In Thousands)**  
**(continued)**

**Fourth of July Parade**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
From Use of Money and Property	\$ 4	\$ 4	\$ 33	\$ 29
Intergovernmental	-	-	80	80
Charges for Current Service	-	-	130	130
Other	400	400	85	(315)
<b>TOTAL REVENUES</b>	<b>404</b>	<b>404</b>	<b>328</b>	<b>(76)</b>
<b>EXPENDITURES:</b>				
Community Services	400	408	323	85
<b>NET CHANGE IN FUND BALANCE</b>	<b>4</b>	<b>(4)</b>	<b>5</b>	<b>9</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>123</b>	<b>123</b>	<b>123</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 127</b>	<b>\$ 119</b>	<b>\$ 128</b>	<b>\$ 9</b>

**Special Library**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Sales Taxes	\$ -	\$ -	\$ 1	\$ 1
Licenses and Permits	-	-	1	1
From Use of Money and Property	429	429	371	(58)
Charges for Current Service	947	947	412	(535)
Other	150	150	151	1
<b>TOTAL REVENUES</b>	<b>1,526</b>	<b>1,526</b>	<b>936</b>	<b>(590)</b>
<b>EXPENDITURES:</b>				
Current:				
Library Services	1,071	1,071	892	179
Capital Outlay	-	13	13	-
<b>TOTAL EXPENDITURES</b>	<b>1,071</b>	<b>1,084</b>	<b>905</b>	<b>179</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>455</b>	<b>442</b>	<b>31</b>	<b>(411)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	83	83	-
Transfers Out	(465)	(465)	(456)	9
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(465)</b>	<b>(382)</b>	<b>(373)</b>	<b>9</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(10)</b>	<b>60</b>	<b>(342)</b>	<b>(402)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 260</b>	<b>\$ 330</b>	<b>\$ (72)</b>	<b>\$ (402)</b>

**CITY OF HUNTINGTON BEACH**  
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**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
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**FOR THE YEAR ENDED SEPTEMBER 30, 2008**  
(In Thousands)  
(continued)

**Cultural Affairs**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
From Use of Money and Property	\$ 17	\$ 17	\$ 4	\$ (13)
Charges for Current Service	189	189	151	(38)
Other	82	82	52	(30)
<b>TOTAL REVENUES</b>	<b>288</b>	<b>288</b>	<b>207</b>	<b>(81)</b>
<b>EXPENDITURES:</b>				
Current:				
Community Services	392	393	414	(21)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(104)</b>	<b>(105)</b>	<b>(207)</b>	<b>(102)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	88	88	88	-
Transfers Out	-	(64)	(42)	22
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>88</b>	<b>24</b>	<b>46</b>	<b>22</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(16)</b>	<b>(81)</b>	<b>(161)</b>	<b>(80)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>161</b>	<b>161</b>	<b>161</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 145</b>	<b>\$ 80</b>	<b>\$ -</b>	<b>\$ (80)</b>

**Park Acquisition and Development**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
From Use of Money and Property	\$ 96	\$ 96	\$ 225	\$ 129
Intergovernmental	-	-	537	537
Charges for Current Service	645	645	428	(217)
Other	12	12	7	(5)
<b>TOTAL REVENUES</b>	<b>753</b>	<b>753</b>	<b>1,197</b>	<b>444</b>
<b>EXPENDITURES:</b>				
Current:				
Community Services	1,015	1,597	767	830
Public Works	205	205	-	205
Non-Departmental	-	11	11	-
Capital Outlay	1,153	3,190	529	2,661
<b>TOTAL EXPENDITURES</b>	<b>2,373</b>	<b>5,003</b>	<b>1,307</b>	<b>3,696</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,620)</b>	<b>(4,250)</b>	<b>(110)</b>	<b>4,140</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(294)	(294)	-	294
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,914)</b>	<b>(4,544)</b>	<b>(110)</b>	<b>4,434</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>3,989</b>	<b>3,989</b>	<b>3,989</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,075</b>	<b>\$ (555)</b>	<b>\$ 3,879</b>	<b>\$ 4,434</b>

**CITY OF HUNTINGTON BEACH**  
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**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**  
(In Thousands)  
(continued)

**Highway Safety & Traffic Reduction**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 3,253	\$ 3,253
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,253</u>	<u>\$ 3,253</u>

**Traffic Congestion Relief**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 493	\$ 493
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493</u>	<u>\$ 493</u>

**CITY OF HUNTINGTON BEACH**  
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**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**  
(In Thousands)  
(continued)

**Property Tax Refund**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
From Use of Money and Property	\$ 175	\$ 175	\$ 182	\$ 7
<b>EXPENDITURES:</b>				
Current:				
Non-Departmental	-	3	2	1
Debt Service:				
Principal	745	745	745	-
Interest	380	380	389	(9)
<b>TOTAL EXPENDITURES</b>	<b>1,125</b>	<b>1,128</b>	<b>1,136</b>	<b>(8)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(950)</b>	<b>(953)</b>	<b>(954)</b>	<b>(1)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,140	1,140	1,025	(115)
<b>NET CHANGE IN FUND BALANCE</b>	<b>190</b>	<b>187</b>	<b>71</b>	<b>(116)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>4,084</b>	<b>4,084</b>	<b>4,084</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 4,274</b>	<b>\$ 4,271</b>	<b>\$ 4,155</b>	<b>\$ (116)</b>

**Public Financing Authority**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
From Use of Money and Property	\$ -	\$ -	\$ 366	\$ 366
<b>EXPENDITURES:</b>				
Current:				
Non-Departmental	45	57	12	45
Debt Service:				
Principal	3,638	3,200	3,200	-
Interest	2,657	3,095	3,094	1
<b>TOTAL EXPENDITURES</b>	<b>6,340</b>	<b>6,352</b>	<b>6,306</b>	<b>46</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(6,340)</b>	<b>(6,352)</b>	<b>(5,940)</b>	<b>412</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	6,320	6,320	5,708	(612)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(20)</b>	<b>(32)</b>	<b>(232)</b>	<b>(200)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>7,085</b>	<b>7,085</b>	<b>7,085</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 7,065</b>	<b>\$ 7,053</b>	<b>\$ 6,853</b>	<b>\$ (200)</b>

**CITY OF HUNTINGTON BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
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**OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**  
(In Thousands)  
(continued)

**Holly Seacliff**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
From Use of Money and Property	\$ 1	\$ 1	\$ -	\$ (1)
<b>EXPENDITURES:</b>				
Current:				
Police	-	-	2	(2)
Capital Outlay	-	10	10	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>10</b>	<b>12</b>	<b>(2)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1</b>	<b>(9)</b>	<b>(12)</b>	<b>(3)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 13</b>	<b>\$ 3</b>	<b>\$ -</b>	<b>\$ (3)</b>

**Parking in-Lieu**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Licenses and Permits	\$ 40	\$ 40	\$ 90	\$ 50
From Use of Money and Property	43	43	44	1
<b>TOTAL REVENUES</b>	<b>83</b>	<b>83</b>	<b>134</b>	<b>51</b>
<b>EXPENDITURES:</b>				
Current:				
Economic Development	20	20	-	20
Debt Service:				
Principal	40	40	-	40
<b>TOTAL EXPENDITURES</b>	<b>60</b>	<b>60</b>	<b>-</b>	<b>60</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>23</b>	<b>23</b>	<b>134</b>	<b>111</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	17	17	-
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>23</b>	<b>40</b>	<b>151</b>	<b>111</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>991</b>	<b>991</b>	<b>991</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,014</b>	<b>\$ 1,031</b>	<b>\$ 1,142</b>	<b>\$ 111</b>

**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, 2008**  
(In Thousands)  
(continued)

**Sewer Development**

<b>REVENUES:</b>	<b>Original Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Licenses and Permits	\$ 2	\$ 2	\$ 2	\$ -
From Use of Money and Property	36	36	37	1
Intergovernmental	-	-	13	13
Charges for Current Service	150	150	190	40
<b>TOTAL REVENUES</b>	<b>188</b>	<b>188</b>	<b>242</b>	<b>54</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	-	2	2	-
Capital Outlay	360	413	50	363
<b>TOTAL EXPENDITURES</b>	<b>360</b>	<b>415</b>	<b>52</b>	<b>363</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(172)</b>	<b>(227)</b>	<b>190</b>	<b>417</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>791</b>	<b>791</b>	<b>791</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 619</b>	<b>\$ 564</b>	<b>\$ 981</b>	<b>\$ 417</b>

