

CITY OF HUNTINGTON BEACH, CALIFORNIA



Comprehensive Annual
Financial Report
Year Ended
September 30, 2009

CITY OF HUNTINGTON BEACH, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2009

**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, 2009**

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CITY OF HUNTINGTON BEACH

March 17, 2010

To the Honorable Mayor and City Council:

In accordance with requirements of the City Charter, and the City of Huntington Beach's ongoing commitment to transparent management of its finances, I am pleased to present the Comprehensive Annual Financial Report (CAFR). This report outlines in detail the financial condition of all City funds through September 30, 2009.

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, 2009. 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 PROFILE

The City of Huntington Beach is located on the coast of Orange County, 35 miles south of Los Angeles and 90 miles north of San Diego. With a population of just over 200,000 residents, it is known as Surf City due to its abundance of beaches, sunny, warm Mediterranean climate, and casual lifestyle. With over eight miles of coastline to boast of, Huntington Beach plays host to over nine 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 fourth largest city in Orange County, more than 114,100 people are currently employed by over 16,300 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 1st and ending September 30th. 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. Pursuant to the City's charter, the City Council must adopt the annual budget by September 30th and may amend it or revise it at any time at a properly noticed meeting. Budgetary control is at the department level within each fund and a Department Head, with the Director of Finance's approval, may transfer funds within like categories (operating and capital expenditures) of the same department. Transfer of funds for salaries and benefits require additional approval of the City Administrator or his designee.

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

The rate of return earned for the period ending September 30, 2009 was 2.52%. The City Treasurer, as required by California Government Code 53601, has prepared an annual statement of investment policy which allows for the City to meet current obligations while earning a market rate of return. Further information regarding the City's cash and investments can be found in Note 2 of the financial statements.

LONG-TERM FINANCIAL PLANNING

In 2009, the City Council updated its Strategic Plan, which outlines five goals:

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

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

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

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.

	<u>Percent Funded</u>	<u>Unfunded Liability (in millions)</u>
Retirement - Normal Plan	88%	\$94.6
Retirement - Supplemental	42%	\$34.6
Post-Employment Benefits	45%	\$10.7

The City has adopted 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 23rd 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, 2008, is valid for one year only. The City believes that this Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement Program requirements and will be submitted to GFOA for their consideration for another award.

I wish to thank the City Council, City Administrator, and City Departments for their continued diligence in their role as fiscal stewards for the City of Huntington Beach. Specifically, I would also like to thank Dahle Bulosan, Robert Sedlak, Josh Brooks, and Carrie Gonzales for their efforts in preparing this report.



Bob Wingenroth
Director of Finance

City of Huntington Beach

City Council

Cathy Green, Mayor
Jill Hardy, Mayor Pro Tem

Keith Bohr, Councilmember
Joe Carchio, Councilmember
Gil Coerper, Councilmember
Devin Dwyer, Councilmember
Don Hansen, 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

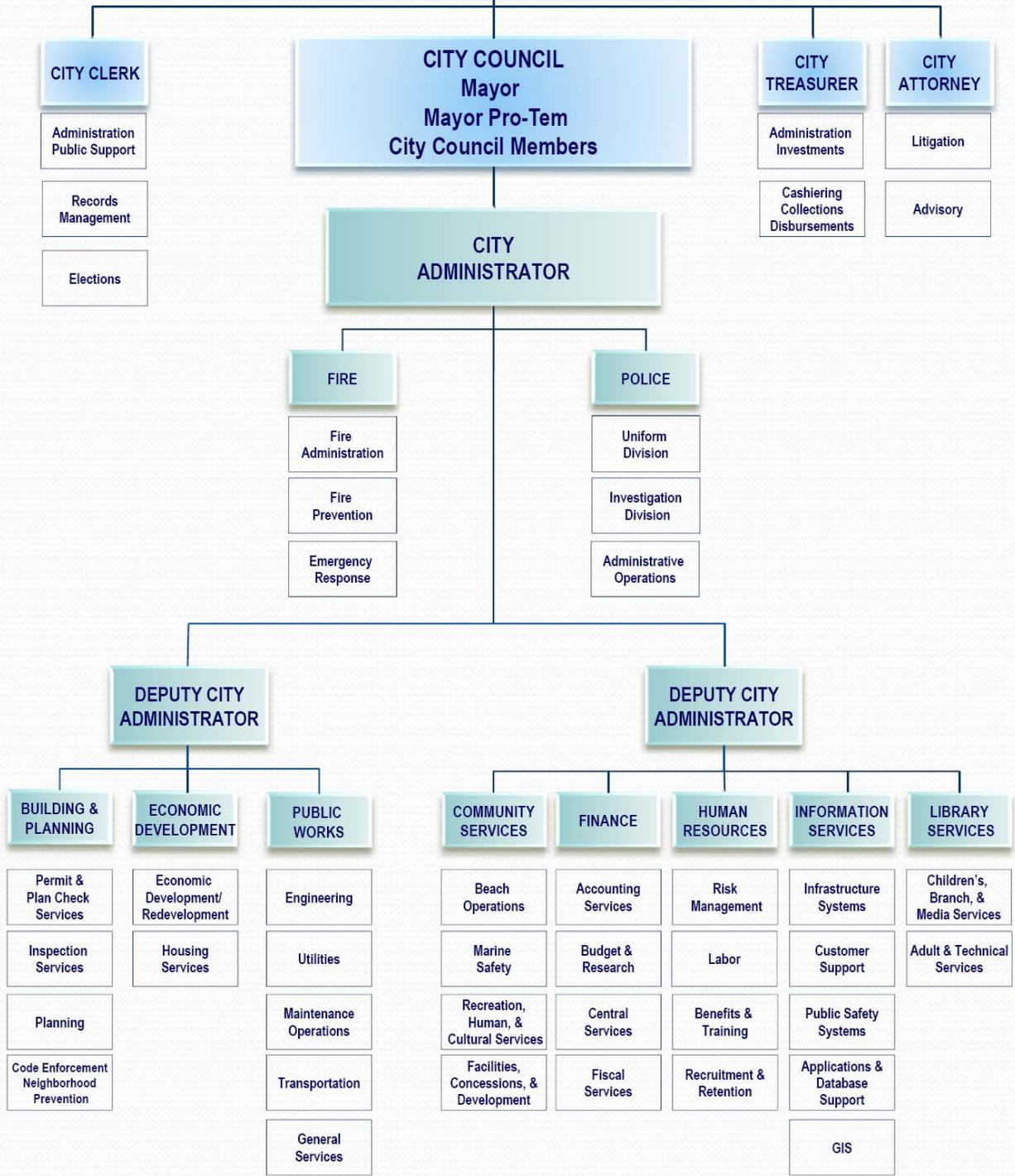
Joan L. Flynn, City Clerk
Shari L. Freidenrich, City Treasurer
Jennifer M. McGrath, City Attorney

Department Directors

Stephanie Beverage, Library Services
Michele Carr, Human Resources
Jim B. Engle, Community Services
Scott Hess, Building & Planning
Travis Hopkins, Public Works
Jack Marshall, Information Services
Chief Patrick McIntosh, Fire
Stanley Smalewitz, Economic Development
Chief Kenneth W. Small, Police
Bob Wingenroth, 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, 2008

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



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*A PROFESSIONAL CORPORATION

March 15, 2010

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, 2009, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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, 2009 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.

As described in Notes 1m and Note 11d(5) to the financial statements, the City adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" and GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" in 2009.

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2010 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 Schedules of Funding Progress for the Retirement, Supplemental Retirement and Other Post Employment Benefits, 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 and the Schedules of Funding Progress for the Retirement, Supplemental Retirement and Other Post Employment Benefits, 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 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.

Dick, Evans and Company, LLP



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2009

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, 2009. 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-v 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, 2009	September 30, 2008	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets	\$ 1,068,545	\$ 1,046,598	\$ 21,947	2.1%
Liabilities	216,306	211,163	5,143	2.4%
Total Net Assets	852,239	835,435	16,804	2.0%
Unrestricted Net Assets	96,129	93,319	2,810	3.0%
Long-Term Obligations	141,144	141,662	(518)	-0.4%
Program Revenues	131,388	130,119	1,269	1.0%
Taxes	138,138	146,232	(8,094)	-5.5%
Other General Revenues	24,702	19,269	5,433	28.2%
Expenses	277,424	287,702	(10,278)	-3.6%

- The total assets of the City of Huntington Beach exceeded its liabilities at the close of the most recent fiscal year by \$852,239,000. Of this amount, \$96,129,000 may be used to meet the City's ongoing obligations to citizens and creditors. Net assets increased \$16,804,000 or 2.0%. This increase is due in large part to contributions of capital assets from private developers. Unrestricted net assets increased by \$2,810,000 or 3.0%.
- Long-term obligations decreased by \$518,000 or 0.4%.
- Program revenues increased by \$1,269,000 or 1.0% due to contribution of capital assets from private developers and taxes decreased \$8,094,000 or 5.5% due to the economic downturn and declines in the housing market.
- Expenses decreased \$10,278,000 or 3.6%.

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, 2009

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, and Hazmat Service.

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

The government-wide financial statements can be found on pages 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 22 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 17 smaller funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in a combining statement elsewhere in this report.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2009

The City provides an annual appropriated budget for its governmental funds. Budgetary comparison schedules on pages 81-82 and 95-106 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, and Hazmat Service activities. The Emerald Cove Housing Fund was 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 28-77 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 78-83 of this report.

The combining statements referred to earlier in connection with other governmental funds is presented immediately following the required supplementary information on pensions.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2009

Combining and individual fund statements and schedules can be found on page 87-94 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, 2009 (in thousands):

Governmental Activities	September 30, 2009	September 30, 2008	Amount Increase (Decrease)	Percent Increase (Decrease)
Current and Other Assets	\$ 173,718	\$ 192,243	\$ (18,525)	-9.6%
Capital Assets	677,494	637,997	39,497	6.2%
Total Assets	851,212	830,240	20,972	2.5%
Current Liabilities	67,293	63,267	4,026	6.4%
Long-Term Liabilities	140,343	140,578	(235)	-0.2%
Total Liabilities	207,636	203,845	3,791	1.9%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	559,059	521,654	37,405	7.2%
Restricted	48,198	69,126	(20,928)	-30.3%
Unrestricted	36,319	35,615	704	2.0%
Total Net Assets	\$ 643,576	\$ 626,395	\$ 17,181	2.7%

Business Activities	September 30, 2009	September 30, 2008	Amount Increase (Decrease)	Percent Increase (Decrease)
Current and Other Assets	\$ 99,268	\$ 97,678	\$ 1,590	1.6%
Capital Assets	118,065	118,680	(615)	-0.5%
Total Assets	217,333	216,358	975	0.5%
Current Liabilities	7,869	6,234	1,635	26.2%
Long-Term Obligations	801	1,084	(283)	-26.1%
Total Liabilities	8,670	7,318	1,352	18.5%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	118,059	118,671	(612)	-0.5%
Restricted	30,794	32,665	(1,871)	-5.7%
Unrestricted	59,810	57,704	2,106	3.6%
Total Net Assets	\$ 208,663	\$ 209,040	\$ (377)	-0.2%

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 (\$48,198,000 for governmental activities, and \$30,794,000 for business activities). These amounts represent 7.5% and 14.8% of net assets for governmental activities and business activities respectively. The unrestricted assets (\$36,319,000 for governmental activities and \$59,810,000 for business activities) represent 5.6% and 28.7% of net assets for governmental activities and business activities respectively.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2009

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

	Governmental Activities			
	September 30, 2009	September 30, 2008	Amount Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Program Revenues:				
Charges for Current Services	\$ 45,414	\$ 43,509	\$ 1,905	4.4%
Operating Grants and Contributions	4,181	7,684	(3,503)	-45.6%
Capital Grants and Contributions	25,625	14,284	11,341	79.4%
Total Program Revenues	75,220	65,477	9,743	14.9%
General Revenues:				
Property Taxes	84,010	84,016	(6)	0.0%
Sales Taxes	21,427	25,560	(4,133)	-16.2%
Utility Taxes	20,616	21,591	(975)	-4.5%
Other Taxes	12,085	15,065	(2,980)	-19.8%
Use of Money and Property From Other Agencies	5,002	5,714	(712)	-12.5%
Other	8,500	6,899	1,601	23.2%
Other	7,849	2,332	5,517	236.6%
Total General Revenues	159,489	161,177	(1,688)	-1.0%
Total Revenues	234,709	226,654	8,055	3.6%
Expenses:				
City Council	295	295	-	0.0%
City Administrator	1,861	1,652	209	12.7%
City Treasurer	1,308	1,408	(100)	-7.1%
City Attorney	2,877	2,914	(37)	-1.3%
City Clerk	1,099	1,020	79	7.7%
Finance	4,479	4,944	(465)	-9.4%
Human Resources	4,749	4,725	24	0.5%
Planning	3,232	3,881	(649)	-16.7%
Building	9,549	5,747	3,802	66.2%
Fire	33,942	27,299	6,643	24.3%
Information Systems	7,377	7,311	66	0.9%
Police	60,551	58,378	2,173	3.7%
Economic Development	15,758	18,031	(2,273)	-12.6%
Community Services	17,110	18,565	(1,455)	-7.8%
Library Services	4,574	5,607	(1,033)	-18.4%
Public Works	29,514	31,246	(1,732)	-5.5%
Non-Departmental	21,196	30,814	(9,618)	-31.2%
Interest on Long-Term Debt	5,232	5,291	(59)	-1.1%
Total Expenses	224,703	229,128	(4,425)	-1.9%
Change in Net Assets Before Transfers	10,006	(2,474)		
Transfers	7,175	9,594		
Change in Net Assets After Transfers	17,181	7,120		
Net Assets - Beginning of Year	626,395	619,275		
Net Assets - End of Year	\$ 643,576	\$ 626,395		

The cost of all governmental activities this year was \$224,703,000. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was \$149,483,000, because costs of \$45,414,000 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 \$4,181,000, and capital grants and contributions of \$25,625,000. Overall, the City's governmental program revenues were \$75,220,000. The City paid for the remaining "public benefit" portion of governmental activities with \$159,489,000 in taxes and general revenue (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements. Capital Grants and Contributions have increased by \$11,341,000 or 79.4% due to a contribution of a parking structure from a private developer.



City of Huntington Beach
 Management's Discussion and Analysis
 For the Year Ended September 30, 2009

Total resources available during the year to finance governmental operations were \$852,239,000 consisting of net assets at October 1, 2008, of \$626,395,000, program revenues of \$75,220,000, general revenues of \$159,489,000, and transfers of \$7,175,000. Total expenses for governmental activities during the year were \$224,703,000, thus, net assets were increased by \$17,181,000, to \$643,576,000.

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

	Business Activities			
	September 30, 2009	September 30, 2008	Amount Increase (Decrease)	Percent Increase (Decrease)
Program Revenues:				
Charges for Current Services	\$ 56,014	\$ 63,001	\$ (6,987)	-11.1%
Capital Grants and Contributions	154	1,641	(1,487)	-90.6%
Total Program Revenues	56,168	64,642	(8,474)	-13.1%
Use of Money and Property	3,351	4,324	(973)	-22.5%
Total Revenues	59,519	68,966	(9,447)	-13.7%
Expenses:				
Water Utility	34,290	32,701	1,589	4.9%
Emerald Cove Housing	306	893	(587)	-65.7%
Emergency Fire Medical	-	6,933	(6,933)	n/a
Refuse Collection	10,623	10,561	62	0.6%
Sewer Service	7,306	7,120	186	2.6%
Hazmat Service	196	249	(53)	-21.3%
Ocean View Estates	-	117	(117)	n/a
Total Expenses	52,721	58,574	(5,853)	-10.0%
Increase in Net Assets Before Transfers	6,798	10,392		
Transfers	(7,175)	(9,594)		
Total Change In Net Assets	(377)	798		
Net Assets - Beginning of Year	209,040	208,242		
Net Assets - End of Year	\$ 208,663	\$ 209,040		

The City's net assets from business activities increased by \$6,798,000 before transfers. Contributing to this increase were operating income of \$3,293,000 and interest income of \$3,351,000.