**Bella Terra Parking Structure**

<b>REVENUES:</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Intergovernmental	\$ -	\$ -	\$ 521	\$ 521
<b>EXPENDITURES:</b>				
Current:				
Economic Development	525	525	634	(109)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(525)</b>	<b>(525)</b>	<b>(113)</b>	<b>412</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	525	525	-	(525)
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(113)</b>	<b>(113)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 9</b>	<b>\$ 9</b>	<b>\$ (104)</b>	<b>\$ (113)</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
OTHER GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**(In Thousands)**

**(continued)**

**Infrastructure**

	<b>Original Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
From Use of Money and Property	\$ 43	\$ 43	\$ 108	\$ 65
Other	-	-	9	9
<b>TOTAL REVENUES</b>	<u>43</u>	<u>43</u>	<u>117</u>	<u>74</u>
<b>EXPENDITURES:</b>				
Current:				
Capital Outlay	150	1,206	150	1,056
<b>EXCESS OF REVENUES OVER     (UNDER) EXPENDITURES</b>	<u>(107)</u>	<u>(1,163)</u>	<u>(33)</u>	<u>1,130</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	1,071	1,071	-
Transfers Out	(746)	(746)	-	746
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(746)</u>	<u>325</u>	<u>1,071</u>	<u>746</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(853)</u>	<u>(838)</u>	<u>1,038</u>	<u>1,876</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2,043</u>	<u>2,043</u>	<u>2,043</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,190</u>	<u>\$ 1,205</u>	<u>\$ 3,081</u>	<u>\$ 1,876</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, 2008  
(In Thousands)**

**Redevelopment Agency Debt Service**

<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Property Taxes	\$ 16,085	\$ 16,085	\$ 17,028	\$ 943
From Use of Money and Property	148	148	192	44
Other	-	-	19	19
<b>Total Revenues</b>	<u>16,233</u>	<u>16,233</u>	<u>17,239</u>	<u>1,006</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	3,245	3,245	2,316	929
Non-Departmental	-	-	112	(112)
Debt Service:				
Principal	9,619	9,649	3,579	6,070
Interest	3,045	3,015	1,482	1,533
<b>Total Expenditures</b>	<u>15,909</u>	<u>15,909</u>	<u>7,489</u>	<u>8,420</u>
<b>Excess Of Revenues Over (Under) Expenditures</b>	<u>324</u>	<u>324</u>	<u>9,750</u>	<u>9,426</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(8,033)	(8,033)	(7,475)	558
<b>Excess Of Revenues And Other Sources Over Net Change in Fund Balance</b>	<u>(7,709)</u>	<u>(7,709)</u>	<u>2,275</u>	<u>9,984</u>
<b>Fund Balance - Beginning Of Year</b>	<u>1,380</u>	<u>1,380</u>	<u>1,380</u>	<u>-</u>
<b>Fund Balance - End Of Year</b>	<u>\$ (6,329)</u>	<u>\$ (6,329)</u>	<u>\$ 3,655</u>	<u>\$ 9,984</u>

**Redevelopment Agency Capital Projects**

<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
From Use of Money and Property	\$ 1,715	\$ 1,715	\$ 1,422	\$ (293)
Intergovernmental	-	-	16	16
Other	10	10	1	(9)
<b>Total Revenues</b>	<u>1,725</u>	<u>1,725</u>	<u>1,439</u>	<u>(286)</u>
<b>EXPENDITURES</b>				
Current:				
City Attorney	150	155	110	45
Economic Development	1,397	3,285	1,973	1,312
Community Services	240	240	36	204
Public Works	-	7	219	(212)
Capital Outlay	-	12,152	3,910	8,242
<b>Total Expenditures</b>	<u>1,787</u>	<u>15,839</u>	<u>6,248</u>	<u>9,591</u>
<b>Excess Of Revenues Over (Under) Expenditures</b>	<u>(62)</u>	<u>(14,114)</u>	<u>(4,809)</u>	<u>9,305</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	16	-	(16)
Transfers Out	-	(1,285)	(1,285)	-
Total Other Financing Sources (Uses)	-	(1,269)	(1,285)	(16)
<b>Net Change in Fund Balance</b>	<u>(62)</u>	<u>(15,383)</u>	<u>(6,094)</u>	<u>9,289</u>
<b>Fund Balance - Beginning Of Year</b>	<u>21,757</u>	<u>21,757</u>	<u>21,757</u>	<u>-</u>
<b>Fund Balance - End Of Year</b>	<u>\$ 21,695</u>	<u>\$ 6,374</u>	<u>\$ 15,663</u>	<u>\$ 9,289</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, 2008  
(In Thousands)  
(continued)**

**Low Income Housing Fund**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
From Use of Money and Property	\$ 470	\$ 470	\$ 505	\$ 35
<b>EXPENDITURES</b>				
Current:				
Economic Development	495	9,300	7,362	1,938
Capital Outlay	2,000	2,000	1,017	983
<b>Total Expenditures</b>	<u>2,495</u>	<u>11,300</u>	<u>8,379</u>	<u>2,921</u>
<b>Excess Of Revenues Over (Under) Expenditures</b>	<u>(2,025)</u>	<u>(10,830)</u>	<u>(7,874)</u>	<u>2,956</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	3,948	3,948	3,405	(543)
<b>Net Change in Fund Balance</b>	<u>1,923</u>	<u>(6,882)</u>	<u>(4,469)</u>	<u>2,413</u>
<b>Fund Balance - Beginning Of Year</b>	<u>12,666</u>	<u>12,666</u>	<u>12,666</u>	<u>-</u>
<b>Fund Balance - End Of Year</b>	<u>\$ 14,589</u>	<u>\$ 5,784</u>	<u>\$ 8,197</u>	<u>\$ 2,413</u>

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## Other Enterprise Funds

**Enterprise Funds** account for operations similar to private businesses. The City's intent is to recover the costs to the general public through user charges or where the City wished to periodically determine net income.

- The **Emerald Cove Housing Fund** accounts for the operations of a senior-citizens apartment complex.
- The **Emergency Fire Medical Fund** accounts for the user-fee portion of the City's paramedic service.
- The **Hazmat Service Fund** accounts for user fees charged for City's hazardous material program.
- The **Ocean View Estates Fund** accounts for the operation of the Ocean View Estates Mobile Home Park owned by the City.

**CITY OF HUNTINGTON BEACH  
 COMBINING STATEMENT OF NET ASSETS  
 OTHER ENTERPRISE FUNDS  
 SEPTEMBER 30, 2008  
 (In Thousands)**

	Emerald Cove Housing	Emergency Fire Medical	Hazmat Service	Ocean View Estates	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and Investments	\$ 2,985	\$ -	\$ 233	\$ -	\$ 3,218
Other Receivables	23	-	17	-	40
<b>TOTAL CURRENT ASSETS</b>	<b><u>3,008</u></b>	<b><u>-</u></b>	<b><u>250</u></b>	<b><u>-</u></b>	<b><u>3,258</u></b>
<b>CAPITAL ASSETS:</b>					
Land	1,289	-	-	-	1,289
Buildings	4,102	-	-	-	4,102
Less Accumulated Depreciation	(1,887)	-	-	-	(1,887)
<b>TOTAL CAPITAL ASSETS</b>	<b><u>3,504</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,504</u></b>
<b>TOTAL ASSETS</b>	<b><u>6,512</u></b>	<b><u>-</u></b>	<b><u>250</u></b>	<b><u>-</u></b>	<b><u>6,762</u></b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts Payable	25	-	-	-	25
Accrued Payroll	-	-	5	-	5
Deposits Payable	52	-	-	-	52
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>77</u></b>	<b><u>-</u></b>	<b><u>5</u></b>	<b><u>-</u></b>	<b><u>82</u></b>
<b>NON-CURRENT LIABILITIES:</b>					
Compensated Absences	-	-	24	-	24
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>24</u></b>	<b><u>-</u></b>	<b><u>24</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>77</u></b>	<b><u>-</u></b>	<b><u>29</u></b>	<b><u>-</u></b>	<b><u>106</u></b>
<b>NET ASSETS:</b>					
Invested in Capital Assets	3,504	-	-	-	3,504
Unrestricted	2,931	-	221	-	3,152
<b>TOTAL NET ASSETS</b>	<b><u>\$ 6,435</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 221</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,656</u></b>

**CITY OF HUNTINGTON BEACH  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
OTHER ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)**