The cost of all Business Type activities this year was \$52,721,000. As shown in the Statement of Activities and Changes in Net Assets, the amount paid by users of the systems was \$56,014,000, capital grants and contributions were \$154,000, other revenue was \$3,351,000, and transfers were \$7,175,000. Beginning net assets were \$209,040,000 and ending net assets were \$208,663,000. Of the ending net asset amount, \$118,059,000, or 56.6%, was invested in capital assets, \$30,794,000 or 14.8% was restricted for expenditures for the Water Master Plan, and \$59,810,000, or 28.7% 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, Hazmat Service, and Emerald Cove Housing.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2009

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

	2008-2009			2007-2008
	Expenses	Less Program Revenues	Funded by Taxes and Other General Revenues	Funded by Taxes and Other General Revenues
Governmental Activities:				
City Council	\$ 295	\$ (94)	\$ 201	\$ 192
City Administrator	1,861	(370)	1,491	1,248
City Treasurer	1,308	(765)	543	688
City Attorney	2,877	(50)	2,827	2,867
City Clerk	1,099	(108)	991	852
Finance	4,479	(1,264)	3,215	3,590
Human Resources	4,749	(1,254)	3,495	3,334
Planning	3,232	(801)	2,431	1,894
Building	9,549	(3,665)	5,884	1,165
Fire	33,942	(8,241)	25,701	24,409
Information Systems	7,377	(674)	6,703	6,614
Police	60,551	(6,024)	54,527	52,714
Economic Development	15,758	(25,419)	(9,661)	13,362
Community Services	17,110	(15,797)	1,313	2,413
Library Services	4,574	(500)	4,074	4,661
Public Works	29,514	(9,978)	19,536	18,123
Non-Departmental	21,196	(216)	20,980	20,234
Interest on Long-Term Debt	5,232	-	5,232	5,291
Total Governmental Activities	\$ 224,703	\$ (75,220)	\$ 149,483	\$ 163,651
Business Activities				
Water Utility	\$ 34,290	\$ (34,200)	\$ 90	\$ (3,050)
Emerald Cove Housing	306	(843)	(537)	(287)
Emergency Fire Medical	-	-	-	171
Refuse Collection	10,623	(10,386)	237	40
Sewer Service	7,306	(10,535)	(3,229)	(2,786)
Hazmat Service	196	(204)	(8)	64
Ocean View Estates	-	-	-	(220)
Total Business Activities	\$ 52,721	\$ (56,168)	\$ (3,447)	\$ (6,068)

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, 2009	September 30, 2008	Amount Increase (Decrease)	Percent Increase (Decrease)
Total Fund Equity:				
General Fund	\$ 39,088	\$ 44,443	\$ (5,355)	-12.0%
Grants Special Revenue Fund	2,404	4,411	(2,007)	-45.5%
Redevelopment Agency Debt Service	4,489	3,655	834	22.8%
Redevelopment Agency Capital Projects	11,073	15,663	(4,590)	-29.3%
Low-Income Housing Fund	12,017	8,197	3,820	46.6%
Total Fund Equity	\$ 69,071	\$ 76,369	\$ (7,298)	-9.6%



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2009

The General fund balance decreased by \$5,355,000. Reduced revenue due to the impact of the recession was the primary driver of the decline in fund balance.

The Grant Special Revenue Fund Balance decreased by \$2,007,000 primarily due to increased grant capital outlay.

The Redevelopment Agency Debt Service Fund Balance increased by \$834,000 primarily due to increased tax increment revenue.

The Redevelopment Agency Capital Projects Fund Balance decreased by \$4,590,000. This decrease was the result of planned spending of fund balance on capital projects.

Low-Income Housing Fund increased \$3,820,000 primarily due to transfers from the Redevelopment Agency Debt Service Funds to satisfy the low income housing set-aside requirement.

Financial Analysis of the City's Major Proprietary Funds

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

	Enterprise Funds			
	September 30, 2009	September 30, 2008	Amount Increase (Decrease)	Percent Increase (Decrease)
Net Assets:				
Water Fund	\$ 159,353	\$ 156,684	\$ 2,669	1.7%
Sewer Fund	49,016	45,451	3,565	7.8%
Refuse Fund	65	249	(184)	-73.9%
Total Net Assets	\$ 208,434	\$ 202,384	\$ 6,050	3.0%
Unrestricted Net Assets:				
Water Fund	\$ 47,652	\$ 43,665	\$ 3,987	9.1%
Sewer Fund	11,864	10,638	1,226	11.5%
Refuse Fund	65	249	(184)	-73.9%
Total Unrestricted Net Assets	\$ 59,581	\$ 54,552	\$ 5,029	9.2%

The Water Fund net assets increased by \$2,669,000 and unrestricted net assets increased by \$3,987,000. Key factors in this growth were interest income of \$2,885,000 and the net operating loss of \$244,000.

The Sewer Fund net assets increased by \$3,565,000 and unrestricted net assets increased by \$1,226,000. The key factor in this growth was the net operating income of \$3,229,000.



City of Huntington Beach
 Management's Discussion and Analysis
 For the Year Ended September 30, 2009

Debt Administration

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

	Balance October 1, 2008	Additions	Retirements	Balance September 30, 2009
Governmental Activities:				
Certificates of Participation	\$ 13,515	\$ -	\$ (730)	\$ 12,785
Revenue Bonds	49,615	-	(2,585)	47,030
Tax Allocation Bonds	23,660	-	(1,260)	22,400
Judgement Obligation Bonds	10,050	-	(3,276)	6,774
Claims	11,832	9,036	(8,368)	12,500
Compensated Absences	12,253	2,963	(3,201)	12,015
Pension Obligation	4,440	3,313	(3,441)	4,312
Loans	27,872	10,296	(3,109)	35,059
Leases Payable	1,681	-	(520)	1,161
Pollution Remediation	-	2,000	-	2,000
Total Long-Term Obligations - Governmental Activities	154,918	27,608	(26,490)	156,036
Business Activities:				
Compensated Absences	1,078	186	(170)	1,094
Leases	9	-	(3)	6
Business Activities	1,087	186	(173)	1,100
Total Long-Term Obligations	\$ 156,005	\$ 27,794	\$ (26,663)	\$ 157,136

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 134 of the financial statements. The City's total debt increased \$1,131,000 or 0.7% from its beginning amount due to new debt and the addition of the pollution remediation obligation.

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

<u>Debt Instrument</u>	<u>Moody's</u>	<u>S & P</u>
1997 Leasehold Revenue Bonds	A1	AA
1999 Tax Allocation Refunding Bonds	Baa2	A-
2000 Lease Revenue Bonds, Series A	A1	AA
2001 Lease Revenue Bonds, Series A	A1	AA
2001 Lease Revenue Bonds, Series B	A1	AA
2002 Tax Allocation Refunding Bonds	Baa2	A-
2004 Judgment Obligation Bonds	Aa3	AA

Capital Assets

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

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



City of Huntington Beach
 Management's Discussion and Analysis
 For the Year Ended September 30, 2009

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

	September 30, 2009	September 30, 2008	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities:				
Land	\$ 366,342	\$ 366,342	\$ -	0.0%
Buildings	129,502	102,319	27,183	26.6%
Machinery and Equipment	14,297	14,849	(552)	-3.7%
Construction in Progress	7,992	6,627	1,365	20.6%
Joint Venture	2,012	1,723	289	16.8%
Infrastructure	157,349	146,137	11,212	7.7%
Total Governmental Activities	677,494	637,997	39,497	6.2%
Business Activities:				
Land	\$ 3,907	\$ 5,196	\$ (1,289)	-24.8%
Buildings	39,658	34,947	4,711	13.5%
Machinery and Equipment	3,576	4,353	(777)	-17.8%
Construction in Progress	8,209	12,211	(4,002)	-32.8%
Infrastructure	62,715	61,973	742	1.2%
Total Business Activities	118,065	118,680	(615)	-0.5%
Total Capital Assets	\$ 795,559	\$ 756,677	\$ 38,882	5.1%

Capital assets from governmental activities increased \$39,497,000 or 6.2%. This increase is largely due to capital contributions from private developers and the transfer of assets from closed business activity funds. Capital assets from business activities decreased \$615,000 or 0.5%. This decrease was largely due to the transfer of property to governmental activities funds from closed business activity funds. 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 decreased \$146,000 or 0.1% from the original (adopted) budget for the fiscal year ending September 30, 2009. The change from original to final budget occurred primarily as a result of adjustments made to budgeted reimbursement revenue from grants.

Comparing the fiscal year 2008/2009 original budget (or adopted) General Fund expenditures amount of \$196,443,000 to the final budgeted amount of \$193,049,000 shows a net decrease of \$3,394,000 (1.7%). This overall decrease was the result of budget reductions made during the year to manage the severe downturn in revenues caused by the recession.

Variance with Final Budget

General Fund actual revenues were less than final budget by \$17,225,000 for the fiscal year ending September 30, 2009. The national recession was the primary factor contributing to this shortfall. The impact of the recession on major categories of revenue is listed below:

- **Sales Tax:** Actual sales tax revenue was \$4,994,000 less than the final budget due to less retail activity citywide.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2009

- **Utility Tax:** The net \$2,549,000 negative variance in actual vs. final budgeted revenue in this category was primarily due a lack of growth in utility usage due to recessionary pressures and low prices for natural gas.
- **Other Taxes:** The net \$3,315,000 negative variance in actual vs. final budgeted revenue in this category was primarily due to lower transient occupancy tax as hotels lowered room prices and occupancy rates declined. Also, receipts from the City's utility franchises declined as recessionary pressures lowered natural gas usage and natural gas prices also declined.
- **Licenses and Permits:** The net \$1,685,000 negative variance in actual vs. final budgeted revenue in this category was primarily due to decreased development activity citywide.
- **Use of Money and Property:** The net \$2,731,000 negative variance in actual vs. final budgeted revenue in this category was primarily due to declines in interest rates.

General Fund expenditures were \$13,445,000 less than the final budget. The favorable budget variance is due to the following:

- Deferment of capital projects totaling \$6,000,000
- Budget reductions implemented during the year saved \$4,000,000
- Decreasing in the actuarial required contribution (ARC) to the minimum required amount for CalPERS, Retiree Medical, and Supplement Retirement Trusts saved \$3,000,000

Economic Factors and Next Year's Budgets and Rates

The key assumptions in the General Fund revenue forecast for fiscal year 2009/2010 are:

- A slight decline in property tax revenue due to housing market declines.
- Continued declines in sales tax revenue due to weak consumer demand.
- Utility taxes will remain relatively flat with little to no growth as economic pressures hold down demand and prices.
- No growth in transient occupancy tax (TOT) as occupancy and room rates are both down compared to prior years.

Contacting the City's Financial Management Team

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the



City of Huntington Beach
Management's Discussion and Analysis
For the Year Ended September 30, 2009

Finance Department at 2000 Main Street, Huntington Beach, California, 92648-2702, phone (714) 536-5907 or e-mail rsedlak@surfcity-hb.org.

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BASIC FINANCIAL STATEMENTS

CITY OF HUNTINGTON BEACH
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009
(In Thousands)

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 22,069	\$ 61,630	\$ 83,699
Receivables	28,502	5,643	34,145
Inventories	-	1,201	1,201
Prepays	15,111	-	15,111
Other Assets	1,266	-	1,266
Subtotal	66,948	68,474	135,422
Restricted Assets:			
Cash and Investments	37,353	30,794	68,147
Cash with Fiscal Agent	9,021	-	9,021
Receivables	42,356	-	42,356
Land Held for Resale	9,662	-	9,662
Other Postemployment Benefits Asset	8,378	-	8,378
Total Restricted Assets	106,770	30,794	137,564
Capital Assets :			
Non-Depreciable	376,346	12,116	388,462
Depreciable	301,148	105,949	407,097
Total Capital Assets	677,494	118,065	795,559
Total Assets	\$ 851,212	\$ 217,333	\$ 1,068,545
LIABILITIES			
Accounts Payable	\$ 3,709	\$ 5,737	\$ 9,446
Accrued Payroll	3,782	309	4,091
Deposits	1,230	1,524	2,754
Current Liabilities	8,721	7,570	16,291
Current Liabilities Payable from Restricted Assets:			
Accounts Payable	4,604	-	4,604
Accrued Interest Payable	791	-	791
Unearned Revenue	35,913	-	35,913
Deposits	1,571	-	1,571
Long-Term Obligations Due Within One Year	15,693	299	15,992
Total Current Liabilities Payable from Restricted Assets	58,572	299	58,871
Long-Term Obligations:			
Long-Term Obligations Due in More than One Year	140,343	801	141,144
Total Liabilities	207,636	8,670	216,306
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	559,059	118,059	677,118
Restricted for:			
Debt Service	12,810	-	12,810
Capital Projects	11,651	30,794	42,445
Specific Projects and Programs	23,737	-	23,737
Total Restricted Net Assets	48,198	30,794	78,992
Unrestricted	36,319	59,810	96,129
Total Net Assets	\$ 643,576	\$ 208,663	\$ 852,239

CITY OF HUNTINGTON BEACH
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Current Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
City Council	\$ 295	\$ 94	\$ -	\$ -	\$ (201)	\$ -	\$ (201)
City Administrator	1,861	370	-	-	(1,491)	-	(1,491)
City Treasurer	1,308	765	-	-	(543)	-	(543)
City Attorney	2,877	50	-	-	(2,827)	-	(2,827)
City Clerk	1,099	108	-	-	(991)	-	(991)
Finance	4,479	1,264	-	-	(3,215)	-	(3,215)
Human Resources	4,749	1,254	-	-	(3,495)	-	(3,495)
Planning	3,232	801	-	-	(2,431)	-	(2,431)
Building	9,549	3,665	-	-	(5,884)	-	(5,884)
Fire	33,942	7,978	243	20	(25,701)	-	(25,701)
Information Systems	7,377	674	-	-	(6,703)	-	(6,703)
Police	60,551	5,083	941	-	(54,527)	-	(54,527)
Economic Development	15,758	3,049	868	21,502	9,661	-	9,661
Community Services	17,110	15,278	512	7	(1,313)	-	(1,313)
Library Services	4,574	437	63	-	(4,074)	-	(4,074)
Public Works	29,514	4,328	1,554	4,096	(19,536)	-	(19,536)
Non-Departmental	21,196	216	-	-	(20,980)	-	(20,980)
Interest on Long-Term Debt	5,232	-	-	-	(5,232)	-	(5,232)
Total Governmental Activities	224,703	45,414	4,181	25,625	(149,483)	-	(149,483)
Business-type Activities:							
Water Utility	34,290	34,046	-	154	-	(90)	(90)
Sewer Service	7,306	10,535	-	-	-	3,229	3,229
Refuse Collection	10,623	10,386	-	-	-	(237)	(237)
Emerald Cove Housing	306	843	-	-	-	537	537
Hazmat Service	196	204	-	-	-	8	8
Total Business Type Activities	52,721	56,014	-	154	-	3,447	3,447
Total Business and Government Type Activities	\$ 277,424	\$ 101,428	\$ 4,181	\$ 25,779	(149,483)	3,447	(146,036)
General Revenues:							
Taxes:							
Property Taxes					84,010	-	84,010
Sales Taxes					21,427	-	21,427
Utility Taxes					20,616	-	20,616
Other Taxes					12,085	-	12,085
Total Taxes					138,138	-	138,138
Other:							
Use of Money and Property					5,002	3,351	8,353
From Other Agencies					8,500	-	8,500
Other					7,849	-	7,849
Total General Revenues					159,489	3,351	162,840
Transfers					7,175	(7,175)	-
Total General Revenues and Transfers					166,664	(3,824)	162,840
Change in Net Assets					17,181	(377)	16,804
Net Assets - Beginning of Year					626,395	209,040	835,435
Net Assets - End of Year					\$ 643,576	\$ 208,663	\$ 852,239

**CITY OF HUNTINGTON BEACH
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009
(In Thousands)**

	Other Major Governmental Funds					Total Major Governmental Funds	Other Governmental Funds	Total
	General Fund	Grants Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Low-Income Housing Capital Projects			
ASSETS								
Cash and Investments	\$ 22,069	\$ 3,381	\$ 1,622	\$ 6,319	\$ 7,243	\$ 40,634	\$ 18,788	\$ 59,422
Cash and Investments with Fiscal Agent	-	-	2,406	-	-	2,406	6,615	9,021
Taxes Receivable	23,839	-	4,510	-	-	28,349	1,173	29,522
Other Receivables	4,663	12,069	27	126	24,176	41,061	275	41,336
Due from Other Funds	-	-	-	-	-	-	2,263	2,263
Advances to Other Funds	1,004	-	-	302	1,363	2,669	-	2,669
Land Held for Resale	-	-	-	6,158	3,504	9,662	-	9,662
Other Assets	-	-	-	-	-	-	1,266	1,266
Prepays	15,111	-	-	-	-	15,111	-	15,111
TOTAL ASSETS	\$ 66,686	\$ 15,450	\$ 8,565	\$ 12,905	\$ 36,286	\$ 139,892	\$ 30,380	\$ 170,272
LIABILITES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$ 3,709	\$ 1,361	\$ 417	\$ 300	\$ 70	\$ 5,857	\$ 2,456	\$ 8,313
Accrued Payroll	3,637	30	-	29	18	3,714	68	3,782
Due to Other Funds	-	-	-	-	-	-	2,263	2,263
Advances from Other Funds	-	-	302	1,363	-	1,665	1,004	2,669
Deposits Payable	1,230	73	-	140	48	1,491	1,310	2,801
Deferred Revenue	12,899	11,582	3,357	-	24,133	51,971	-	51,971
Claims Payable	6,123	-	-	-	-	6,123	-	6,123
Total Liabilities	27,598	13,046	4,076	1,832	24,269	70,821	7,101	77,922
Fund Balances:								
Nonspendable								
Long-Term Receivables	-	-	-	1	-	1	-	1
Land Held for Resale	-	-	-	6,158	3,504	9,662	-	9,662
Prepaid Insurance	3,830	-	-	-	-	3,830	-	3,830
Advance to Other Fund	1,004	-	-	302	1,363	2,669	-	2,669
Restricted								
Underground Utilities	364	-	-	-	-	364	-	364
Restitution	244	-	-	-	-	244	-	244
Pollution Remediation	-	-	-	-	-	-	591	591
Debt Service	-	-	2,406	-	-	2,406	6,615	9,021
Other Purposes	1,313	704	-	352	164	2,533	677	3,210
Committed								
Committed for Future Expenditure (Reported in):								
Special Revenue Funds	-	636	-	-	-	636	2,513	3,149
Debt Service Funds	-	-	-	-	-	-	107	107
Capital Projects Funds	-	-	-	2,718	126	2,844	1,445	4,289
Other Commitments:								
Economic Uncertainties	19,710	-	-	-	-	19,710	-	19,710
Council Projects	890	-	-	-	-	890	-	890
Assigned								
Equipment Replacement	6,913	-	-	-	-	6,913	-	6,913
Capital Projects	2,970	-	-	-	-	2,970	-	2,970
Special Revenue Funds	-	-	-	-	-	-	3,567	3,567
Debt Service Funds	-	-	2,083	-	-	2,083	1,641	3,724
Capital Projects Funds	-	-	-	-	4,591	4,591	2,771	7,362
Other Purposes	1,850	1,064	-	1,542	2,269	6,725	4,909	11,634
Unassigned								
Special Revenue Funds	-	-	-	-	-	-	(1,515)	(1,515)
Debt Service Funds	-	-	-	-	-	-	(42)	(42)
TOTAL FUND BALANCE	39,088	2,404	4,489	11,073	12,017	69,071	23,279	92,350
TOTAL LIABILITES AND FUND BALANCE	\$ 66,686	\$ 15,450	\$ 8,565	\$ 12,905	\$ 36,286	\$ 139,892	\$ 30,380	\$ 170,272

**CITY OF HUNTINGTON BEACH
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009
(In Thousands)**

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

Total Fund Balances Governmental Funds	\$	92,350
<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		915,067
Accumulated Depreciation		(237,573)
<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		16,058
Other Postemployment Benefit Asset		8,378
<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		(791)
<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		(9,570)
Long-Term Obligations Due in More than One Year		(140,343)
Net Assets of Governmental Activities	\$	<u>643,576</u>

**CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)**

	Other Major Governmental Funds				
	General Fund	Grants Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Low-Income Housing Capital Projects
REVENUES					
Property Taxes	\$ 67,227	\$ -	\$ 18,385	\$ -	\$ -
Sales Taxes	20,306	-	-	-	-
Utility Taxes	20,616	-	-	-	-
Other Taxes	12,085	-	-	-	-
Licenses and Permits	5,846	-	-	-	-
Fines and Forfeitures	4,144	-	-	-	-
From Use of Money and Property	13,895	244	232	1,267	685
Intergovernmental	4,716	7,462	-	-	-
Charges for Current Service	21,342	-	-	-	-
Other	1,552	197	-	147	-
Total Revenues	171,729	7,903	18,617	1,414	685
EXPENDITURES					
Current:					
City Council	295	-	-	-	-
City Administrator	1,839	-	-	-	-
City Treasurer	1,308	-	-	-	-
City Attorney	2,736	-	-	141	-
City Clerk	1,084	-	-	-	-
Finance	4,456	-	-	-	-
Human Resources	4,729	-	-	-	-
Planning	3,232	-	-	-	-
Building	3,959	217	-	-	-
Fire	33,072	524	-	-	-
Information Services	7,339	-	-	-	-
Police	58,988	645	-	-	-
Economic Development	1,426	1,122	2,896	2,171	3,471
Community Services	14,039	217	-	346	-
Library Services	4,168	88	-	-	-
Public Works	19,573	139	-	157	-
Non-Departmental	16,683	-	-	-	-
Capital Outlay	-	8,056	1,100	11,683	263
Debt Service:					
Principal	520	120	4,247	-	-
Interest	158	202	1,676	-	-
Total Expenditures	179,604	11,330	9,919	14,498	3,734
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(7,875)	(3,427)	8,698	(13,084)	(3,049)
OTHER FINANCING SOURCES (USES)					
Transfers In	9,619	1,420	500	350	7,184
Issuance of Long Term Debt	-	-	-	8,850	-
Transfers Out	(7,099)	-	(8,364)	(706)	(315)
Total Other Financing Sources (Uses)	2,520	1,420	(7,864)	8,494	6,869
Net Change In Fund Balances	(5,355)	(2,007)	834	(4,590)	3,820
Fund Balance- Beginning Of Year	44,443	4,411	3,655	15,663	8,197
Fund Balance- End Of Year	\$ 39,088	\$ 2,404	\$ 4,489	\$ 11,073	\$ 12,017

**CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)
(continued)**

Total Major Governmental Funds	Other Governmental Funds	Total
\$ 85,612	\$ -	\$ 85,612
20,306	2,050	22,356
20,616	-	20,616
12,085	-	12,085
5,846	33	5,879
4,144	-	4,144
16,323	962	17,285
12,178	8,974	21,152
21,342	1,430	22,772
1,896	226	2,122
200,348	13,675	214,023
295	-	295
1,839	-	1,839
1,308	-	1,308
2,877	-	2,877
1,084	-	1,084
4,456	-	4,456
4,729	20	4,749
3,232	-	3,232
4,176	-	4,176
33,596	-	33,596
7,339	-	7,339
59,633	53	59,686
11,086	-	11,086
14,602	805	15,407
4,256	80	4,336
19,869	2,274	22,143
16,683	27	16,710
21,102	17,392	38,494
4,887	6,593	11,480
2,036	3,347	5,383
219,085	30,591	249,676
(18,737)	(16,916)	(35,653)
19,073	8,052	27,125
8,850	-	8,850
(16,484)	(3,466)	(19,950)
11,439	4,586	16,025
(7,298)	(12,330)	(19,628)
76,369	35,609	111,978
\$ 69,071	\$ 23,279	\$ 92,350

**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, 2009
(In Thousands)**

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

Net Changes in Fund Balances - Total Governmental funds \$ (19,628)

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	25,153
Depreciable Assets Donated	21,502
Non-Depreciable Assets Purchased	5,931
Capital Asset Dispositions	(119)
Capital Asset Depreciation	(12,970)

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	16,058
Prior Year Property Tax Accrual	(18,589)

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.

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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	(791)
Prior Year Interest Accrual	942

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.

(21,227)

Payments and Reductions of Long-Term Debt - Principal payments on long-term debt are recorded as an expenditure in the governmental funds. Reductions in long-term debt related include changes to compensated absences, net pensions obligations, and long term portion of claims payable. These payments and reductions decrease the liability in the government-wide statements.

20,768

Change in Net Assets of Governmental Activities

\$ 17,181

See Independent Auditors' Report and Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009
(In Thousands)

	Water Fund	Sewer Service Fund	Refuse Fund	Total Major Enterprise Funds	Other Enterprise Funds	Total
ASSETS						
Current Assets:						
Cash and Investments	\$ 48,888	\$ 12,493	\$ 8	\$ 61,389	\$ 241	\$ 61,630
Restricted Cash	30,794	-	-	30,794	-	30,794
Other Receivables	2,205	603	461	3,269	19	3,288
Inventories	1,201	-	-	1,201	-	1,201
Unbilled Receivable	1,493	433	429	2,355	-	2,355
Total Current Assets	84,581	13,529	898	99,008	260	99,268
Capital Assets:						
Land	3,907	-	-	3,907	-	3,907
Buildings and Improvements	39,702	11,284	-	50,986	-	50,986
Machinery and Equipment	8,434	829	-	9,263	-	9,263
Infrastructure	80,999	40,042	-	121,041	-	121,041
Construction in Progress	1,069	7,140	-	8,209	-	8,209
Less Accumulated Depreciation	(53,198)	(22,143)	-	(75,341)	-	(75,341)
Total Capital Assets	80,913	37,152	-	118,065	-	118,065
Total Assets	165,494	50,681	898	217,073	260	217,333
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 3,627	\$ 1,294	\$ 815	\$ 5,736	\$ 1	\$ 5,737
Accrued Payroll	233	64	6	303	6	309
Deposits Payable	1,521	2	1	1,524	-	1,524
Current Portion of Compensated Absences and Capital Leases	206	83	3	292	7	299
Total Current Liabilities	5,587	1,443	825	7,855	14	7,869
Non-Current Liabilities:						
Compensated Absences	548	222	8	778	17	795
Capital Leases	6	-	-	6	-	6
Total Non-Current Liabilities	554	222	8	784	17	801
Total Liabilities	6,141	1,665	833	8,639	31	8,670
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	80,907	37,152	-	118,059	-	118,059
Restricted for:						
Capital Projects	30,794	-	-	30,794	-	30,794
Unrestricted	47,652	11,864	65	59,581	229	59,810
Total Net Assets	\$ 159,353	\$ 49,016	\$ 65	\$ 208,434	\$ 229	\$ 208,663

CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)

	Water Fund	Sewer Service Fund	Refuse Fund	Total Major Enterprise Funds	Other Enterprise Funds	Total
OPERATING REVENUES						
Sales	\$ 33,559	\$ -	\$ -	\$ 33,559	\$ -	\$ 33,559
Rentals	-	-	-	-	1,046	1,046
Fees for Service	-	10,413	10,306	20,719	-	20,719
Other	487	122	80	689	1	690
Total Operating Revenues	34,046	10,535	10,386	54,967	1,047	56,014
OPERATING EXPENSES						
Water Purchases	12,768	-	-	12,768	-	12,768
Supplies and Operations	4,640	6,144	10,623	21,407	502	21,909
Engineering	1,248	-	-	1,248	-	1,248
Production and Distribution	7,144	-	-	7,144	-	7,144
Maintenance	2,688	-	-	2,688	-	2,688
Water Meters	1,861	-	-	1,861	-	1,861
Water Quality	582	-	-	582	-	582
Depreciation	3,359	1,162	-	4,521	-	4,521
Total Operating Expenses	34,290	7,306	10,623	52,219	502	52,721
Operating Income (Loss)	(244)	3,229	(237)	2,748	545	3,293
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	2,885	390	2	3,277	74	3,351
Change In Net Assets Before Capital Contributions and Transfers	2,641	3,619	(235)	6,025	619	6,644
CAPITAL CONTRIBUTIONS AND TRANSFERS						
Transfers In	-	-	51	51	-	51
Transfers Out	(126)	(54)	-	(180)	(7,046)	(7,226)
Capital Contributions	154	-	-	154	-	154
Total Capital Contributions and Transfers	28	(54)	51	25	(7,046)	(7,021)
Total Change In Net Assets	2,669	3,565	(184)	6,050	(6,427)	(377)
Net Assets - Beginning Of Year	156,684	45,451	249	202,384	6,656	209,040
Net Assets- End Of Year	\$ 159,353	\$ 49,016	\$ 65	\$ 208,434	\$ 229	\$ 208,663