	Emerald Cove Housing	Emergency Fire Medical	Hazmat Service	Ocean View Estates	Total
<b>OPERATING REVENUES:</b>					
Rentals	\$ 1,177	\$ -	\$ -	\$ 333	\$ 1,510
Fees for Service	-	6,546	185	-	6,731
Other	3	216	-	4	223
<b>TOTAL OPERATING REVENUES</b>	<b>1,180</b>	<b>6,762</b>	<b>185</b>	<b>337</b>	<b>8,464</b>
<b>OPERATING EXPENSES:</b>					
Supplies and Operations	811	6,531	249	106	7,697
Depreciation	82	402	-	11	495
<b>TOTAL OPERATING EXPENSES</b>	<b>893</b>	<b>6,933</b>	<b>249</b>	<b>117</b>	<b>8,192</b>
<b>OPERATING INCOME (LOSS)</b>	<b>287</b>	<b>(171)</b>	<b>(64)</b>	<b>220</b>	<b>272</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest Income	121	97	17	86	321
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>121</b>	<b>97</b>	<b>17</b>	<b>86</b>	<b>321</b>
<b>CHANGE IN NET ASSETS BEFORE TRANSFERS</b>	<b>408</b>	<b>(74)</b>	<b>(47)</b>	<b>306</b>	<b>593</b>
<b>TRANSFERS:</b>					
Transfers Out	(314)	(4,013)	(13)	(5,305)	(9,645)
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>94</b>	<b>(4,087)</b>	<b>(60)</b>	<b>(4,999)</b>	<b>(9,052)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>6,341</b>	<b>4,087</b>	<b>281</b>	<b>4,999</b>	<b>15,708</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 6,435</b>	<b>\$ -</b>	<b>\$ 221</b>	<b>\$ -</b>	<b>\$ 6,656</b>

**STATEMENT OF CASH FLOWS  
OTHER ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008  
(In Thousands)**

	Emerald Cove Housing	Emergency Fire Medical	Hazmat Service	Ocean View Estates	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers and Users	\$ 1,189	\$ 7,906	\$ 185	\$ 358	\$ 9,638
Cash Paid to Employees for Services	-	(4,082)	(157)	(33)	(4,272)
Cash Paid to Suppliers of Goods and Services	(917)	(2,653)	(66)	(95)	(3,731)
Other Operating Items					
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>272</u></b>	<b><u>1,171</u></b>	<b><u>(38)</u></b>	<b><u>230</u></b>	<b><u>1,635</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers Out	(314)	(4,013)	(13)	(5,305)	(9,645)
<b>NET CASH PROVIDED (USED) BY NON CAPITAL FINANCING ACTIVITIES</b>	<b><u>(314)</u></b>	<b><u>(4,013)</u></b>	<b><u>(13)</u></b>	<b><u>(5,305)</u></b>	<b><u>(9,645)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment Earnings Received	121	97	17	86	321
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>79</b>	<b>(2,745)</b>	<b>(34)</b>	<b>(4,989)</b>	<b>(7,689)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>2,906</u></b>	<b><u>1,877</u></b>	<b><u>267</u></b>	<b><u>1,885</u></b>	<b><u>6,935</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 2,985</u></b>	<b><u>\$ (868)</u></b>	<b><u>\$ 233</u></b>	<b><u>\$ (3,104)</u></b>	<b><u>\$ (754)</u></b>
<b>RECONCILIATION OF OPERATING INCOME NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income	\$ 287	\$ (171)	\$ (64)	\$ 220	\$ 272
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Depreciation	82	402	-	11	495
Decrease (Increase) in Accounts Receivable	9	1,144	-	21	1,174
Increase (Decrease) in Accounts Payable	(108)	(48)	-	(2)	(158)
Increase (Decrease) in Accrued Payroll	-	(62)	2	(1)	(61)
Increase (Decrease) in Deposits	2	-	-	(19)	(17)
Increase (Decrease) in Compensated Absences	-	(94)	24	-	(70)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ 272</u></b>	<b><u>\$ 1,171</u></b>	<b><u>\$ (38)</u></b>	<b><u>\$ 230</u></b>	<b><u>\$ 1,635</u></b>

# 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 Auto 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 **Retiree Medical Insurance Fund** accounts for the City's medical retirement program.

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**CITY OF HUNTINGTON BEACH  
 COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2008**

	Agency Funds					Total Agency Funds
	General Deposit	Community Facilities Districts	Business Improvement Districts	Central Net Operations Authority	Retiree Medical Insurance	
<b>Assets:</b>						
Cash and Investments -						
Local Agency Investment Fund	\$ 520	\$ 1,321	\$ 146	\$ 1,683	\$ -	\$ 3,670
Cash with Fiscal Agent	-	4,140	-	-	-	4,140
Accounts Receivable, Net	-	234	12	-	-	246
<b>Total Assets</b>	<b><u>\$ 520</u></b>	<b><u>\$ 5,695</u></b>	<b><u>\$ 158</u></b>	<b><u>\$ 1,683</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,056</u></b>
<b>Liabilities:</b>						
Accounts Payable	\$ -	\$ -	\$ 121	\$ 18	\$ -	\$ 139
Due to Bondholders	-	5,695	-	-	-	5,695
Held for others	520	-	37	1,665	-	2,222
<b>Total Liabilities</b>	<b><u>\$ 520</u></b>	<b><u>\$ 5,695</u></b>	<b><u>\$ 158</u></b>	<b><u>\$ 1,683</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,056</u></b>

**CITY OF HUNTINGTON BEACH**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	Balance October 1, 2007	Additions	Deletions	Balance September 30, 2008
<b>General Deposit</b>				
<b>Assets:</b>				
Cash and Investments	\$ 562	\$ 274	\$ (316)	\$ 520
<b>Total Assets</b>	<b>\$ 562</b>	<b>\$ 274</b>	<b>\$ (316)</b>	<b>\$ 520</b>
<b>Liabilities:</b>				
Held for others	\$ 562	\$ 127	\$ (169)	\$ 520
<b>Total Liabilities</b>	<b>\$ 562</b>	<b>\$ 127</b>	<b>\$ (169)</b>	<b>\$ 520</b>
<b>Community Facilities Districts</b>				
<b>Assets:</b>				
Cash and Investments	\$ 1,272	\$ 6,392	\$ (6,343)	\$ 1,321
Cash with Fiscal Agent	4,264	288	(412)	4,140
Accounts Receivable, Net	147	494	(407)	234
<b>Total Assets</b>	<b>\$ 5,683</b>	<b>\$ 7,174</b>	<b>\$ (7,162)</b>	<b>\$ 5,695</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 1	\$ 3,938	\$ (3,939)	\$ -
Due to Bondholders	5,682	13	-	5,695
<b>Total Liabilities</b>	<b>\$ 5,683</b>	<b>\$ 3,951</b>	<b>\$ (3,939)</b>	<b>\$ 5,695</b>
<b>Business Improvement Districts</b>				
<b>Assets:</b>				
Cash and Investments	\$ 149	\$ 925	\$ (928)	\$ 146
Accounts Receivable, Net	14	268	(270)	12
<b>Total Assets</b>	<b>\$ 163</b>	<b>\$ 1,193</b>	<b>\$ (1,198)</b>	<b>\$ 158</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 11	\$ 961	\$ (851)	\$ 121
Held for others	152	-	(115)	37
<b>Total Liabilities</b>	<b>\$ 163</b>	<b>\$ 961</b>	<b>\$ (966)</b>	<b>\$ 158</b>
<b>Central Net Operations Authority</b>				
<b>Assets:</b>				
Cash and Investments	\$ 1,680	\$ 1,856	\$ (1,853)	\$ 1,683
<b>Total Assets</b>	<b>\$ 1,680</b>	<b>\$ 1,856</b>	<b>\$ (1,853)</b>	<b>\$ 1,683</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 14	\$ 302	\$ (298)	\$ 18
Held for others	1,666	-	(1)	1,665
<b>Total Liabilities</b>	<b>\$ 1,680</b>	<b>\$ 302</b>	<b>\$ (299)</b>	<b>\$ 1,683</b>
<b>Retiree Medical Insurance</b>				
<b>Assets:</b>				
Cash and Investments	\$ 7,320	\$ 11,783	\$ (19,103)	\$ -
Accounts Receivable, Net	82	2	(84)	-
<b>Total Assets</b>	<b>\$ 7,402</b>	<b>\$ 11,785</b>	<b>\$ (19,187)</b>	<b>\$ -</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 1	\$ 290	\$ (291)	\$ -
Held for others	7,401	-	(7,401)	-
<b>Total Liabilities</b>	<b>\$ 7,402</b>	<b>\$ 290</b>	<b>\$ (7,692)</b>	<b>\$ -</b>

**CITY OF HUNTINGTON BEACH**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR FISCAL YEAR ENDED SEPTEMBER 30, 2008**  
**(CONTINUED)**

	Balance October 1, 2007	Additions	Deletions	Balance September 30, 2008
<b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Cash and Investments	\$ 10,983	\$ 21,230	\$ (28,543)	\$ 3,670
Cash with Fiscal Agent	4,264	288	(412)	4,140
Accounts Receivable, Net	243	764	(761)	246
<b>Total Assets</b>	<b><u>\$ 15,490</u></b>	<b><u>\$ 22,282</u></b>	<b><u>\$ (29,716)</u></b>	<b><u>\$ 8,056</u></b>
<b>Liabilities:</b>				
Accounts Payable	\$ 27	\$ 5,491	\$ (5,379)	\$ 139
Due to Bondholders	5,682	13	-	5,695
Held for others	9,781	127	(7,686)	2,222
<b>Total Liabilities</b>	<b><u>\$ 15,490</u></b>	<b><u>\$ 5,631</u></b>	<b><u>\$ (13,065)</u></b>	<b><u>\$ 8,056</u></b>

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## 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.