**CITY OF HUNTINGTON BEACH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)**

	Water Fund	Sewer Service Fund	Refuse Fund	Total Major Enterprise Funds	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers and Users	\$ 34,265	\$ 10,751	\$ 10,398	\$ 55,414	\$ 1,068	\$ 56,482
Cash Paid to Employees for Services	(7,325)	(2,185)	(222)	(9,732)	(188)	(9,920)
Cash Paid to Suppliers of Goods and Services	(21,989)	(4,102)	(10,404)	(36,495)	(389)	(36,884)
Net Cash Provided (Used) by Operating Items	4,951	4,464	(228)	9,187	491	9,678
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In	-	-	51	51	-	51
Transfers Out	(126)	(54)	-	(180)	(3,542)	(3,722)
Net Cash Provided (Used) by Non Capital Financing Activities	(126)	(54)	51	(129)	(3,542)	(3,671)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Capital Assets	(3,910)	(3,418)	-	(7,328)	-	(7,328)
Capital Improvements Fees	154	-	-	154	-	154
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,756)	(3,418)	3	(7,171)	-	(7,171)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	2,885	390	2	3,277	74	3,351
Net Increase (Decrease) in Cash and Cash Equivalents	3,954	1,382	(172)	5,164	(2,977)	2,187
Cash and Cash Equivalents - Beginning of Year	75,728	11,111	180	87,019	3,218	90,237
Cash and Cash Equivalents - End of Year	\$ 79,682	\$ 12,493	\$ 8	\$ 92,183	\$ 241	\$ 92,424
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (244)	\$ 3,229	\$ (237)	\$ 2,748	\$ 545	\$ 3,293
Adjustments to Reconcile Operating income to Net Cash Provided (Used) by Operating Activities						
Depreciation	3,359	1,162	-	4,521	-	4,521
Decrease (Increase) in Accounts Receivable	243	209	(5)	447	21	468
Decrease (Increase) in Unbilled Receivables	(24)	7	16	(1)	-	(1)
Decrease (Increase) in Inventory	130	-	-	130	-	130
Increase (Decrease) in Accounts Payable	1,548	(75)	(1)	1,472	(24)	1,448
Increase (Decrease) in Accrued Payroll	45	7	-	52	1	53
Increase (Decrease) in Claims Payable	203	-	-	203	-	203
Increase (Decrease) in Deposits	(110)	-	1	(109)	(52)	(161)
Increase (Decrease) in Compensated Absences	(199)	(75)	(2)	(276)	-	(276)
Net Cash Provided (Used) by Operating Activities	\$ 4,951	\$ 4,464	\$ (228)	\$ 9,187	\$ 491	\$ 9,678

See Independent Auditors' Report and Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
STATEMENT OF FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009
(In Thousands)**

	Total Agency Funds	Trust Fund - Retirement Supplemental Fund
ASSETS		
Cash and Investments	\$ 3,715	\$ -
Cash with Fiscal Agent	4,142	24,898
Accounts Receivable, Net	65	7
Total Assets	<u>\$ 7,922</u>	<u>\$ 24,905</u>
LIABILITIES		
Accounts Payable	\$ 587	\$ -
Due to Bondholders	5,447	-
Held for Others	1,888	-
Net Pension/Benefit Obligation	-	4,312
Total Liabilities	<u>7,922</u>	<u>4,312</u>
NET ASSETS		
Held in Trust For Pension Benefits and Other Purposes	<u>\$ -</u>	<u>\$ 20,593</u>

**CITY OF HUNTINGTON BEACH
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)**

	Trust Fund - Retirement Supplemental Fund
ADDITIONS	
Employer Contributions	\$ 3,476
Other Income	145
Interest Income	555
Total Additions	<u>4,176</u>
DEDUCTIONS	
Benefits	<u>2,271</u>
Total Deductions	<u>2,271</u>
Change in Net Assets	1,905
Net Assets- Beginning of Year	<u>18,688</u>
Net Assets- End of Year	<u>\$ 20,593</u>



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

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City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

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, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Classification

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

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

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



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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.

The City's Governmental Fund Balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, and other items that, by definition cannot be appropriated.
- The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has authority to establish, modify, or rescind a fund balance commitment.
- Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Administrator or designee has the authority to establish, modify, or rescind a fund balance assignment.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Unassigned fund balance is the residual classification for the City's funds and includes all spendable amounts not contained in the other classifications.

In the government-wide statements, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. In the governmental fund statements, the City's committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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.

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.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major funds:

Governmental Funds

- **General Fund** - accounts for activity not required to be accounted for in another fund
- **Grant Special Revenue** - accounts for revenues and expenditures of grant related activity
- **Redevelopment Agency Debt Service** - accounts for the related debt service activity for certain projects in the City's Redevelopment project areas
- **Redevelopment Agency Capital Projects** - accounts for acquisition and construction of capital assets for certain projects in the City's Redevelopment project areas
- **Low Income Housing Capital Projects** - accounts for the activity related to 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects

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

Other Enterprise Funds

- **Emerald Cove Housing Fund** – accounts for the operations of a senior-citizens apartment complex. During the year, the Redevelopment Agency purchased Emerald Cove and as of the fiscal year end is held for resale.
- **Hazmat Service Fund** – accounts for user fees charged for City's hazardous material program



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

- **General Deposit Fund** - accounts for the deposit of general monies held by the City for private individuals and businesses
- **Community Facilities Districts Funds** - accounts for the debt service activity of the City's community facilities districts
- **Huntington Beach Business Improvement Districts Fund** - accounts for the activities of the City's business improvement districts
- **Central Net Operations Authority Fund** - accounts for the activity of the Central Net Operations Authority
- **Parking Structures Fund** - accounts for the activities of the Bella Terra Parking Structure and Strand Parking Structure
- **Supplemental Retirement Plan and Trust** - accounts for the City's supplemental retirement plan. During the year, the balance of this fund was transferred to an irrevocable trust (see note 7).

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

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.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 40.

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

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. There was no capitalized interest for the year ended September 30, 2009.



City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

i. Employee Compensated Absences

The City records the cost of all accumulated and unused leave time (vacation, sick, and comp) as a liability when earned in the government-wide 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.



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Property Tax Revenue

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

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

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

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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

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, 2009**

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, 2009

2. CASH AND INVESTMENTS (Continued)

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

Statement of Net Assets:

Cash and Investments	\$ 83,699
Restricted Assets (Cash and Cash Equivalents)	68,147
Cash with Fiscal Agent - Restricted	9,021
Total Per Statement of Net Assets	160,867
Fiduciary Funds:	
Cash and Investments	3,715
Cash with Fiscal Agent - Restricted	29,040
Total Fiduciary Funds	32,755
Total Cash and Investments	193,622
Supplemental Retirement Trust	(24,898) *
Total Deposits and Investments	\$ 168,724

* Total cash and investments are reduced by funds held in the Supplemental Retirement Irrevocable Trust

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.

Cash and investments were recorded 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	\$ (1,332)	\$ (1,332)	\$ -	\$ -	\$ -	\$ (1,332)
INVESTMENTS:						
US Agencies	68,830	8,043	25,318	35,469	-	68,830
Guaranteed Investment Contracts	4,179	-	-	-	4,179	4,179
Money Market Funds	8,581	8,581	-	-	-	8,581
Medium Term Notes	23,406	-	21,385	2,021	-	23,406
Local Agency Investment Fund	65,060	65,060	-	-	-	65,060
Subtotal of Investments	170,056	81,684	46,703	37,490	4,179	170,056
Total Deposits and Investments	\$ 168,724	\$ 80,352	\$ 46,703	\$ 37,490	\$ 4,179	\$ 168,724



City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009

2. CASH AND INVESTMENTS (Continued)

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

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

Concentration of Credit Risk – The City's investment policy limits investments in any one issuer, except for U.S. Treasury Securities 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	\$21,000,000
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	\$19,060,000
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	\$12,000,000
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$16,000,000



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

2. CASH AND INVESTMENTS (Continued)

Local Agency Investment Fund – The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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, 2009, the City held \$56,041,000 in callable securities, which amounted to approximately 36% of investments. LAIF had invested 10.64% 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 \$32,534,000 at year-end. These loans are deferred until a future event occurs. Loans made by the Agency total \$24,133,000 and loans made under the Home Program total \$8,401,000.

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 \$3,181,000 at year-end. These loans are deferred until a future event occurs.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

3. OTHER RECEIVABLE (Continued)

c. Other Receivables

A summary of Other Receivable as of September 30, 2009 is as follows:

<u>Description</u>	<u>Amount</u>
Deferred Loans Receivable	\$ 32,534,000
Housing Rehabilitation Loans Receivable	3,181,000
Emergency Medical Fee Receivable	1,118,000
Franchise Fee Receivable	1,625,000
Other Receivables	2,878,000
Total	<u>\$ 41,336,000</u>

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):



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

5. DEFERRED REVENUE (Continued)

	General Fund	Grants Special Revenue	Redevelopment Agency Debt Service	Low-Income Housing Capital Projects	Total
Property Taxes	\$ 10,110	\$ -	\$ 3,357	\$ -	\$ 13,467
Sales Tax	2,591	-	-	-	2,591
Deferred Loans:					
Developers	-	8,401	-	24,133	32,534
Housing Rehabilitation	-	3,181	-	-	3,181
Other Deferred Revenue	198	-	-	-	198
Total	\$ 12,899	\$ 11,582	\$ 3,357	\$ 24,133	\$ 51,971

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 within California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814 or on their website: www.calpers.ca.gov.

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:

	October 1, 2008 to June 30, 2009	July 1, 2009 to Year end
Local Miscellaneous	8.245%	9.783%
Local Safety	28.142%	27.969%



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

6. RETIREMENT PLAN – NORMAL (Continued)

The member rates are as follows:

	Rate
Local Miscellaneous	7.999%
Local Safety	9.000%

c. Annual Pension Cost

The City's annual pension cost of \$15,528,000 was equal to the City's required and actual contributions. The required contribution was determined as part of a June 30, 2007 and 2008, 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, 2009. Significant assumptions were:

- Average amortization remaining period -18 years as of the Valuation Date – closed end
- Asset valuation method - 3 years smoothed market
- Investment Rate of Return - 7.75%
- Projected salary increases - 3.25% to 13.15% (safety) and 3.25% to 14.45% (miscellaneous) depending on age, service, and type of employment
- Inflation - 3.00%
- Payroll growth - 3.25%
- Individual salary growth - A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%.

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.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

6. RETIREMENT PLAN – NORMAL (Continued)

d. Trend Information

Fiscal Year	Local Miscellaneous			Local Safety		
	Annual Pension Cost (in thousands)	Percentage of APC Funded	Net Pension Obligation	Annual Pension Cost (in thousands)	Percentage of APC Funded	Net Pension Obligation
9/30/2007	\$ 3,375	100%	\$ -	\$ 9,046	100%	\$ -
9/30/2008	\$ 3,745	100%	\$ -	\$ 9,959	100%	\$ -
9/30/2009	\$ 4,765	100%	\$ -	\$ 10,763	100%	\$ -

e. Funded Status and Funding Progress

Below is the funding progress based on the June 30, 2008 actuarial valuation for the miscellaneous and safety plans (in thousands):

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	\$ 439,687	\$ 357,782	\$ (81,905)	81.4%	\$ 36,791	-222.6%
Miscellaneous	320,209	307,549	(12,660)	96.0%	47,817	-26.5%
Total	\$ 759,896	\$ 665,331	\$ (94,565)	87.6%	\$ 84,608	-111.8%

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

7. RETIREMENT PLAN – SUPPLEMENTAL

a. Plan Description

The City provides a supplemental retirement plan for all employees hired prior to 1997 (exact dates are different for various associations). It is a single-employer defined benefit plan. It is a defined benefit plan and will pay the retiree an additional amount to his or her 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, 2009 data, only 541 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. In prior years, the City had prefunded these benefits and recorded the amounts in a fiduciary fund. During the year, the City established the Supplemental Employee Retirement Plan



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

and Trust, and transferred \$24,918,000 to an irrevocable trust from the prefunded amounts. The plan and trust are still reported as a fiduciary fund pension trust.

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 4.23% 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 2008/09 were (in thousands):

Annual required contribution	\$ 3,476
Interest on net pension obligation	244
Adjustment to annual required contribution	<u>(372)</u>
Annual pension cost	3,348
Contributions made	<u>(3,476)</u>
Increase (decrease) in net pension obligation	(128)
Net Pension Obligation – Beginning of Year	<u>4,440</u>
Net Pension Obligation – End of Year	<u>\$ 4,312</u>

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% to 15.0% per annum depending on years of service
- 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 2034 (closed)
- Actuarial value of assets - market value



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

d. Trend Information

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

Fiscal Year	Annual Pension Cost	Percentage of APC Funded	Net Pension Obligation
2006/07	\$2,691	166%	\$4,775
2007/08	\$3,292	110%	\$4,440
2008/09	\$3,348	104%	\$4,312

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

Fiscal Year Ending September 30	Annual Required Contribution	Percentage of ARC Contributed
2007	2,850	157%
2008	3,419	106%
2009	3,476	100%

e. Funded Status and Funding Progress

Below is the funding progress based on the September 30, 2009 actuarial valuation update (dollar amounts in thousands):

Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
\$ 59,576	\$ 24,980	\$ (34,596)	41.9%	\$ 85,667	-40.4%

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

f. Accounting for Plan

Since the City is required to adopt GASB 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 \$4,312,000. Benefits are recognized when due and payable (see Note 11).



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

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.

b. Accounting and Funding

The City utilizes the California Employers' Retiree Benefit Trust (CERBT) for the post-employment medical insurance benefit. Benefits paid from the CERBT were \$688,000. 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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

8. POST-EMPLOYMENT MEDICAL INSURANCE (Continued)

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

Actuarial Accrued liability	\$19,474
Normal Cost	\$818
Assets	\$8,727
Funded Status	44.8%

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):

Direct Contributions – CALPERS and city health plan contributions	\$ 872
Implicit subsidy	843
Total Actual contributions	<u>\$ 1,715</u>

Annual Required Contribution (ARC)	
Amortization of Actuarially Accrued Liability	\$ 872
Normal Cost	843
Total ARC	<u>1,715</u>
Interest on (NOA)	(638)
Adjustment to the ARC	487
Total AOC	<u>\$ 1,564</u>

Development of NOO / NOA	
NOO, beginning of year	\$ (8,227)
AOC	1,564
Employer Contribution	<u>(1,715)</u>
NOA	<u>\$ (8,378)</u>

The City's actual contributions of \$1,715,000 are equal to the annual required contribution. The actual contribution is reported as expenses in the non-departmental governmental activities program.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

8. POST-EMPLOYMENT MEDICAL INSURANCE (Continued)

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>
9/30/07	N/A	N/A	N/A	N/A
9/30/08	\$2,114	\$10,341	489.2%	(\$8,227)
9/30/09	\$1,564	\$1,715	109.7%	(\$8,378)

d. Funding Status and Funding Progress

As of September 30, 2009, the most recent actuarial valuation date, the plan was 44.8% funded. The actuarial accrued liability for benefits was \$19.5 million, and the actuarial value of assets was \$8.7 million, resulting in an unfunded accrued liability (UAAL) of \$10.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$88.9 million, and the ratio of the UAAL to the covered payroll was 12.1%.

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.

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:

Year	Annual Rate
2009/10	10.0%
2010/11	9.0%
2011/12	8.0%
2012/13	7.0%
2013/14	6.0%
2014/15	5.5%
2015/16	5.0%



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

8. POST-EMPLOYMENT MEDICAL INSURANCE (Continued)

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.

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. Payments for claims beyond what is covered by BICEP, from \$27,000,000 to \$37,000,000, are paid by excess



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

9. RISK MANAGEMENT (Continued)

insurance coverage. There were no liability claims in the last three years that exceeded the coverage limit.

Workers' Compensation Claims

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

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

	Workers' Compensation	Liability Insurance	Total
Balance September 30, 2007	\$ 6,586	\$ 3,610	\$ 10,196
Additions	2,216	2,268	4,484
Reductions	(2,298)	(550)	(2,848)
Net Increase (Decrease)	(82)	1,718	1,636
Balance September 30, 2008	6,504	5,328	11,832
Additions	6,381	2,655	9,036
Reductions	(5,604)	(2,764)	(8,368)
Net Increase (Decrease)	777	(109)	668
Balance September 30, 2009	\$ 7,281	\$ 5,219	\$ 12,500

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	\$ 6,123
Claims Payable - Long-Term (Greater than One Year) - Reported in Government-Wide Statements, but not in Fund Statements	6,377
Total	\$ 12,500



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

10. INTERFUND TRANSACTIONS

a. Due To/From Other Funds

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Other Governmental Funds		
Transportation	\$ 2,263	\$ -
Gas Tax	-	1,602
Drainage	-	542
Special Library	-	119
Total Due to/from Governmental Funds	<u>\$ 2,263</u>	<u>\$ 2,263</u>

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):

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Major Governmental Funds		
General Fund	\$ 1,004	\$ -
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	-	1,004
Total Due to/from Governmental Funds	<u>\$ 2,669</u>	<u>\$ 2,669</u>

There is a \$1,004,000 advance from the General Fund to the Park Acquisition and Development Fund (a non-major governmental fund) for closed school site purchases. The amount will be repaid by fiscal year ending September 30, 2012.

There is a \$1,363,000 advance from the Low-Income Housing Fund to the Redevelopment Agency Capital Projects Fund for Main Pier property acquisitions. There are no scheduled repayments for this advance.

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.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

10. INTERFUND TRANSACTIONS (Continued)

c. Transfers In/Out

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

Transfers In	Transfers Out					
	General Fund	RDA Debt Service Fund	RDA Capital Projects Fund	Low Income Housing Fund	Other Governmental Funds	Total Governmental Funds
General Fund	\$ -	\$ 4,686	\$ 106	\$ -	\$ 1,194	\$ 5,986
Grants Special Revenue	49	-	600	-	771	1,420
RDA Debt Service Fund	-	-	-	-	500	500
RDA Capital Projects Fund	350	-	-	-	-	350
Low Income Housing Fund	-	3,678	-	-	-	3,678
Other Governmental Funds	6,649	-	-	315	1,001	7,965
Total Governmental Funds	7,048	8,364	706	315	3,466	19,899
Other Enterprise Funds	51	-	-	-	-	51
Total Transfers Out	\$ 7,099	\$ 8,364	\$ 706	\$ 315	\$ 3,466	\$ 19,950

Transfers In	Transfer Out					Total Transfers In
	Total Governmental Funds	Water Fund	Sewer Service Fund	Other Enterprise Funds	Total Enterprise Funds	
General Fund	\$ 5,986	\$ 126	\$ 54	\$ 3,453	\$ 3,633	\$ 9,619
Grants Special Revenue	1,420	-	-	-	-	1,420
RDA Debt Service Fund	500	-	-	-	-	500
RDA Capital Projects Fund	350	-	-	-	-	350
Low Income Housing Fund	3,678	-	-	3,506	3,506	7,184
Other Governmental Funds	7,965	-	-	87	87	8,052
Total Governmental Funds	19,899	126	54	7,046	7,226	27,125
Other Enterprise Funds	51	-	-	-	-	51
Total Transfers Out	\$ 19,950	\$ 126	\$ 54	\$ 7,046	\$ 7,226	\$ 27,176

The following is a summary of the significant transfers:

- \$6,649,000 was transferred from the General Fund to Other Governmental Funds primarily for debt service payments
- \$4,686,000 was transferred from the Redevelopment Agency Debt Service Fund to the General Fund to repay the General Fund Loan to the Redevelopment Agency
- \$3,725,000 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
- \$3,453,000 was transferred from other enterprise funds to the General Fund primarily for a Emerald Cove Housing Fund that was closed
- Capital assets of \$3,504,000 were transferred from Emerald Cove Housing Fund, an enterprise fund, to the Low Income Housing Fund as Land Held for Resale and this enterprise fund was closed as of year-end



City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2009

11. LONG-TERM OBLIGATIONS

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

Governmental Activities:	October 1, 2008	Additions	Retirements	September 30, 2009	Accrued Interest	Due Within One Year
Judgment Obligation Bonds	\$ 10,050	\$ -	\$ (3,276)	\$ 6,774	\$ 161	\$ 785
Public Financing Authority:						
1997 Leasehold Revenue Bonds	2,945	-	(85)	2,860	128	90
2000 Certificates of Participation	13,515	-	(730)	12,785	57	760
2001-a Lease Revenue Bonds	27,075	-	(700)	26,375	105	725
2001-b Lease Revenue Bonds	19,595	-	(1,800)	17,795	92	1,880
Total Public Financing Authority	63,130	-	(3,315)	59,815	382	3,455
Redevelopment Agency:						
1999 Tax Allocation Refunding Bonds	7,410	-	(390)	7,020	56	410
2002 Tax Allocation Refunding Bonds	16,250	-	(870)	15,380	119	910
Mayer DDA	6,810	438	(745)	6,503	-	-
Bella Terra OPA (Parking)	14,532	1,008	(1,313)	14,227	-	-
CIM DDA (Parking & Infrastructure)	-	7,900	(132)	7,768	-	134
CIM DDA (Additional Parking)	-	950	(529)	421	-	7
Section 108 Loan/Bowen Court	6,530	-	(390)	6,140	73	415
Total Redevelopment Agency	51,532	10,296	(4,369)	57,459	248	1,876
Other Long-Term Obligations:						
Leases Payable	1,681		(520)	1,161	-	304
Compensated Absences	12,253	2,963	(3,201)	12,015	-	3,150
Net Pension Obligation	4,440	3,313	(3,441)	4,312	-	-
Claims Payable	11,832	9,036	(8,368)	12,500	-	6,123
Pollution Remediation	-	2,000	-	2,000	-	-
Total Other Long-Term Obligations	30,206	17,312	(15,530)	31,988	-	9,577
Total Long-Term Obligations - Governmental Activities	\$ 154,918	\$ 27,608	\$ (26,490)	\$ 156,036	\$ 791	\$ 15,693

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

Issuance of Long-Term Debt in Governmental Fund Financial Statements	\$ 8,850
Interest Expense in Mayer Disposition and Development Agreement	438
Interest Expense in Bella Terra OPA (Parking)	1,008
Increase in Net Pension Obligation	3,313
Increase in Compensated Absences	2,963
Increase in Claims Payable	9,036
Increase in Pollution Remediation due to adoption of GASB 49	2,000
Increases in Above Schedule	27,608
Increase in Claims Payable reported in the Governmental Fund Financial Statement	(6,381)
Long Term Debt Proceeds reported in the Reconciliation to the Government-wide Financial Statements	\$ 21,227
Principal Paid in Governmental Fund Financial Statements	\$ 11,480
Decrease in Compensated Absences	3,201
Decrease in Net Pension Obligation	3,441
Decrease in Claims Payable	8,368
Decreases in Above Schedule	26,490
Decrease in Claims Payable reported in the Governmental Fund Financial Statement	(5,722)
Payments and Reductions in Long Term Debt reported in the Reconciliation to the Government-wide Financial Statements	\$ 20,768



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

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

Bonds maturing in 2017, 2018, and 2019 totaling \$2,511,000 were redeemed on August 1, 2009.

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2010	\$ 785	\$ 242	\$ 1,027
2011	810	217	1,027
2012	840	188	1,028
2013	865	156	1,021
2014	900	121	1,021
2015-2017	2,574	143	2,717
Total	\$ 6,774	\$ 1,067	\$ 7,841

b. Public Financing Authority

(1) 1997 Public Financing Authority Revenue Bonds

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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

11. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2010	\$ 90	\$ 154	\$ 244
2011	95	149	244
2012	100	144	244
2013	105	139	244
2014	110	133	243
2015-2019	645	564	1,209
2020-2024	850	361	1,211
2025-2028	865	99	964
Total	\$ 2,860	\$ 1,743	\$ 4,603

(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 st and March 1 st
Principal Payment Dates	September 1 st
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
2010	\$ 760	\$ 680	\$ 1,440
2011	490	645	1,135
2012	510	622	1,132
2013	535	598	1,133
2014	560	572	1,132
2015-2019	3,285	2,387	5,672
2020-2024	3,005	1,449	4,454
2025-2029	2,950	692	3,642
2030	690	38	728
Total	\$ 12,785	\$ 7,683	\$ 20,468



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

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 st and September 1 st
Principal Payment Dates	September 1st
Purpose of Debt	Construct Sports Complex and South Beach Phase II Improvements

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
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	850	1,136	1,986
2015-2019	4,850	5,072	9,922
2020-2024	6,120	3,810	9,930
2025-2029	7,790	2,130	9,920
2030-2031	3,690	278	3,968
Total	\$ 26,375	\$ 17,296	\$ 43,671

(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, 2009**

11. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
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	2,190	426	2,616
2015-2019	7,630	861	8,491
Total	\$ 17,795	\$ 3,785	\$ 21,580

c. Redevelopment Agency

(1) 1999 Redevelopment Agency Tax Allocation Refunding Bonds

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

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2010	\$ 410	\$ 334	\$ 744
2011	430	317	747
2012	450	298	748
2013	465	278	743
2014	490	257	747
2015-2019	2,840	915	3,755
2020-2024	1,935	292	2,227
Total	\$ 7,020	\$ 2,691	\$ 9,711



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

11. LONG-TERM OBLIGATIONS (Continued)

(2) 2002 Redevelopment Agency Tax Allocation Refunding Bonds

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

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2010	\$ 910	\$ 712	\$ 1,622
2011	945	677	1,622
2012	995	641	1,636
2013	1,040	601	1,641
2014	1,080	558	1,638
2015-2019	6,195	2,004	8,199
2020-2024	4,215	635	4,850
Total	\$ 15,380	\$ 5,828	\$ 21,208

(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 \$6,503,000. 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, 2009**

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 \$14,227,000. Project-generated revenues as available will repay these amounts over the time needed to fully amortize the advance.

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

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

As of year-end, the Agency obligation under the agreement amounted to \$7,768,000. Repayment shall be made solely from net tax increment generated by the Merged Redevelopment Project Area within 25 years.

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

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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

11. LONG-TERM OBLIGATIONS (Continued)

The City Parking In-Lieu Fund repaid \$500,000 in the current year. The remaining loan repayment shall be made solely from net tax increment generated by the Merged Redevelopment Project Area within 25 years. As of year-end, the Agency obligation under the agreement amounted to \$421,000.

The Strand Parking Structure and Infrastructure was completed in the current fiscal year for a total cost of \$30,352,000. \$21,502,000 was recorded as other revenue in the Redevelopment Agency Capital Projects Fund for the cost of the Strand Parking Structure and Infrastructure less the amount owed to CIM Group, LLC of \$8,850,000.

(7) 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 st and August 1 st
Principal Payment Dates	August 1 st
Purpose of Debt	Capital Improvements. Section 108 Loan was made to both the Agency and the City.

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2010	\$ 415	\$ 439	\$ 854
2011	445	408	853
2012	970	375	1,345
2013	500	339	839
2014	535	300	835
2015-2019	3,275	812	4,087
Total	\$ 6,140	\$ 2,673	\$ 8,813



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

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
2010	\$ 304	\$ 47	\$ 351
2011	285	34	319
2012	282	21	303
2013	290	8	298
Total	\$ 1,161	\$ 110	\$ 1,271

(2) Compensated Absences

There is no repayment schedule to pay the compensated absences amount of \$12,015,000 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 \$4,312,000 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, 2009**

11. LONG-TERM OBLIGATIONS (Continued)

(4) Claims Payable

There is no repayment schedule for the claims payable of \$12,500,000 described in note 9. The City pays the claims upon final settlement.

(5) Pollution Remediation

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

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, 2008	Additions	Retirements	September 30, 2009	Accrued Interest	Due Within One Year
Compensated Absences	\$ 1,078	\$ 186	\$ (170)	\$ 1,094	\$ -	\$ 296
Leases Payable	9	-	(3)	6	-	3
Total Long-Term Obligations - Business Activities	\$ 1,087	\$ 186	\$ (173)	\$ 1,100	\$ -	\$ 299

(1) Compensated Absences

There is no repayment schedule for the compensated absences amount of \$1,094,000 relating to business activities.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

11. LONG-TERM OBLIGATIONS (Continued)

(2) Leases Payable

The City entered into capital leases for various items:

Year of Issuance	2005
Type of Debt	Capital Lease
Original Principal Amount	\$15,268
Security	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
2010	\$ 3	\$ -	\$ 3
2011	3	-	3
Total	\$ 6	\$ -	\$ 6

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

Obligations Not Recorded in Financial Statements:

Community Facilities Districts: (in thousands)	(in	October 1, 2008	Additions	Retirements	September 30, 2009
Community Facilities District No. 1990-1					
Special Tax Refunding Bonds	\$	1,560	\$ -	\$ (100)	\$ 1,460
Community Facilities District 2000-1					
Special Assessment Tax Bonds		14,660	-	(305)	14,355
Community Facilities District NO. 2002-1					
Special Assessment Tax Bonds		4,845	-	(30)	4,815
Community Facilities District NO. 2003-1					
Special Assessment Tax Bonds		23,645	-	(485)	23,160
Total Community Facilities Districts		44,710	-	(920)	43,790
Residential Redevelopment Bonds		25,500	-	(16,000)	9,500
Total Obligations Not Recorded in Financial Statements	\$	70,210	\$ -	\$ (16,920)	\$ 53,290



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

11. LONG-TERM OBLIGATIONS (Continued)

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

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

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2010	\$ 100	\$ 75	\$ 175
2011	110	70	180
2012	110	65	175
2013	120	59	179
2014	120	52	172
2015-2019	730	149	879
2020-2021	170	5	175
Total	\$ 1,460	\$ 475	\$ 1,935

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

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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

11. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2010	\$ 325	\$ 912	\$ 1,237
2011	340	895	1,235
2012	360	876	1,236
2013	380	855	1,235
2014	405	832	1,237
2015-2019	2,435	3,747	6,182
2020-2024	3,320	2,858	6,178
2025-2029	4,540	1,640	6,180
2030-2031	2,250	220	2,470
Total	\$ 14,355	\$ 12,835	\$ 27,190

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

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

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2010	\$ 40	\$ 295	\$ 335
2011	50	293	343
2012	55	290	345
2013	65	288	353
2014	80	284	364
2015-2019	580	1,342	1,922
2020-2024	1,000	1,124	2,124
2025-2029	1,600	743	2,343
2030-2032	1,345	173	1,518
Total	\$ 4,815	\$ 4,832	\$ 9,647



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

11. LONG-TERM OBLIGATIONS (Continued)

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

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

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2010	\$ 500	\$ 1,305	\$ 1,805
2011	520	1,284	1,804
2012	545	1,263	1,808
2012	570	1,236	1,806
2013	595	1,209	1,804
2015-2019	3,480	5,553	9,033
2020-2024	4,585	4,447	9,032
2025-2029	6,085	2,945	9,030
2030-2033	6,280	944	7,224
Total	\$ 23,160	\$ 20,186	\$ 43,346

(5) Residential Development Bonds

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

These bond issues are (in thousands):

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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

12. CAPITAL ASSETS

a. Changes in Capital Assets

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

	October 1, 2008	Additions	Dispositions	September 30, 2009
Governmental Activities				
Capital Assets, Not Depreciated:				
Land	\$ 366,342	-	-	\$ 366,342
Construction in Progress	6,627	5,642	(4,277)	7,992
Joint Ventures	1,723	289	-	2,012
Total Capital Assets -Not Depreciated	374,692	5,931	(4,277)	376,346
Capital Assets Being Depreciated				
Buildings	138,035	30,634	-	168,669
Machinery and Equipment	46,826	2,637	(1,762)	47,701
Infrastructure	309,955	17,661	(5,265)	322,351
Total Capital Assets Being Depreciated	494,816	50,932	(7,027)	538,721
Less Accumulated Depreciation:				
Buildings	(35,716)	(3,451)	-	(39,167)
Machinery and Equipment	(31,977)	(3,113)	1,686	(33,404)
Infrastructure	(163,818)	(6,406)	5,222	(165,002)
Total Accumulated Depreciation	(231,511)	(12,970)	6,908	(237,573)
Total Depreciated - Net	263,305	37,962	(119)	301,148
Total Capital Assets	869,508	56,863	(11,304)	915,067
Total Accumulated Depreciation	(231,511)	(12,970)	6,908	(237,573)
Capital Assets of Governmental Activities - Net	\$ 637,997	\$ 43,893	\$ (4,396)	\$ 677,494