<b>Financial Trends-</b> contain trend information to aid the reader understand how the City's financial performance has changed over time.
<b>Revenue Capacity</b> – contain information to help the reader assess the City's most significant local revenue source, the property tax.
<b>Debt Capacity</b> – 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.
<b>Demographic and Economic Information</b> – offers information to help the reader understand the environment within which the City's financial activities take place.
<b>Operating Information</b> – 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 SEVEN FISCAL YEARS**  
(In Thousands)

	Fiscal Year Ending September 30,				
	2008	2007	2006	2005	2004
<b>Governmental Activities</b>					
Investment in Capital Assets, Net of Related Debt	\$ 521,654	\$ 486,552	\$ 472,372	\$ 479,897	\$ 448,217
Restricted	69,126	73,541	68,381	39,227	61,051
Unrestricted	35,615	59,182	34,269	40,226	(9,278)
<b>Total Governmental Activities Net Assets</b>	<b>\$ 626,395</b>	<b>\$ 619,275</b>	<b>\$ 575,022</b>	<b>\$ 559,350</b>	<b>\$ 499,990</b>
<b>Business - Type Activities</b>					
Investment in Capital Assets, Net of Related Debt	\$ 118,671	\$ 119,874	\$ 111,651	\$ 102,068	\$ 92,890
Restricted	32,665	33,546	31,109	34,085	32,968
Unrestricted	57,704	54,822	53,020	41,563	33,664
<b>Total Business - Type Activities Net Assets</b>	<b>\$ 209,040</b>	<b>\$ 208,242</b>	<b>\$ 195,780</b>	<b>\$ 177,716</b>	<b>\$ 159,522</b>
<b>Primary Government</b>					
Investment in Capital Assets, Net of Related Debt	\$ 640,325	\$ 606,426	\$ 584,023	\$ 581,965	\$ 541,107
Restricted	101,791	107,087	99,490	73,312	94,019
Unrestricted	93,319	114,004	87,289	81,789	24,386
<b>Total Primary Government Net Assets</b>	<b>\$ 835,435</b>	<b>\$ 827,517</b>	<b>\$ 770,802</b>	<b>\$ 737,066</b>	<b>\$ 659,512</b>

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

	Fiscal Year Ending September 30,				
	2008	2007	2006	2005	2004
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
City Council	\$ 295	\$ 287	\$ 271	\$ 254	\$ 280
City Administrator	1,652	1,442	5,540	1,990	1,188
City Treasurer	1,408	1,088	1,479	1,568	1,541
City Attorney	2,914	2,534	2,317	2,852	2,775
City Clerk	1,020	950	756	685	717
Administrative Services	-	-	-	5,554	6,348
Finance	4,944	4,454	3,306	2,501	-
Human Resources	4,725	4,202	-	-	-
Planning	3,881	3,098	2,813	2,559	2,396
Building	5,747	4,899	3,930	3,321	2,858
Fire	27,299	27,247	24,787	23,365	20,000
Information Systems	7,311	6,591	7,361	6,806	6,423
Police	58,378	56,988	50,877	47,029	40,686
Economic Development	18,031	9,209	4,977	4,199	19,372
Community Services	18,565	16,482	15,777	13,693	15,735
Library Services	5,607	5,586	4,829	4,394	4,138
Public Works	31,246	34,581	49,654	33,018	30,277
Non-Departmental	30,814	15,131	11,263	12,024	4,054
Interest on Long-Term Debt	5,291	5,875	5,575	6,810	6,001
<b>Total Governmental Activities</b>	<b>229,128</b>	<b>200,644</b>	<b>195,512</b>	<b>172,622</b>	<b>164,789</b>
<b>Business-type Activities:</b>					
Water Utility	32,701	32,606	28,117	22,349	24,643
Sewer Service	7,120	5,766	3,855	5,924	4,042
Refuse Collection	10,561	10,542	10,289	9,826	9,806
Emerald Cove Housing	893	936	551	399	409
Emergency Fire Medical	6,933	5,347	5,637	5,497	5,605
Cultural Affairs	-	-	-	-	-
Hazmat Service	249	194	163	141	204
Ocean View Estates	117	84	120	118	62
<b>Total Business Type Activities</b>	<b>58,574</b>	<b>55,475</b>	<b>48,732</b>	<b>44,254</b>	<b>44,771</b>
<b>Total Business and Government Type Activities</b>	<b>\$ 287,702</b>	<b>\$ 256,119</b>	<b>\$ 244,244</b>	<b>\$ 216,876</b>	<b>\$ 209,560</b>

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

	Fiscal Year Ending September 30,	
	2003	2002
<b>Governmental Activities</b>		
Investment in Capital Assets, Net of Related Debt	\$ 446,061	\$ 425,967
Restricted	51,261	42,417
Unrestricted	(12,924)	(10,745)
<b>Total Governmental Activities Net Assets</b>	<b>\$ 484,398</b>	<b>\$ 457,639</b>
<b>Business - Type Activities</b>		
Investment in Capital Assets, Net of Related Debt	\$ 88,884	\$ 79,781
Restricted	30,946	31,043
Unrestricted	25,671	23,236
<b>Total Business - Type Activities Net Assets</b>	<b>\$ 145,501</b>	<b>\$ 134,060</b>
<b>Primary Government</b>		
Investment in Capital Assets, Net of Related Debt	\$ 534,945	\$ 505,748
Restricted	82,207	73,460
Unrestricted	12,747	12,491
<b>Total Primary Government Net Assets</b>	<b>\$ 629,899</b>	<b>\$ 591,699</b>

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

	Fiscal Year Ending September 30,	
	2003	2002
<b>Expenses:</b>		
<b>Governmental Activities:</b>		
City Council	\$ 267	\$ 262
City Administrator	1,587	2,214
City Treasurer	1,341	1,160
City Attorney	2,899	3,634
City Clerk	559	698
Administrative Services	8,357	7,230
Finance	-	-
Human Resources	-	-
Planning	3,633	2,658
Building	3,045	3,101
Fire	19,490	19,361
Information Systems	4,401	4,464
Police	41,104	42,187
Economic Development	3,830	3,080
Community Services	9,989	12,440
Library Services	6,721	4,801
Public Works	25,386	28,237
Non-Departmental	25,604	19,725
Interest on Long-Term Debt	6,199	9,438
<b>Total Governmental Activities</b>	<b>164,412</b>	<b>164,690</b>
<b>Business-type Activities:</b>		
Water Utility	24,943	27,250
Sewer Service	3,775	2,419
Refuse Collection	9,681	9,178
Emerald Cove Housing	401	405
Emergency Fire Medical	3,765	3,172
Cultural Affairs	-	317
Hazmat Service	150	143
Ocean View Estates	58	11
<b>Total Business Type Activities</b>	<b>42,773</b>	<b>42,895</b>
<b>Total Business and Government Type Activities</b>	<b>\$ 207,185</b>	<b>\$ 207,585</b>

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

	Fiscal Year Ending September 30,				
	2008	2007	2006	2005	2004
<b>Revenues:</b>					
<b>Governmental Activities:</b>					
Charges for Services					
City Council	\$ 103	\$ 99	\$ 90	\$ -	\$ -
City Administrator	404	392	1,612	-	-
City Treasurer	720	698	1,332	-	-
City Attorney	47	46	43	-	-
City Clerk	168	210	95	111	-
Finance	1,354	1,312	325	-	-
Human Resources	1,391	1,347	-	-	-
Planning	1,987	4,223	825	1,024	1,403
Building	4,582	5,450	4,859	5,068	4,513
Fire	1,423	1,267	1,086	1,095	1,183
Information Systems	697	675	641	-	-
Police	5,159	4,890	5,355	5,254	1,605
Economic Development	3,001	2,944	505	385	5
Community Services	15,383	15,036	14,644	13,376	12,611
Library Services	851	835	714	714	4,290
Public Works	6,000	5,016	4,784	1,781	4,220
Non-Departmental	239	232	229	-	589
Total Charges for Services	43,509	44,672	37,139	28,808	30,419
Operating Grants	7,684	1,996	917	1,657	6,343
Capital Grants	14,284	5,154	6,893	43,341	7,384
Transfers	9,594	491	464	4,884	-
<b>Total Governmental Activities Program Revenue</b>	<b>75,071</b>	<b>52,313</b>	<b>45,413</b>	<b>78,690</b>	<b>44,146</b>
<b>Business- Type Activities Program Revenue</b>					
Water Utility	35,751	37,962	37,946	40,371	40,172
Sewer Service	9,906	7,242	7,873	8,512	6,373
Refuse Collection	10,521	10,550	10,292	9,985	10,412
Emerald Cove Housing	1,180	1,037	960	866	781
Emergency Fire Medical	6,762	6,068	6,145	5,725	5,650
Cultural Affairs	-	-	-	-	-
Hazmat Service	185	210	182	110	187
Ocean View Estates	337	324	273	263	258
Total Business Type Activities	64,642	63,393	63,671	65,832	63,833
Total Primary Government Program Revenue	139,713	115,706	109,084	144,522	107,979
<b>Net (Expense) Revenue:</b>					
Governmental Activities:	(154,057)	(148,331)	(150,099)	(93,932)	(120,643)
Business- Type Activities	6,068	7,918	14,939	21,578	19,062
<b>Total Net (Expense) Revenue</b>	<b>(147,989)</b>	<b>(140,413)</b>	<b>(135,160)</b>	<b>(72,354)</b>	<b>(101,581)</b>
<b>General Revenue and Other Changes in Net Assets</b>					
<b>Governmental Activities:</b>					
Property Taxes	84,016	79,369	66,598	61,466	47,405
Sales Taxes	25,560	30,608	26,448	24,340	28,273
Utility Taxes	21,591	21,479	21,170	20,004	19,424
Other Taxes	15,065	13,776	13,226	14,952	11,365
Use of Money and Property	5,714	7,895	4,310	3,137	3,528
From Other Agencies	6,899	12,689	10,390	8,186	14,406
Participation Payments	-	1,564	6,221	12,697	-
Other	2,332	2,696	9,278	8,510	7,328
<b>Total Governmental General Revenue</b>	<b>161,177</b>	<b>170,076</b>	<b>157,641</b>	<b>153,292</b>	<b>131,729</b>
<b>Business-Type Activities:</b>					
Transfers	(9,594)	(491)	(464)	(4,884)	-
Use of Money and Property	4,324	5,035	3,589	1,500	1,085
<b>Total Business-Type Activities General Revenue</b>	<b>(5,270)</b>	<b>4,544</b>	<b>3,125</b>	<b>(3,384)</b>	<b>1,085</b>
<b>Total General Revenue and Transfers</b>	<b>155,907</b>	<b>174,620</b>	<b>160,766</b>	<b>149,908</b>	<b>132,814</b>
<b>Changes in Net Assets - Governmental Activities</b>	7,120	21,745	7,542	59,360	11,086
<b>Changes in Net Assets - Business Activities</b>	798	12,462	18,064	18,194	20,147
<b>Net Assets - Beginning of Year</b>	<b>827,517</b>	<b>793,310</b>	<b>745,196</b>	<b>659,512</b>	<b>628,279</b>
<b>Net Assets - End of Year</b>	<b>\$ 835,435</b>	<b>\$ 827,517</b>	<b>\$ 770,802</b>	<b>\$ 737,066</b>	<b>\$ 659,512</b>

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

	Fiscal Year Ending September 30,	
	2003	2002
<b>Revenues:</b>		
<b>Governmental Activities:</b>		
Charges for Services		
City Council	\$ -	\$ -
City Administrator	-	33
City Treasurer	-	-
City Attorney	-	-
City Clerk	82	46
Finance	-	-
Human Resources	-	-
Planning	752	580
Building	3,067	3,940
Fire	1,157	500
Information Systems	-	-
Police	4,176	4,433
Economic Development	257	-
Community Services	9,433	8,510
Library Services	673	-
Public Works	3,356	1,103
Non-Departmental	5	4,411
Total Charges for Services	<u>22,958</u>	<u>23,556</u>
Operating Grants	1,736	5,063
Capital Grants	6,955	13,039
Transfers	-	(244)
<b>Total Governmental Activities Program Revenue</b>	<b><u>31,649</u></b>	<b><u>41,414</u></b>
<b>Business- Type Activities Program Revenue</b>		
Water Utility	37,943	59,103
Sewer Service	5,876	4,540
Refuse Collection	9,123	9,182
Emerald Cove Housing	746	707
Emergency Fire Medical	4,103	4,103
Cultural Affairs	-	189
Hazmat Service	233	145
Ocean View Estates	245	192
Total Business Type Activities	<u>58,269</u>	<u>78,161</u>
Total Primary Government Program Revenue	<u>89,918</u>	<u>119,575</u>
<b>Net (Expense) Revenue:</b>		
Governmental Activities:	(132,763)	(123,276)
Business- Type Activities	15,496	35,266
<b>Total Net (Expense) Revenue</b>	<b><u>(117,267)</u></b>	<b><u>(88,010)</u></b>
<b>General Revenue and Other Changes in Net Assets</b>		
<b>Governmental Activities:</b>		
Property Taxes	40,633	38,106
Sales Taxes	28,011	-
Utility Taxes	18,310	-
Other Taxes	13,337	55,084
Use of Money and Property	9,923	13,895
From Other Agencies	16,414	20,359
Participation Payments	-	-
Other	5,491	2,604
<b>Total Governmental General Revenue</b>	<b><u>132,119</u></b>	<b><u>130,048</u></b>
<b>Business-Type Activities:</b>		
Transfers	-	244
Use of Money and Property	1,482	2,240
<b>Total Business-Type Activities General Revenue</b>	<b><u>1,482</u></b>	<b><u>2,484</u></b>
<b>Total General Revenue and Transfers</b>	<b><u>133,601</u></b>	<b><u>132,532</u></b>
<b>Changes in Net Assets - Governmental Activities</b>	(644)	6,772
<b>Changes in Net Assets - Business Activities</b>	16,978	37,750
<b>Net Assets - Beginning of Year</b>	<b><u>613,565</u></b>	<b><u>563,111</u></b>
<b>Net Assets - End of Year</b>	<b><u>\$ 629,899</u></b>	<b><u>\$ 607,633</u></b>

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

	Fiscal Year Ending September 30,				
	2008	2007	2006	2005	2004
<b>General Fund:</b>					
Reserved	\$ 10,967	\$ 10,679	\$ 7,382	\$ 5,915	\$ 2,113
Unreserved	33,476	33,017	33,204	32,371	24,219
<b>Total General Fund</b>	<b>\$ 44,443</b>	<b>\$ 43,696</b>	<b>\$ 40,586</b>	<b>\$ 38,286</b>	<b>\$ 26,332</b>
<b>Other Governmental Funds:</b>					
Reserved	\$ 35,445	\$ 42,013	\$ 25,472	\$ 35,458	\$ 30,143
Unreserved, Reported in:					
Special Revenue Funds	11,307	13,500	20,631	17,833	11,810
Debt Service Funds	5,467	5,484	4,022	3,916	4,434
Capital Projects Funds	15,316	18,286	27,096	16,820	10,242
<b>Total Other Governmental Funds</b>	<b>\$ 67,535</b>	<b>\$ 79,283</b>	<b>\$ 77,221</b>	<b>\$ 74,027</b>	<b>\$ 56,629</b>

	Fiscal Year Ending September 30,				
	2003 (b)	2002 (a)	2001	2000	1999
<b>General Fund:</b>					
Reserved	\$ 2,757	\$ 25,773	\$ 23,677	\$ 26,115	\$ 23,628
Unreserved	12,217	15,972	11,741	17,618	19,291
<b>Total General Fund</b>	<b>\$ 14,974</b>	<b>\$ 41,745</b>	<b>\$ 35,418</b>	<b>\$ 43,733</b>	<b>\$ 42,919</b>
<b>Other Governmental Funds:</b>					
Reserved	\$ 35,470	\$ 45,259	\$ 81,465	\$ 72,056	\$ 61,401
Unreserved, Reported in:					
Special Revenue Funds	10,399	7,967	21,698	19,073	12,748
Debt Service Funds	10,992	(33,364)	12,969	-	-
Capital Projects Funds	8,553	8,637	7,898	11,793	4,968
<b>Total Other Governmental Funds</b>	<b>\$ 65,414</b>	<b>\$ 28,499</b>	<b>\$ 124,030</b>	<b>\$ 102,922</b>	<b>\$ 79,117</b>