	October 1, 2008	Additions	Dispositions	September 30, 2009
Business Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 5,196	-	(1,289)	\$ 3,907
Construction in Progress	12,211	2,535	(6,537)	8,209
Total Capital Assets -Not Depreciated	17,407	2,535	(7,826)	12,116
Capital Assets Being Depreciated				
Buildings	46,906	8,232	(4,152)	50,986
Machinery and Equipment	9,124	239	(100)	9,263
Infrastructure	118,838	2,970	(767)	121,041
Total Capital Assets Being Depreciated	174,868	11,441	(5,019)	181,290
Less Accumulated Depreciation:				
Buildings	(11,959)	(1,297)	1,928	(11,328)
Machinery and Equipment	(4,771)	(996)	80	(5,687)
Infrastructure	(56,865)	(2,228)	767	(58,326)
Total Accumulated Depreciation	(73,595)	(4,521)	2,775	(75,341)
Total Depreciated - Net	101,273	6,920	(2,244)	105,949
Total Capital Assets	192,275	13,976	(12,845)	193,406
Total Accumulated Depreciation	(73,595)	(4,521)	2,775	(75,341)
Capital Assets of Governmental Activities - Net	\$ 118,680	\$ 9,455	\$ (10,070)	\$ 118,065



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

12. CAPITAL ASSETS (Continued)

b. Depreciation Expense

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

Department:

City Administrator	\$ 22
City Clerk	15
Finance	23
Building and Safety	205
Fire	703
Information Services	38
Police	457
Economic Development	14
Community Services	1,500
Library Services	365
Public Works	8,548
Non-Departmental	1,080
Total	<u><u>\$ 12,970</u></u>

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

Fund:

Water	\$ 3,359
Sewer Service	1,162
Total	<u><u>\$ 4,521</u></u>

c. Capital Assets Acquired via Capital Leases

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

	Governmental Activities
Machinery and Equipment	\$ 1,869
Buildings	3,449
Less: Accumulated Depreciation	(966)
Total	<u><u>\$ 4,352</u></u>



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

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 \$275,000 in fiscal year ending September 30, 2009.

c. Disposition and Development and Owner Participation Agreements

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

On October 16, 2006, the Redevelopment Agency approved an Owner Participation Agreement with Makallon Atlanta Huntington Beach, LLC (also 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. Current development of the site is on hold and will proceed in the future as economic conditions permit.

As of September 30, 2009, the City has no outstanding obligations related to the disposition and development and owner participation agreements discussed above.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

13. COMMITMENTS AND CONTINGENCIES (Continued)

d. Redevelopment Agency Debt to City

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

	Amount @ 10/1/08	Additions	Reductions	Amount @ 9/30/09
General Fund				
Direct Advances	\$ 4,235	\$ -	\$ -	\$ 4,235
Overhead Charges	6,567	-	-	6,567
Land Sales	32,833	-	-	32,833
Interest	31,076	2,847	(4,441)	29,482
Total General Fund	74,711	2,847	(4,441)	73,117
Sewer Fund				
Direct Advances	131	-	-	131
Deferred Development Fees	38	-	-	38
Interest	237	15	-	252
Total Sewer Fund	406	15	-	421
Drainage Fund				
Direct Advances	250	-	-	250
Deferred Development Fees	54	-	-	54
Interest	463	29	-	492
Total Drainage Fund	767	29	-	796
Park Acquisition and Development Fund				
Direct Advances	1,742	-	-	1,742
Deferred Development Fees	247	-	-	247
Interest	3,334	203	-	3,537
Total Park Acquisition and Development Fund	5,323	203	-	5,526
Water Fund				
Direct Advances	1,138	-	-	1,138
Interest	2,591	142	-	2,733
Total Water Fund	3,729	142	-	3,871
Total All Funds	\$ 84,936	\$ 3,236	\$ (4,441)	\$ 83,731

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, 2009**

13. COMMITMENTS AND CONTINGENCIES (Continued)

e. Emerald Cove Housing Complex

During the year, the City entered into an agreement with the Redevelopment Agency to convey Emerald Cove Senior Apartments (recorded as an enterprise fund) from the City to the Redevelopment Agency Low Income Housing Fund.

Below is a summary of the transaction (in thousands):

Cash transfer from the Emerald Cove Housing Fund to the General Fund	\$ 3,433
Capital asset transfer from the Emerald Cove Housing Fund To the Low Income Housing Fund	3,504
Original note from the Low Income Housing Fund to the City to be paid through September 2021	5,171

The balance of the note from the Low Income Housing Fund to the City as of September 30, 2009 is \$4,865,000. No direct interest is computed on this note. The Agency plans on selling Emerald Cove Senior Apartments to a non-profit affordable housing developer in the 2009/10 fiscal year. The property is currently recorded as Land Held for Resale in the Low Income Housing Fund. Accordingly, the City has not recorded the note in the accompanying financial statements.

f. SERAF Contingency

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make Supplemental Education Revenue Augmentation Fund (SERAF) contributions totaling \$1.7 billion for the fiscal year 2009-2010 and \$350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portion of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the California Redevelopment Association filed a class action lawsuit on behalf of all California redevelopment agencies, again challenging the SERAF obligations as unconstitutional.

The Agency's estimated SERAF contributions under AB 26 4x are \$5,380,000 for the fiscal year 2009-2010 and \$1,107,000 for 2010-2011. It is the position of Agency officials that the SERAF contributions required by AB 26 4x are unconstitutional, and that the Agency is not obligated to make these contributions. However, if the class action lawsuit is unsuccessful, and if the Agency were required to make the SERAF contributions, Agency officials have estimated that the Agency would have sufficient funds to make the required contributions.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2009**

14. OTHER INFORMATION

a. Expenditures Exceeding Appropriations

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

General Fund		
Fire Department	\$	222
Major Funds		
Grants Special Revenue - Library Services		26
Redevelopment Agency Capital Projects - Public Works		155
Other Governmental Funds		
Gas Tax - Non-Departmental		2
Transportation - Public Works		85
Traffic Impact Fee - Non-Departmental		12
Highway Safety & Traffic Reduction - Public Works		130
Traffic Congestion Relief - Public Works		32
Sewer Development - Public Works		1
Infrastructure - Public Works		33

b. Fund and Accumulated Deficits

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

Special Revenue Fund		
Gas Tax	\$	745
Drainage		542
Special Library		119

We have established plans to reduce and eliminate deficits in these Special Revenue Funds. This will be accomplished in the Gas Tax Special Revenue Fund by minimizing expenditures over the next two fiscal years. Expenditures are not authorized in the Drainage and Special Library Funds until annual revenues eliminate the negative fund balance.

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, 2009
(In Thousands)**

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$67,140	\$67,140	\$67,227	\$ 87
Sales Taxes	25,300	25,300	20,306	(4,994)
Utility Taxes	23,165	23,165	20,616	(2,549)
Other Taxes	15,400	15,400	12,085	(3,315)
Licenses and Permits	7,531	7,531	5,846	(1,685)
Fines, Forfeitures and Penalties	4,688	4,688	4,144	(544)
From Use of Money and Property	16,625	16,626	13,895	(2,731)
Intergovernmental	4,951	4,951	4,716	(235)
Charges for Current Service	22,568	22,568	21,342	(1,226)
Other	1,732	1,585	1,552	(33)
Total Revenues	189,100	188,954	171,729	(17,225)
EXPENDITURES				
Current:				
City Council	317	305	295	10
City Administrator	1,829	1,847	1,839	8
City Treasurer	1,532	1,489	1,308	181
City Attorney	2,837	2,806	2,736	70
City Clerk	1,227	1,188	1,084	104
Finance	4,958	4,627	4,456	171
Human Resources	5,576	5,220	4,729	491
Planning	3,962	3,860	3,232	628
Building	4,525	4,407	3,959	448
Fire	31,775	32,850	33,072	(222)
Information Services	7,606	7,366	7,339	27
Police	62,636	60,938	58,988	1,950
Economic Development	1,950	1,961	1,426	535
Community Services	14,279	14,087	14,039	48
Library Services	4,211	4,186	4,168	18
Public Works	21,784	21,152	19,573	1,579
Non-Departmental	24,770	24,095	16,683	7,412
Debt Service:				
Principal	669	507	520	(13)
Interest	-	158	158	-
Total Expenditures	196,443	193,049	179,604	13,445
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(7,343)	(4,095)	(7,875)	(3,780)
OTHER FINANCING SOURCES (USES)				
Transfers In	5,590	9,660	9,619	(41)
Transfers Out	(7,043)	(14,473)	(7,099)	7,374
Total Other Financing Sources (Uses)	(1,453)	(4,813)	2,520	7,333
Excess Of Revenues And Other Souces Over (Under) Expenditures And Other Uses	(8,796)	(8,908)	(5,355)	3,553
Fund Balance - Beginning Of Year	44,443	44,443	44,443	-
Fund Balance - End Of Year	\$ 35,647	\$ 35,535	\$ 39,088	\$ 3,553

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)**

Grants Special Revenue

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
From Use of Money and Property	\$ 262	\$ 262	\$ 244	\$ (18)
From Other Agencies	2,191	5,096	7,462	2,366
Other	5	5	197	192
Total Revenues	2,458	5,363	7,903	2,540
EXPENDITURES				
Current:				
Building	206	326	217	109
Fire	192	1,235	524	711
Police	118	1,415	645	770
Economic Development	1,511	2,463	1,122	1,341
Community Services	-	340	217	123
Library Services	-	62	88	(26)
Public Works	490	536	139	397
Capital Outlay	8,043	13,956	8,056	5,900
Debt Service:				
Principal	-	260	120	140
Interest	-	63	202	(139)
Total Expenditures	10,560	20,656	11,330	9,326
Excess Of Revenues Over (Under)				
Expenditures	(8,102)	(15,293)	(3,427)	11,866
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,295	1,420	125
Excess Of Revenues And Other Sources				
Over (Under) Expenditures And Other Uses	(8,102)	(13,998)	(2,007)	11,991
Fund Balance - Beginning of Year	4,411	4,411	4,411	-
Fund Balance - End Of Year	\$ (3,691)	\$ (9,587)	\$ 2,404	\$ 11,991

**CITY OF HUNTINGTON BEACH
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**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
2003						
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%
Total	\$ 542,891	\$ 496,227	\$ (46,664)	91.4%	\$ 65,837	-70.9%
2004						
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%
Total	\$ 573,903	\$ 516,934	\$ (56,969)	90.1%	\$ 63,555	-89.6%
2005						
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%
Total	\$ 610,050	\$ 545,920	\$ (64,130)	89.5%	\$ 66,424	-96.5%
2006						
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%
Total	\$ 654,188	\$ 582,680	\$ (71,508)	89.1%	\$ 73,412	-97.4%
2007						
Safety	\$ 409,859	\$ 338,305	\$ (71,554)	82.5%	\$ 34,961	-204.7%
Non Safety	295,078	287,302	(7,776)	97.4%	44,249	-17.6%
Total	\$ 704,937	\$ 625,607	\$ (79,330)	88.7%	\$ 79,210	-100.2%
2008						
Safety	\$ 439,687	\$ 357,782	\$ (81,905)	81.4%	\$ 36,791	-222.6%
Non Safety	320,209	307,549	(12,660)	96.0%	47,817	-26.5%
Total	\$ 759,896	\$ 665,331	\$ (94,565)	87.6%	\$ 84,608	-111.8%

**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
6/30/2000 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%
9/30/2009 Actual*	59,576	24,980	(34,596)	41.9%	85,667	-40.4%

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

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

* Actuarial valuation for fiscal year 2008-09 was performed as of March 31, 2009 using actual values at March 31, 2009 projected forward to year end

SUPPLEMENTARY INFORMATION

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City of Huntington Beach Other Governmental Funds

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

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

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

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

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

- The **Parking in-lieu Fund** records construction activity from developers who pay fees in-lieu of directly providing parking facilities to the City.
- The **Sewer Development Fund** accounts for fees received from developers to construct and maintain sewer facilities.
- The **Bella Terra Parking Structure Fund** accounts for the fees paid by the developer for expenses related to the Bella Terra Parking Structure. This fund has been closed in the current fiscal year and the activities of the Bella Terra Parking Structure are reported as a Fiduciary Fund (Parking Structures Fund).
- The **Infrastructure Fund** records activity for certain designate infrastructure related expenditures.

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009
(In Thousands)**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Drainage	Narcotics Forfeiture	Transportation	Air Quality
ASSETS					
Cash and Investments	\$ -	\$ -	\$ 956	\$ 569	\$ 1,174
Cash and Investments with Fiscal Agent	-	-	-	-	-
Taxes Receivable	883	-	-	290	-
Other Receivables	16	-	6	18	7
Due from Other Funds	-	-	-	2,263	-
Other Assets	-	-	-	-	-
Total Assets	\$ 899	\$ -	\$ 962	\$ 3,140	\$ 1,181
LIABILITIES					
Accounts Payable	\$ 32	\$ -	\$ -	\$ 17	\$ -
Accrued Payroll	10	-	-	32	6
Due to Other Funds	1,602	542	-	-	-
Advances from Other Funds	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Total Liabilities	1,644	542	-	49	6
FUND BALANCES					
Restricted					
Pollution Remediation	-	-	-	-	-
Debt Service	-	-	-	-	-
Other Purposes	109	-	-	68	8
Committed					
Committed for Future Expenditure					
Special Revenue Funds	-	-	282	441	147
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Assigned					
Special Revenue Funds	-	-	680	-	912
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Other Purposes	-	-	-	2,582	108
Unassigned					
Special Revenue Funds	(854)	(542)	-	-	-
Debt Service Funds	-	-	-	-	-
Total Fund Balances	(745)	(542)	962	3,091	1,175
Total Liabilities and Fund Balances	\$ 899	\$ -	\$ 962	\$ 3,140	\$ 1,181

**CITY OF HUNTINGTON BEACH
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009
 (In Thousands)
 (continued)**

SPECIAL REVENUE FUNDS						
Traffic Impact Fee	Fourth of July Parade	Special Library	Park Acquisition and Development	Highway Safety & Traffic Reduction	Traffic Congestion Relief	Total Special Revenue Funds
\$ 2,397	\$ 113	\$ -	\$ 4,373	\$ 2,046	\$ 887	\$ 12,515
-	-	-	-	-	-	-
-	-	-	-	-	-	1,173
122	1	-	27	13	5	215
-	-	-	-	-	-	2,263
-	-	-	1,266	-	-	1,266
\$ 2,519	\$ 114	\$ -	\$ 5,666	\$ 2,059	\$ 892	\$ 17,432
\$ 1,881	\$ -	\$ -	\$ 11	\$ 506	\$ 5	\$ 2,452
12	-	-	6	1	-	67
-	-	119	-	-	-	2,263
-	-	-	1,004	-	-	1,004
-	-	-	1,266	-	-	1,266
<u>1,893</u>	<u>-</u>	<u>119</u>	<u>2,287</u>	<u>507</u>	<u>5</u>	<u>7,052</u>
-	-	-	591	-	-	591
-	-	-	-	-	-	-
235	8	-	217	13	-	658
-	-	-	1,643	-	-	2,513
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	104	-	862	228	781	3,567
-	-	-	-	-	-	-
-	-	-	-	-	-	-
391	2	-	66	1,311	106	4,566
-	-	(119)	-	-	-	(1,515)
-	-	-	-	-	-	-
<u>626</u>	<u>114</u>	<u>(119)</u>	<u>3,379</u>	<u>1,552</u>	<u>887</u>	<u>10,380</u>
\$ 2,519	\$ 114	\$ -	\$ 5,666	\$ 2,059	\$ 892	\$ 17,432