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

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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 Ending September 30,				
	2008	2007	2006	2005 (d)	2004
<b>REVENUES:</b>					
Property Taxes	\$ 82,138	\$ 75,916	\$ 69,065	\$ 59,716	\$ 43,501
Sales Taxes	26,377	26,271	26,448	24,340	28,273
Utility Taxes	21,591	21,479	21,170	20,004	19,424
Other Taxes	15,065	13,776	13,226	13,068	11,365
Licenses and Permits	7,924	10,131	7,432	7,457	7,736
Fines and Forfeitures	4,060	4,165	4,288	4,365	4,342
From Use of Money and Property	18,221	19,796	16,461	12,733	11,856
From Other Agencies	19,231	19,304	16,611	20,179	26,321
Charges for Current Service/Other Revenue	20,645	23,270	27,237	33,950	17,553
<b>TOTAL REVENUES</b>	<b>215,252</b>	<b>214,108</b>	<b>201,938</b>	<b>195,812</b>	<b>170,371</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
City Council	295	287	271	254	280
City Administrator	1,588	1,490	5,508	1,917	1,165
City Treasurer	1,357	1,060	1,446	1,547	1,519
City Attorney	2,881	2,526	2,313	2,848	2,771
City Clerk	992	932	828	679	712
Administrative Services	-	-	-	5,731	6,295
Finance	4,792	4,400	3,283	2,501	-
Human Resources	4,725	4,202	-	-	-
Community Development	-	-	-	-	-
Planning	3,859	3,092	2,800	2,548	2,382
Building	3,957	4,670	3,729	3,291	2,938
Fire	27,146	26,438	24,334	22,365	19,018
Information Systems	6,741	6,437	6,540	5,726	5,315
Police	56,535	55,461	50,151	45,778	39,414
Economic Development	16,228	8,292	4,172	2,866	5,132
Community Services	15,666	14,744	14,382	12,321	11,718
Library Services	4,962	5,097	4,359	3,969	3,745
Public Works	23,528	25,248	28,448	21,535	16,756
Non-Departmental	21,519	12,977	13,831	13,039	23,809
Capital Outlay	21,525	16,142	30,174	9,065	29,484
Debt Service:					
Principal	8,234	10,453	9,406	8,474	8,718
Interest	5,345	5,514	6,512	5,999	5,987
<b>TOTAL EXPENDITURES</b>	<b>231,875</b>	<b>209,462</b>	<b>212,487</b>	<b>172,453</b>	<b>187,158</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<b>(16,623)</b>	<b>4,646</b>	<b>(10,549)</b>	<b>23,359</b>	<b>(16,787)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	24,278	16,313	21,531	20,890	30,274
Proceeds of Bankruptcy Settlements	-	-	-	-	-
Reclassification of Interfund Advances	-	-	-	-	-
Capital Assets Reclassification for Changes in F	-	-	-	-	-
Payments to Escrow	-	-	-	-	-
Proceeds of Long-Term Debt	-	35	15,579	1,102	13,236
Transfers Out	(18,656)	(15,822)	(20,075)	(16,006)	(24,148)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,622</b>	<b>526</b>	<b>17,035</b>	<b>5,986</b>	<b>19,362</b>
<b>INCREASE (DECREASE) IN FUND BALANCES</b>	<b>\$ (11,001)</b>	<b>\$ 5,172</b>	<b>\$ 6,486</b>	<b>\$ 29,345</b>	<b>\$ 2,575</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES</b>					
	<b>6.9%</b>	<b>9.0%</b>	<b>9.6%</b>	<b>9.7%</b>	<b>10.3%</b>

(c) Community Development was reorganized into two separate departments (Planning and Building). Information Systems was recorded originally in the Non-departmental area and transferred to a new department.

(d) Finance was originally included with Administrative Services

<b>Fiscal Year Ending September 30,</b>				
<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999 (c)</b>
\$ 38,983	\$ 33,204	\$ 36,860	\$ 37,645	\$ 34,345
28,011	23,449	28,082	26,268	22,699
18,310	18,014	17,045	15,058	14,936
13,337	13,621	15,096	10,868	11,122
8,045	7,162	6,902	8,538	10,527
3,815	3,797	4,092	4,018	2,744
9,923	13,895	15,812	14,603	10,913
25,103	28,426	31,634	32,021	24,753
14,140	15,201	12,150	15,847	14,071
<b>159,667</b>	<b>156,769</b>	<b>167,673</b>	<b>164,866</b>	<b>146,110</b>
269	237	231	277	275
1,559	2,109	1,776	1,799	1,569
1,377	1,108	916	884	820
2,836	3,570	2,943	2,227	1,969
555	676	559	451	474
8,323	7,095	3,874	3,559	2,876
-	-	-	-	-
-	-	-	-	4,067
2,544	2,585	2,329	2,180	-
3,043	2,991	2,589	2,384	-
19,021	18,024	18,142	17,471	15,639
3,619	3,500	2,814	-	-
41,184	37,990	39,081	36,140	34,343
3,616	3,073	2,816	6,749	3,598
10,182	11,065	11,395	9,815	8,439
4,215	4,350	4,265	3,984	3,510
19,832	21,565	24,870	25,263	18,287
31,236	13,407	15,298	18,572	12,929
24,217	54,356	33,687	18,740	20,739
7,427	5,541	11,884	6,333	12,111
6,273	7,152	16,204	14,965	16,654
<b>191,328</b>	<b>200,394</b>	<b>195,673</b>	<b>171,793</b>	<b>158,299</b>
<b>(31,661)</b>	<b>(43,625)</b>	<b>(28,000)</b>	<b>(6,927)</b>	<b>(12,189)</b>
54,463	58,948	21,267	30,529	7,794
-	-	-	3,833	-
16,018	-	-	-	-
(1,743)	-	-	-	-
-	(52,673)	-	-	(10,001)
24,582	61,514	37,947	30,110	25,684
(57,096)	(59,818)	(21,908)	(32,958)	(9,053)
36,224	7,971	37,306	31,514	14,424
<b>\$ 4,563</b>	<b>\$ (35,654)</b>	<b>\$ 9,306</b>	<b>\$ 24,587</b>	<b>\$ 2,235</b>
<b>8.9%</b>	<b>9.5%</b>	<b>21.0%</b>	<b>16.2%</b>	<b>26.4%</b>

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

<b>Fiscal Year</b>	<b>Common Property</b>	<b>Public Utilities</b>	<b>Total Secured</b>	<b>Unsecured</b>	<b>Total Assessed Valuation</b>	<b>Total Direct Tax Rate</b>
1998-1999	\$ 13,376,116	\$ 2,705	\$ 13,378,821	\$ 598,733	\$ 13,977,554	1.05840
1999-2000	13,386,740	1,670	13,388,410	581,160	13,969,570	1.05810
2000-2001	15,796,157	2,745	15,798,902	674,719	16,473,621	1.05810
2001-2002	16,081,760	2,449	16,084,209	699,307	16,783,516	1.00770
2002-2003	17,949,445	2,428	17,951,873	820,219	18,772,092	1.01902
2003-2004	17,987,861	2,876	17,990,737	911,027	18,901,764	1.02571
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	1.06575
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

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**

<b>Fiscal Year</b>	<b>Basic Levy</b>	<b>City</b>	<b>Orange County</b>	<b>School Districts</b>	<b>Metro Water District</b>	<b>Others</b>	<b>Total</b>
1998-1999	\$ 1.00000	\$ 0.04930	\$ 0.00020	\$ -	\$ 0.00890	\$ -	\$ 1.05840
1999-2000	1.00000	0.04930	-	-	0.00880	-	1.05810
2000-2001	1.00000	0.04930	-	-	0.00880	-	1.05810
2001-2002	1.00000	-	-	-	0.00770	-	1.00770
2002-2003	1.00000	-	-	0.01232	0.00670	-	1.01902
2003-2004	1.00000	0.00696	-	0.01214	0.00610	0.00051	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

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	Secured Taxes				Unsecured Taxes			
	Total Levy	Total Collections	Delinquency Amount	Delinquency Percent	Total Levy	Total Collections	Delinquency Amount	Delinquency Percent
	1998-1999	\$ 18,341	\$ 17,868	\$ 262	1.47%	\$ 1,243	\$ 1,146	\$ 35
1999-2000	21,001	20,676	284	1.35%	1,321	1,231	29	2.20%
2000-2001	22,724	22,035	629	2.77%	1,348	1,267	33	2.45%
2001-2002	24,581	24,238	343	1.40%	1,419	1,366	53	3.74%
2002-2003	27,634	26,765	507	1.83%	1,467	1,343	42	2.86%
2003-2004	31,024	30,033	441	1.42%	1,507	1,382	34	2.26%
2004-2005	34,403	33,423	570	1.66%	1,606	1,474	40	2.49%
2005-2006	36,556	35,318	795	2.17%	1,590	1,434	42	2.64%
2006-2007	39,174	37,194	1,278	3.26%	1,842	1,600	150	8.14%
2007-2008	42,269	40,001	1,734	4.10%	1,718	1,618	34	1.98%

Fiscal Year	Reservoir Hill				Community Facilities Districts			
	Total Levy	Total Collections	Delinquency Amount	Delinquency Percent	Total Levy	Total Collections	Delinquency Amount	Delinquency Percent
	1998-1999	\$ 194	\$ 184	\$ 9	4.89%	\$ 264	\$ 255	\$ 8
1999-2000	184	181	3	1.63%	264	259	5	1.89%
2000-2001	184	180	4	2.17%	264	258	5	1.89%
2001-2002	188	184	4	2.13%	264	258	6	2.27%
2002-2003	192	189	3	1.56%	538	534	1	0.19%
2003-2004	191	190	1	0.52%	1,797	1,789	2	0.11%
2004-2005	-	-	-	0.00%	1,731	1,719	7	0.41%
2005-2006	-	-	-	0.00%	4,085	4,069	11	0.27%
2006-2007	-	-	-	0.00%	4,061	4,041	7	0.17%
2007-2008	-	-	-	0.00%	4,106	4,085	9	0.22%

Source: County of Orange Auditor Controller's Office  
 Note- Delinquency amount does not always equal levy amount minus collections amount since there are always amounts collected from prior years

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

	Fiscal Year Ending September 30,									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Long-Term Indebtedness</b>										
<b>Governmental Activities:</b>										
Judgement Obligation Bonds	\$ 10,050	\$ 10,795	\$ 11,525	\$ 12,245	\$ 12,500	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Public Financing Authority:</b>										
1992 Revenue Bonds	-	-	-	-	-	-	-	20,460	20,885	21,275
1997 Leasehold Revenue Bond	2,945	3,025	3,690	4,330	4,940	5,515	6,070	6,580	7,020	7,440
2000 Certificates of Participation	13,515	14,215	14,885	15,525	16,140	16,730	17,295	17,840	18,310	-
2001-a Leasehold Revenue Bond	27,075	27,750	28,400	29,030	29,635	30,220	30,780	31,360	-	-
2001-b Leasehold Revenue Bond	19,595	21,340	23,030	24,670	26,265	27,800	29,275	-	-	-
<b>Total Public Financing Authority</b>	<b>63,130</b>	<b>66,330</b>	<b>70,005</b>	<b>73,555</b>	<b>76,980</b>	<b>80,265</b>	<b>83,420</b>	<b>76,240</b>	<b>46,215</b>	<b>28,715</b>
<b>Civic Improvement Corporation:</b>										
Refunding Certificates of Participation (Civic Center 1993)	-	-	-	-	-	-	-	16,655	17,360	18,030
Refunding Certificates of Participation (Police Admin Bldg 1993)	-	-	-	-	-	-	-	13,095	13,520	13,925
Reservoir Hill Assessment Bonds	-	-	-	-	-	360	415	605	815	1,030
<b>Total Civic Improvement Corporation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>360</b>	<b>415</b>	<b>30,355</b>	<b>31,695</b>	<b>32,985</b>
<b>Redevelopment Agency:</b>										
1999 Tax Allocation Refunding Bonds	7,410	7,790	8,155	8,505	8,840	9,160	9,470	9,770	10,060	10,340
2002 Tax Allocation Refunding Bonds	16,250	17,095	17,910	18,700	19,465	20,215	20,900	-	-	-
Mayer Disposition and Development Agreement	6,810	7,101	8,197	10,083	10,730	10,549	11,280	4,756	11,678	10,142
Bella Terra OPA (Parking)	14,532	14,855	15,000	-	-	-	-	-	-	-
Section 108 Loan/Bowen Court	6,530	6,895	7,235	7,550	7,850	7,630	7,890	8,130	8,355	-
<b>Total Redevelopment Agency</b>	<b>51,532</b>	<b>53,736</b>	<b>56,497</b>	<b>44,838</b>	<b>46,885</b>	<b>47,554</b>	<b>49,540</b>	<b>22,656</b>	<b>30,093</b>	<b>20,482</b>
<b>Other Long-Term Obligations:</b>										
Notes Payable	-	-	-	116	337	545	293	345	393	451
Energy Financing Loan	-	-	-	-	-	-	742	927	1,173	308
Compensated Absences	12,253	11,068	9,630	9,045	8,037	8,223	8,950	8,075	6,135	5,463
Advances from Other Funds	-	-	-	-	-	-	-	57,507	56,805	59,897
Net Pension Obligation	4,440	4,775	6,548	7,640	8,409	8,342	8,593	8,337	8,150	7,244
Capital Leases Payable	1,681	2,281	2,975	3,461	4,885	6,420	4,107	123	155	-
Claims Payable	6,368	4,672	3,956	14,545	11,937	15,053	12,612	-	-	-
Property Tax Claims	-	-	-	-	-	22,138	-	-	-	-
<b>Total Other Long-Term Obligations</b>	<b>24,742</b>	<b>22,796</b>	<b>23,109</b>	<b>34,807</b>	<b>33,605</b>	<b>60,721</b>	<b>35,297</b>	<b>75,314</b>	<b>72,811</b>	<b>73,363</b>
	<b>\$ 149,454</b>	<b>\$ 153,657</b>	<b>\$ 161,136</b>	<b>\$ 165,445</b>	<b>\$ 169,970</b>	<b>\$ 188,900</b>	<b>\$168,672</b>	<b>\$204,565</b>	<b>\$180,814</b>	<b>\$155,545</b>
<b>Long-Term Obligations - Business Activities:</b>										
Certificates of Participation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,105
Compensated Absences	1,078	1,059	868	786	710	623	491	472	400	333
Leases Payable	9	12	40	112	183	250	595	431	9	46
<b>Total Long-Term Obligations - Business Activities</b>	<b>\$ 1,087</b>	<b>\$ 1,071</b>	<b>\$ 908</b>	<b>\$ 898</b>	<b>\$ 893</b>	<b>\$ 873</b>	<b>\$ 1,086</b>	<b>\$ 903</b>	<b>\$ 409</b>	<b>\$ 5,484</b>

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Population*	201,993	202,250	201,000	200,023	198,996	197,263	194,889	192,446	188,706	187,061
Debt Per-Capita	\$ 740	\$ 619	\$ 623	\$ 705	\$ 675	\$ 719	\$ 695	\$ 723	\$ 705	\$ 585
Total Personal Income (In Thousands)**	\$ 8,000,943	\$ 7,626,443	\$ 7,436,799	\$ 7,284,238	\$ 7,246,837	\$ 7,456,541				
Per - Capita Personal Income**	\$ 39,610	\$ 37,708	\$ 36,999	\$ 36,417	\$ 36,417	\$ 37,800				
Unemployment Rate***	4.70%	3.40%	2.70%	3.00%	3.20%	3.80%	4.00%	3.40%	2.80%	0.036
Total Employment***	119,300	121,100	121,400	119,600	117,200	114,400	112,600	111,800	110,200	

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 SEVEN YEARS AGO**

<b>2007-2008</b>		
	<b>Revenue (In Thousands)</b>	<b>Percent of Total</b>
Mayer Financial Limited Partnership	\$ 1,879	3.37%
Bella Terra Associates LLC	1,781	3.19%
Mullrock 1 Beach Pointe LLC	447	0.80%
Mc Donnel Douglas Corp/Boeing Corp	418	0.75%
Waterfront Construction 1 California LP	414	0.74%
Redevelopment Agency of Huntington Beach	386	0.69%
Essex Huntington Breakers	311	0.56%
NF Huntington Plaza	304	0.54%
CIM Huntington LLC	289	0.52%
Pierside Pavilion LLC	283	0.51%
<b>Total Top Ten</b>	<b>6,512</b>	<b>11.67%</b>
All Other Properties	49,290	88.33%
<b>City Total</b>	<b>\$ 55,802</b>	<b>100.00%</b>

<b>2000-2001</b>		
	<b>Revenue (In Thousands)</b>	<b>Percent of Total</b>
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%
<b>Total Top Ten</b>	<b>2,787</b>	<b>7.66%</b>
All Other Properties	33,609	92.34%
<b>City Total</b>	<b>\$ 36,396</b>	<b>100.00%</b>

Source: HdL Coren & Cone

Note: Information on the top ten property taxpayers is not readily available for fiscal year ending September 2000 and earlier.