**CITY OF HUNTINGTON BEACH
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009
 (In Thousands)
 (continued)**

	Debt Service Fund			Capital Projects Funds	
	Property Tax Refund	Public Financing Authority	Total Debt Service Fund	Parking in-lieu	Sewer Development
ASSETS					
Cash and Investments	\$ 1,722	\$ -	\$ 1,722	\$ 701	\$ 1,127
Cash and Investments with Fiscal Agent	-	6,615	6,615	-	-
Taxes Receivable	-	-	-	-	-
Other Receivables	11	21	32	5	7
Due from Other Funds	-	-	-	-	-
Other Assets	-	-	-	-	-
Total Assets	\$ 1,733	\$ 6,636	\$ 8,369	\$ 706	\$ 1,134
LIABILITIES					
Accounts Payable	\$ 2	\$ 2	\$ 4	\$ -	\$ -
Accrued Payroll	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Deposits Payable	44	-	44	-	-
Total Liabilities	46	2	48	-	-
FUND BALANCES					
Restricted					
Pollution Remediation	-	-	-	-	-
Debt Service	-	6,615	6,615	-	-
Other Purposes	-	-	-	-	-
Committed					
Committed for Future Expenditure					
Special Revenue Funds	-	-	-	-	-
Debt Service Funds	46	61	107	-	-
Capital Projects Funds	-	-	-	525	770
Assigned					
Special Revenue Funds	-	-	-	-	-
Debt Service Funds	1,641	-	1,641	-	-
Capital Projects Funds	-	-	-	181	364
Other Purposes	-	-	-	-	-
Unassigned					
Special Revenue Funds	-	-	-	-	-
Debt Service Funds	-	(42)	(42)	-	-
Total Fund Balances	1,687	6,634	8,321	706	1,134
Total Liabilities and Fund Balances	\$ 1,733	\$ 6,636	\$ 8,369	\$ 706	\$ 1,134

**CITY OF HUNTINGTON BEACH
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009
 (In Thousands)
 (continued)**

Capital Projects Funds			Total Other Governmental Funds
Bella Terra Parking Structure	Infrastructure	Total Capital Projects Funds	
\$ -	\$ 2,723	\$ 4,551	\$ 18,788
-	-	-	6,615
-	-	-	1,173
-	16	28	275
-	-	-	2,263
-	-	-	1,266
\$ -	\$ 2,739	\$ 4,579	\$ 30,380
\$ -	\$ -	\$ -	\$ 2,456
-	1	1	68
-	-	-	2,263
-	-	-	1,004
-	-	-	1,310
-	1	1	7,101
-	-	-	591
-	-	-	6,615
-	19	19	677
-	-	-	2,513
-	-	-	107
-	150	1,445	1,445
-	-	-	3,567
-	-	-	1,641
-	2,226	2,771	2,771
-	343	343	4,909
-	-	-	(1,515)
-	-	-	(42)
-	2,738	4,578	23,279
\$ -	\$ 2,739	\$ 4,579	\$ 30,380

**CITY OF HUNTINGTON BEACH
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (In Thousands)**

	Special Revenue Funds				
	Gas Tax	Drainage	Narcotics Forfeiture	Transportation	Air Quality
REVENUES					
Sales Taxes	\$ -	\$ -	\$ -	\$ 2,050	\$ -
Licenses and Permits	-	-	-	-	-
From Use of Money and Property	28	-	16	142	36
Intergovernmental	3,205	-	783	-	236
Charges for Current Service	-	125	-	-	-
Other	-	-	-	2	-
Total Revenues	<u>3,233</u>	<u>125</u>	<u>799</u>	<u>2,194</u>	<u>272</u>
EXPENDITURES					
Current:					
Human Resources	-	-	-	-	20
Police	-	-	53	-	-
Economic Development	-	-	-	-	-
Community Services	-	-	-	-	-
Library Services	-	-	-	-	-
Public Works	1,047	-	-	414	99
Non-Departmental	2	-	-	-	-
Capital Outlay	3,261	-	87	4,856	88
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>4,310</u>	<u>-</u>	<u>140</u>	<u>5,270</u>	<u>207</u>
Excess Of Revenues Over (Under) Expenditures	<u>(1,077)</u>	<u>125</u>	<u>659</u>	<u>(3,076)</u>	<u>65</u>
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	(2,022)	-	-	(298)	-
Total Other Financing Sources Sources (Uses)	<u>(2,022)</u>	<u>-</u>	<u>-</u>	<u>(298)</u>	<u>-</u>
Net Change in Fund Balances	<u>(3,099)</u>	<u>125</u>	<u>659</u>	<u>(3,374)</u>	<u>65</u>
Fund Balance - Beginning Of Year	<u>2,354</u>	<u>(667)</u>	<u>303</u>	<u>6,465</u>	<u>1,110</u>
Fund Balance - End Of Year	<u>\$ (745)</u>	<u>\$ (542)</u>	<u>\$ 962</u>	<u>\$ 3,091</u>	<u>\$ 1,175</u>

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)
(continued)**

Special Revenue Funds						
Traffic Impact Fee	Fourth of July Parade	Special Library	Park Acquisition and Development	Highway Safety & Traffic Reduction	Traffic Congestion Relief	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,050
-	-	-	-	-	-	-
77	30	-	148	69	5	551
2,768	67	-	7	-	1,895	8,961
872	142	33	149	-	-	1,321
1	97	-	1	-	-	101
3,718	336	33	305	69	1,900	12,984
-	-	-	-	-	-	20
-	-	-	-	-	-	53
-	-	-	-	-	-	-
-	350	-	455	-	-	805
-	-	80	-	-	-	80
518	-	-	-	130	32	2,240
12	-	-	-	-	-	14
5,465	-	-	52	1,640	1,474	16,923
-	-	-	4	-	-	4
-	-	-	-	-	-	-
5,995	350	80	511	1,770	1,506	20,139
(2,277)	(14)	(47)	(206)	(1,701)	394	(7,155)
1,000	-	-	-	-	-	1,000
(352)	-	-	(294)	-	-	(2,966)
648	-	-	(294)	-	-	(1,966)
(1,629)	(14)	(47)	(500)	(1,701)	394	(9,121)
2,255	128	(72)	3,879	3,253	493	19,501
\$ 626	\$ 114	\$ (119)	\$ 3,379	\$ 1,552	\$ 887	\$ 10,380

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)
(continued)

	Debt Service Fund			Capital Projects Fund	
	Property Tax Refund	Public Financing Authority	Total Debt Service Fund	Parking In-Lieu	Sewer Development
REVENUES					
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	33	-
From Use of Money and Property	85	169	254	31	34
Intergovernmental	-	-	-	-	13
Charges for Current Service	-	-	-	-	109
Other	-	-	-	-	-
Total Revenues	85	169	254	64	156
EXPENDITURES					
Current:					
Human Resources	-	-	-	-	-
Police	-	-	-	-	-
Economic Development	-	-	-	-	-
Community Services	-	-	-	-	-
Library Services	-	-	-	-	-
Public Works	-	-	-	-	1
Non-Departmental	1	12	13	-	-
Capital Outlay	-	-	-	-	2
Debt Service:					
Principal	3,275	3,314	6,589	-	-
Interest	369	2,978	3,347	-	-
Total Expenditures	3,645	6,304	9,949	-	3
Excess Of Revenues Over (Under) Expenditures	(3,560)	(6,135)	(9,695)	64	153
Other Financing Sources (Uses):					
Transfers In	1,092	5,916	7,008	-	-
Transfers Out	-	-	-	(500)	-
Total Other Financing Sources (Uses)	1,092	5,916	7,008	(500)	-
Net Change in Fund Balances	(2,468)	(219)	(2,687)	(436)	153
Fund Balance - Beginning Of Year	4,155	6,853	11,008	1,142	981
Fund Balance - End Of Year	\$ 1,687	\$ 6,634	\$ 8,321	\$ 706	\$ 1,134

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)
(continued)**

Capital Projects Fund			
Bella Terra Parking Structure	Infrastructure	Total Capital Projects Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 2,050
-	-	33	33
-	92	157	962
-	-	13	8,974
-	-	109	1,430
104	21	125	226
104	113	437	13,675
-	-	-	20
-	-	-	53
-	-	-	-
-	-	-	805
-	-	-	80
-	33	34	2,274
-	-	-	27
-	467	469	17,392
-	-	-	6,593
-	-	-	3,347
-	500	503	30,591
104	(387)	(66)	(16,916)
-	44	44	8,052
-	-	(500)	(3,466)
-	44	(456)	4,586
104	(343)	(522)	(12,330)
(104)	3,081	5,100	35,609
\$ -	\$ 2,738	\$ 4,578	\$ 23,279

**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, 2009
(In Thousands)**

Gas Tax

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 60	\$ 60	\$ 28	\$ (32)
Intergovernmental	3,600	3,600	3,205	(395)
Other	<u>2</u>	<u>2</u>	<u>-</u>	<u>(2)</u>
TOTAL REVENUES	<u>3,662</u>	<u>3,662</u>	<u>3,233</u>	<u>(429)</u>
EXPENDITURES:				
Current:				
Public Works	1,728	1,743	1,047	696
Non-Departmental	-	-	2	(2)
Capital Outlay	<u>6,172</u>	<u>5,257</u>	<u>3,261</u>	<u>1,996</u>
TOTAL EXPENDITURES	<u>7,900</u>	<u>7,000</u>	<u>4,310</u>	<u>2,690</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,238)</u>	<u>(3,338)</u>	<u>(1,077)</u>	<u>2,261</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(1,022)</u>	<u>(2,022)</u>	<u>(2,022)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(5,260)</u>	<u>(5,360)</u>	<u>(3,099)</u>	<u>2,261</u>
FUND BALANCE - BEGINNING OF YEAR	<u>2,354</u>	<u>2,354</u>	<u>2,354</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (2,906)</u>	<u>\$ (3,006)</u>	<u>\$ (745)</u>	<u>\$ 2,261</u>

Drainage

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for Current Service	\$ 30	\$ 30	\$ 125	\$ 95
FUND BALANCE - BEGINNING OF YEAR	<u>(667)</u>	<u>(667)</u>	<u>(667)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (637)</u>	<u>\$ (637)</u>	<u>\$ (542)</u>	<u>\$ 95</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, 2009
(In Thousands)
(continued)

Narcotics Forfeiture

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 11	\$ 11	\$ 16	\$ 5
Intergovernmental	50	50	783	733
TOTAL REVENUES	61	61	799	738
EXPENDITURES:				
Current:				
Police	102	102	53	49
Capital Outlay	109	109	87	22
TOTAL EXPENDITURES	211	211	140	71
NET CHANGE IN FUND BALANCE	(150)	(150)	659	809
FUND BALANCE - BEGINNING OF YEAR	303	303	303	-
FUND BALANCE - END OF YEAR	\$ 153	\$ 153	\$ 962	\$ 809

Transportation

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Sales Taxes	\$ 2,400	\$ 2,400	\$ 2,050	\$ (350)
From Use of Money and Property	150	150	142	(8)
Other	-	-	2	2
TOTAL REVENUES	2,550	2,550	2,194	(356)
EXPENDITURES:				
Current:				
Public Works	279	329	414	(85)
Capital Outlay	6,392	8,142	4,856	3,286
TOTAL EXPENDITURES	6,671	8,471	5,270	3,201
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,121)	(5,921)	(3,076)	2,845
OTHER FINANCING SOURCES (USES):				
Transfers Out	(150)	(300)	(298)	2
NET CHANGE IN FUND BALANCE	(4,271)	(6,221)	(3,374)	2,847
FUND BALANCE - BEGINNING OF YEAR	6,465	6,465	6,465	-
FUND BALANCE - END OF YEAR	\$ 2,194	\$ 244	\$ 3,091	\$ 2,847

**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, 2009**

(In Thousands)
(continued)

Air Quality

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 30	\$ 30	\$ 36	\$ 6
Intergovernmental	240	240	236	(4)
TOTAL REVENUES	270	270	272	2
EXPENDITURES:				
Current:				
Human Resources	-	30	20	10
Public Works	169	264	99	165
Capital Outlay	866	741	88	653
TOTAL EXPENDITURES	1,035	1,035	207	828
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(765)	(765)	65	830
OTHER FINANCING SOURCES (USES):				
Transfers Out	(150)	(150)	-	150
NET CHANGE IN FUND BALANCE	(915)	(915)	65	980
FUND BALANCE - BEGINNING OF YEAR	1,110	1,110	1,110	-
FUND BALANCE - END OF YEAR	\$ 195	\$ 195	\$ 1,175	\$ 980

Traffic Impact Fee

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits				\$ -
From Use of Money and Property	125	125	77	(48)
Intergovernmental	-	-	2,768	2,768
Charges for Current Service	750	750	872	122
Other	-	-	1	1
TOTAL REVENUES	875	875	3,718	2,843
EXPENDITURES:				
Current:				
Public Works	825	825	518	307
Non-Departmental	-	-	12	(12)
Capital Outlay	8,831	8,646	5,465	3,181
TOTAL EXPENDITURES	9,656	9,471	5,995	3,476
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,781)	(8,596)	(2,277)	6,319
OTHER FINANCING SOURCES (USES):				
Transfers In	-	1,000	1,000	-
Transfers Out	-	(352)	(352)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	648	648	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,781)	(7,948)	(1,629)	6,319
FUND BALANCE - BEGINNING OF YEAR	2,255	2,255	2,255	-
FUND BALANCE - END OF YEAR	\$ (6,526)	\$ (5,693)	\$ 626	\$ 6,319

**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, 2009
(In Thousands)
(continued)**

Fourth of July Parade

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 3	\$ 3	\$ 30	\$ 27
Intergovernmental	-	-	67	67
Charges for Current Service	-	-	142	142
Other	400	400	97	(303)
TOTAL REVENUES	403	403	336	(67)
EXPENDITURES:				
Current:				
Community Services	400	400	350	50
NET CHANGE IN FUND BALANCE	3	3	(14)	(17)
FUND BALANCE - BEGINNING OF YEAR	128	128	128	-
FUND BALANCE - END OF YEAR	\$ 131	\$ 131	\$ 114	\$ (17)

Special Library

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for Current Service	\$ 182	\$ 182	\$ 33	\$ (149)
EXPENDITURES:				
Current:				
Library Services	199	199	80	119
NET CHANGE IN FUND BALANCE	(17)	(17)	(47)	(30)
FUND BALANCE - BEGINNING OF YEAR	(72)	(72)	(72)	-
FUND BALANCE - END OF YEAR	\$ (89)	\$ (89)	\$ (119)	\$ (30)