**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
1998-1999	\$ 13,977,554	\$ 1,677,306	\$ -	\$ 1,677,306
1999-2000	13,969,570	1,676,348	-	1,676,348
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

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

	2008	% of total
Boeing	4,352	3.65%
Quiksilver	1,337	1.12%
Cambo Manufacturing	909	0.76%
Verizon	723	0.61%
Hyatt Regency Huntington Beach	670	0.56%
C & D Aerospace	600	0.50%
Huntington Beach Hospital	503	0.42%
Fisher & Paykel	441	0.37%
Rainbow Disposal	408	0.34%
Home Depot (including Expo)	386	0.32%
<b>Total of top 10</b>	<b>10,329</b>	<b>8.66%</b>
all others	108,971	91.34%
<b>Total employment (public and private)</b>	<b>119,300</b>	<b>100.00%</b>

	2005	% of total
Boeing	4,282	3.58%
Quiksilver	1,550	1.30%
Cambo 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%
<b>Total of top 10</b>	<b>10,646</b>	<b>8.90%</b>
all others	108,954	91.10%
<b>Total employment (public and private)</b>	<b>119,600</b>	<b>100.00%</b>

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 BUDGETED CITY EMPLOYEES BY FUNCTION/PROGRAM  
LAST SEVEN FISCAL YEARS**

General Government:	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
City Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Administrator	8.00	8.00	29.00	29.00	7.00	13.00	17.00
City Treasurer	10.00	10.00	10.00	16.00	16.00	16.00	16.00
City Attorney	18.00	18.00	18.00	17.00	15.00	14.00	16.00
City Clerk	8.00	8.00	8.00	7.50	7.50	8.00	8.00
Finance	33.00	33.00	31.00	23.00	-	-	-
Human Resources	20.00	20.00	-	-	-	-	-
Administrative Services	-	-	-	-	47.00	49.00	53.50
Planning	28.00	28.00	28.00	27.50	25.00	26.00	28.00
Building	31.50	31.50	31.50	30.50	27.50	27.50	27.50
Information Systems	38.00	38.00	38.00	36.00	37.00	18.50	18.25
Economic Development	13.00	14.00	13.00	14.00	11.00	12.00	15.00
Library Services	37.25	37.25	37.25	37.25	38.25	40.25	45.75
Fire	184.00	184.00	160.00	157.00	156.50	162.00	166.00
Police	376.00	376.00	374.00	371.50	366.00	379.00	388.00
Community Services	69.75	69.75	69.75	64.50	62.25	67.50	71.50
Public Works	255.00	257.00	255.30	240.00	231.00	264.00	270.00
	<b><u>1,130.50</u></b>	<b><u>1,133.50</u></b>	<b><u>1,103.80</u></b>	<b><u>1,071.75</u></b>	<b><u>1,048.00</u></b>	<b><u>1,097.75</u></b>	<b><u>1,141.50</u></b>

Source: Finance Department, City of Huntington Beach

**CITY OF HUNTINGTON BEACH**

**OPERATING INDICATORS BY FUNCTION/ACTIVITY  
LAST FOUR FISCAL YEARS**

Function/Program	2008	2007	2006	2005
<b>Finance:</b>				
Water Bills Processed	642,883	630,228	626,903	586,000
Business Licenses Issued	21,129	20,670	19,746	20,184
Accounts Receivable Billings Processed	26,263	21,352	22,453	22,768
<b>City Clerk:</b>				
Passports Issued	4,929	5,755	3,069	3,676
<b>Planning:</b>				
Entitlements Processed	674	504	566	523
Plan Reviews	1,941	1,456	2,105	2,296
Field Inspection Complaints	7,932	5,273	5,926	5,550
Code Violation Cases	3,385	2,231	3,580	3,906
<b>Building:</b>				
# of Permits Issued	9,254	4,355	11,210	12,082
# of Inspections Completed	40,510	42,181	43,905	49,737
Value of Construction Permits (Thousands of Dollars)	123,843	141,277	196,453	169,570
Processed # of Certificate of Occupancies	540	590	307	683
Automated Information Requests	n/a	78,243	77,006	78,868
Counter Vists	2,854	n/a	n/a	n/a
<b>Fire:</b>				
Inspections	6,203	4,900	4,300	4,100
Responses	13,879	12,400	12,100	12,100
<b>Police:</b>				
Physical Arrests	6,930	5,576	6,368	5,282
Parking Violations	67,270	123,096	68,712	112,698
Traffic Violations	18,882	19,859	22,755	25,902
<b>Community Services:</b>				
Acreage of Parks	1,001	999	999	998
Estimated Beach Visitors	10,452,461	10,363,719	10,085,358	8,727,369
Enrollment in Recreation Classes	35,537	34,932	25,447	22,346
<b>Public Works:</b>				
Water Sold (Acre Feet)	30,518	31,128	29,246	29,730
Gallons of Sewage Pumped Per Day	23 million	23 million	23 million	23 million
<b>Library:</b>				
Volumes in Collection	438,467	431,304	437,472	441,523
Volumes Borrowed	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, 2008**

<b>Library Services</b>	One Main Library and Four Branches
<b>Fire:</b>	
Fire Stations	8
<b>Police:</b>	
Stations	One Main Station and Three Substations
<b>Community Services:</b>	
Acreage of Parks	1001
Community Centers	6
Miles of Beach Maintained	3.5
<b>Public Works:</b>	
Centerline Square Miles of Streets Maintained	562
Miles of Storm Drains Maintained	130
Miles of Sewer Maintained	356

Source: Various departments of the City of Huntington Beach

**CITY OF HUNTINGTON BEACH  
STATEMENT OF DIRECT AND  
OVERLAPPING BONDED DEBT  
SEPTEMBER 30, 2008**

2007-08 Assessed Valuation \$25,623,506,085 (after deducting \$1,616,381,648) of incremental redevelopment valuation

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

<b>Tax Debt:</b>	<b>Percent Applicable</b>	<b>Debt Applicable to City</b>
Orange County Teeter Plan Obligations	6.9680%	\$ 8,621,158
Metropolitan Water District	1.4480%	4,738,073
Coast Community College District	30.4190%	103,932,253
Huntington Beach Union High School District	77.6340%	179,928,439
Huntington Beach City School District	97.3350%	27,773,532
Los Alamitos Unified School District Comm Facilities Dist. 1990-1	1.3030%	113,947
City of Huntington Beach Community Facilities Districts	100.0000%	44,805,000
<b>Tax and Assessment Debt</b>		<b>369,912,402</b>

**Other Debt**

**Other Entities:**

Orange County General Fund Obligations	33,764,559
Orange County Pension Obligations	4,857,602
Orange County Board of Education Certifictes of Participation	1,365,031
MWDOC Facilities Corporation	1,462,019
North Orange County Regional Occupation Program Certificates of Participation	13,549
Huntington Beach Union High School District Certificates of Participation	40,386,053
Los Alamitos Unified School District Certificates of Participation	264,778
Fountain Valley School Districts Certificates of Participation	4,067,177
Huntington Beach City School District Certificates of Participation	9,957,371
Ocean View School District Certificates of Participation	7,841,188
Westminster School District Certificates of Participation	7,051,067
City of Huntington Judgement Obligation Bonds	10,050,000
City of Huntington Reporting Entity Beach General Fund Obligations:	63,130,000
<b>Total Gross and Overlapping Bonded Debt Not Repaid by Property Taxes</b>	<b>184,210,394</b>
Less Self Supporting Debt of MWDOC Water Facilities Corporation	(1,462,019)
<b>Total Net Direct and Overlapping General Fund Obligation Debt</b>	<b>182,748,375</b>
<b>Gross Combined Total Debt</b>	<b>\$ 552,660,777</b>

**Ratios to 2006-2007 Assessed Valuation**

Total Overlapping Debt and Assessment Debt 1.36%

**Ratios to Adjusted Assessed Valuations**

Combined Direct Debt (\$77,659,678) 0.29%

Gross Combined Total Debt 2.16%

Net Combined Total Debt 2.16%

State School Building Aide Repayable \$ -

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