**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, 2009
(In Thousands)
(continued)**

Park Acquisition and Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 160	\$ 160	\$ 148	\$ (12)
Intergovernmental	-	-	7	7
Charges for Current Service	5,174	5,174	149	(5,025)
Other	-	-	1	1
TOTAL REVENUES	<u>5,334</u>	<u>5,334</u>	<u>305</u>	<u>(5,029)</u>
EXPENDITURES:				
Current:				
Community Services	1,838	2,273	455	1,818
Capital Outlay	2,294	5,110	52	5,058
Debt Service:				
Principal	10	10	4	6
TOTAL EXPENDITURES	<u>4,142</u>	<u>7,393</u>	<u>511</u>	<u>6,882</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,192	(2,059)	(206)	1,853
OTHER FINANCING SOURCES (USES):				
Transfers Out	(375)	(375)	(294)	81
NET CHANGE IN FUND BALANCE	<u>817</u>	<u>(2,434)</u>	<u>(500)</u>	<u>1,934</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,879</u>	<u>3,879</u>	<u>3,879</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,696</u>	<u>\$ 1,445</u>	<u>\$ 3,379</u>	<u>\$ 1,934</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, 2009
(In Thousands)
(continued)

Highway Safety & Traffic Reduction

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ -	\$ -	\$ 69	\$ 69
EXPENDITURES:				
Current:				
Public Works	-	-	130	(130)
Capital Outlay	3,250	3,250	1,640	1,610
TOTAL EXPENDITURES	3,250	3,250	1,770	1,480
NET CHANGE IN FUND BALANCE	(3,250)	(3,250)	(1,701)	1,549
FUND BALANCE - BEGINNING OF YEAR	3,253	3,253	3,253	-
FUND BALANCE - END OF YEAR	\$ 3	\$ 3	\$ 1,552	\$ 1,549

Traffic Congestion Relief

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ -	\$ -	\$ 5	\$ 5
Intergovernmental	2,765	2,765	1,895	(870)
TOTAL REVENUES	2,765	2,765	1,900	(865)
EXPENDITURES:				
Current:				
Public Works	-	-	32	(32)
Capital Outlay	1,600	1,600	1,474	126
TOTAL EXPENDITURES	1,600	1,600	1,506	94
NET CHANGE IN FUND BALANCE	1,165	1,165	394	(771)
FUND BALANCE - BEGINNING OF YEAR	493	493	493	-
FUND BALANCE - END OF YEAR	\$ 1,658	\$ 1,658	\$ 887	\$ (771)

**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, 2009
(In Thousands)
(continued)**

Property Tax Refund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 50	\$ 50	\$ 85	\$ 35
EXPENDITURES:				
Current:				
Non-Departmental	6	6	1	5
Debt Service:				
Principal	765	3,275	3,275	-
Interest	369	369	369	-
TOTAL EXPENDITURES	1,140	3,650	3,645	5
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,090)	(3,600)	(3,560)	40
OTHER FINANCING SOURCES (USES):				
Transfers In	1,140	1,140	1,092	(48)
NET CHANGE IN FUND BALANCE	50	(2,460)	(2,468)	(8)
FUND BALANCE - BEGINNING OF YEAR	4,155	4,155	4,155	-
FUND BALANCE - END OF YEAR	\$ 4,205	\$ 1,695	\$ 1,687	\$ (8)

Public Financing Authority

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ -	\$ -	\$ 169	\$ 169
EXPENDITURES:				
Current:				
Non-Departmental	24	28	12	16
Debt Service:				
Principal	3,315	3,315	3,314	1
Interest	2,981	2,981	2,978	3
TOTAL EXPENDITURES	6,320	6,324	6,304	20
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,320)	(6,324)	(6,135)	189
OTHER FINANCING SOURCES (USES):				
Transfers In	6,254	6,254	5,916	(338)
NET CHANGE IN FUND BALANCE	(66)	(70)	(219)	(149)
FUND BALANCE - BEGINNING OF YEAR	6,853	6,853	6,853	-
FUND BALANCE - END OF YEAR	\$ 6,787	\$ 6,783	\$ 6,634	\$ (149)

**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, 2009
(In Thousands)
(continued)**

Parking in-Lieu

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Licenses and Permits	\$ 50	\$ 50	\$ 33	\$ (17)
From Use of Money and Property	50	50	31	(19)
TOTAL REVENUES	<u>100</u>	<u>100</u>	<u>64</u>	<u>(36)</u>
EXPENDITURES:				
Current:				
Capital Outlay	625	125	-	125
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(525)</u>	<u>(25)</u>	<u>64</u>	<u>89</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(500)	(500)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(525)</u>	<u>(525)</u>	<u>(436)</u>	<u>89</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,142</u>	<u>1,142</u>	<u>1,142</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 617</u>	<u>\$ 617</u>	<u>\$ 706</u>	<u>\$ 89</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, 2009
(In Thousands)
(continued)**

Sewer Development

	Original Budget	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ 27	\$ 27	\$ 34	\$ 7
Intergovernmental	-	-	13	13
Charges for Current Service	150	150	109	(41)
TOTAL REVENUES	<u>177</u>	<u>177</u>	<u>156</u>	<u>(21)</u>
EXPENDITURES:				
Current:				
Public Works	-	-	1	(1)
Capital Outlay	2	2	2	-
TOTAL EXPENDITURES	<u>2</u>	<u>2</u>	<u>3</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCE	175	175	153	(22)
FUND BALANCE - BEGINNING OF YEAR	981	981	981	-
FUND BALANCE - END OF YEAR	<u>\$ 1,156</u>	<u>\$ 1,156</u>	<u>\$ 1,134</u>	<u>\$ (22)</u>

Bella Terra Parking Structure

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Other	\$ -	\$ -	\$ 104	\$ 104
NET CHANGE IN FUND BALANCE	-	-	104	104
FUND BALANCE - BEGINNING OF YEAR	(104)	(104)	(104)	-
FUND BALANCE - END OF YEAR	<u>\$ (104)</u>	<u>\$ (104)</u>	<u>\$ -</u>	<u>\$ 104</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, 2009
(In Thousands)
(continued)

Infrastructure

	Original Budget	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ -	\$ -	\$ 92	\$ 92
Other	-	-	21	21
TOTAL REVENUES	-	-	113	113
EXPENDITURES:				
Current:				
Public Works	-	-	33	(33)
Capital Outlay	1,030	2,086	467	1,619
TOTAL EXPENDITURES	1,030	2,086	500	1,586
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,030)	(2,086)	(387)	1,699
OTHER FINANCING SOURCES (USES):				
Transfers In	-	938	44	(894)
Transfers Out	-	(1,392)	-	1,392
TOTAL OTHER FINANCING SOURCES (USES)	-	(454)	44	498
NET CHANGE IN FUND BALANCE	(1,030)	(2,540)	(343)	2,197
FUND BALANCE - BEGINNING OF YEAR	3,081	3,081	3,081	-
FUND BALANCE - END OF YEAR	\$ 2,051	\$ 541	\$ 2,738	\$ 2,197

**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, 2009
(In Thousands)**

Redevelopment Agency Debt Service

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 17,199	\$ 17,199	\$ 18,385	\$ 1,186
From Use of Money and Property	129	129	232	103
Total Revenues	<u>17,328</u>	<u>17,328</u>	<u>18,617</u>	<u>1,289</u>
EXPENDITURES				
Current:				
Economic Development	2,549	4,534	2,896	1,638
Capital Outlay			1,100	(1,100)
Debt Service:				
Principal	4,730	4,473	4,247	226
Interest	1,423	1,680	1,676	4
Total Expenditures	<u>8,702</u>	<u>10,687</u>	<u>9,919</u>	<u>768</u>
Excess Of Revenues Over (Under) Expenditures	<u>8,626</u>	<u>6,641</u>	<u>8,698</u>	<u>2,057</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	500	500	-
Transfers Out	(7,775)	(8,125)	(8,364)	(239)
Total Other Financing Sources (Uses)	<u>(7,775)</u>	<u>(7,625)</u>	<u>(7,864)</u>	<u>(239)</u>
Net Change in Fund Balance	<u>851</u>	<u>(984)</u>	<u>834</u>	<u>1,818</u>
Fund Balance - Beginning Of Year	<u>3,655</u>	<u>3,655</u>	<u>3,655</u>	<u>-</u>
Fund Balance - End Of Year	<u>\$ 4,506</u>	<u>\$ 2,671</u>	<u>\$ 4,489</u>	<u>\$ 1,818</u>

Redevelopment Agency Capital Projects

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
From Use of Money and Property	\$ 1,500	\$ 1,500	\$ 1,267	\$ (233)
Other	-	-	147	147
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,414</u>	<u>(86)</u>
EXPENDITURES				
Current:				
City Attorney	196	196	141	55
Economic Development	2,588	3,948	2,171	1,777
Community Services	39	348	346	2
Public Works	2	2	157	(155)
Capital Outlay	4,019	21,065	11,683	9,382
Total Expenditures	<u>6,844</u>	<u>25,559</u>	<u>14,498</u>	<u>11,061</u>
Excess Of Revenues Over (Under) Expenditures	<u>(5,344)</u>	<u>(24,059)</u>	<u>(13,084)</u>	<u>10,975</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	350	350	-
Issuance of Long-Term Debt	-	8,850	8,850	-
Transfers Out	-	(706)	(706)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>8,494</u>	<u>8,494</u>	<u>-</u>
Net Change in Fund Balance	<u>(5,344)</u>	<u>(15,565)</u>	<u>(4,590)</u>	<u>10,975</u>
Fund Balance - Beginning Of Year	<u>15,663</u>	<u>15,663</u>	<u>15,663</u>	<u>-</u>
Fund Balance - End Of Year	<u>\$ 10,319</u>	<u>\$ 98</u>	<u>\$ 11,073</u>	<u>\$ 10,975</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, 2009
(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>
REVENUES				
From Use of Money and Property	\$ 475	\$ 475	\$ 685	\$ 210
EXPENDITURES				
Current:				
Economic Development	3,504	6,806	3,471	3,335
Capital Outlay	908	1,313	263	1,050
Total Expenditures	<u>4,412</u>	<u>8,119</u>	<u>3,734</u>	<u>4,385</u>
Excess Of Revenues Over (Under) Expenditures	<u>(3,937)</u>	<u>(7,644)</u>	<u>(3,049)</u>	<u>4,595</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	3,440	6,945	7,184	239
Transfers Out	-	(318)	(315)	3
Total Other Financing Sources (Uses)	<u>3,440</u>	<u>6,627</u>	<u>6,869</u>	<u>242</u>
Net Change in Fund Balance	<u>(497)</u>	<u>(1,017)</u>	<u>3,820</u>	<u>4,837</u>
Fund Balance - Beginning Of Year	<u>8,197</u>	<u>8,197</u>	<u>8,197</u>	<u>-</u>
Fund Balance - End Of Year	<u>\$ 7,700</u>	<u>\$ 7,180</u>	<u>\$ 12,017</u>	<u>\$ 4,837</u>

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City of Huntington Beach 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. During the year, the Redevelopment Agency purchased Emerald Cove and as of the fiscal year end is held for resale.
- The **Hazmat Service Fund** accounts for user fees charged for City's hazardous material program.

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
SEPTEMBER 30, 2009
(In Thousands)**

ASSETS	Emerald Cove Housing	Hazmat Service	Total
CURRENT ASSETS:			
Cash and Investments	\$ -	\$ 241	\$ 241
Other Receivables	-	19	19
TOTAL ASSETS	-	260	260
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts Payable	-	1	1
Accrued Payroll	-	6	6
Current Portion of Long-Term Debt	-	7	7
TOTAL CURRENT LIABILITIES	-	14	14
NON-CURRENT LIABILITIES:			
Compensated Absences	-	17	17
TOTAL NON-CURRENT LIABILITIES	-	17	17
TOTAL LIABILITIES	-	31	31
NET ASSETS:			
Invested in Capital Assets	-		-
Unrestricted	-	229	229
TOTAL NET ASSETS	\$ -	\$ 229	\$ 229

**CITY OF HUNTINGTON BEACH
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 OTHER ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (In Thousands)**

	Emerald Cove Housing	Hazmat Service	Total
OPERATING REVENUES:			
Rentals	\$ 842	\$ 204	\$ 1,046
Other	1	-	1
TOTAL OPERATING REVENUES	843	204	1,047
OPERATING EXPENSES:			
Supplies and Operations	306	196	502
TOTAL OPERATING EXPENSES	306	196	502
OPERATING INCOME (LOSS)	537	8	545
NON-OPERATING REVENUES (EXPENSES):			
Interest Income	61	13	74
CHANGE IN NET ASSETS BEFORE TRANSFERS	598	21	619
TRANSFERS:			
Transfers Out	(7,033)	(13)	(7,046)
TOTAL CHANGE IN NET ASSETS	(6,435)	8	(6,427)
NET ASSETS - BEGINNING OF YEAR	6,435	221	6,656
NET ASSETS - END OF YEAR	\$ -	\$ 229	\$ 229

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)**

	Emerald Cove Housing	Hazmat Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers and Users	\$ 866	\$ 202	\$ 1,068
Cash Paid to Employees for Services	-	(188)	(188)
Cash Paid to Suppliers of Goods and Services	(383)	(6)	(389)
Other Operating Items			
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>483</u>	<u>8</u>	<u>491</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers Out	(3,529)	(13)	(3,542)
NET CASH PROVIDED (USED) BY NON CAPITAL FINANCING ACTIVITIES	<u>(3,529)</u>	<u>(13)</u>	<u>(3,542)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings Received	61	13	74
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,985)	8	(2,977)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,985</u>	<u>233</u>	<u>3,218</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ 241</u>	<u>\$ 241</u>
RECONCILIATION OF OPERATING INCOME NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income	\$ 537	\$ 8	\$ 545
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Decrease (Increase) in Accounts Receivable	23	(2)	21
Increase (Decrease) in Accounts Payable	(25)	1	(24)
Increase (Decrease) in Accrued Payroll	-	1	1
Increase (Decrease) in Deposits	(52)	-	(52)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 483</u>	<u>\$ 8</u>	<u>\$ 491</u>



City of Huntington Beach Fiduciary Funds

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

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

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CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009

	Agency Funds					Total Agency Funds
	General Deposit	Community Facilities Districts	Business Improvement Districts	Central Net Operations Authority	Parking Structures	
Assets:						
Cash and Investments -						
Local Agency Investment Fund	\$ 355	\$ 1,268	\$ 20	\$ 1,479	\$ 593	\$ 3,715
Cash with Fiscal Agent	-	4,142	-	-	-	4,142
Accounts Receivable, Net	-	39	26	-	-	65
Total Assets	\$ 355	\$ 5,449	\$ 46	\$ 1,479	\$ 593	\$ 7,922
Liabilities:						
Accounts Payable	\$ -	\$ 2	\$ 46	\$ 11	\$ 528	\$ 587
Due to Bondholders	-	5,447	-	-	-	5,447
Held for others	355	-	-	1,468	65	1,888
Total Liabilities	\$ 355	\$ 5,449	\$ 46	\$ 1,479	\$ 593	\$ 7,922

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Balance October 1, 2008	Additions	Deletions	Balance September 30, 2009
General Deposit				
Assets:				
Cash and Investments	\$ 520	\$ 109	\$ (274)	\$ 355
Total Assets	\$ 520	\$ 109	\$ (274)	\$ 355
Liabilities:				
Held for others	\$ 520	\$ 20	\$ (185)	\$ 355
Total Liabilities	\$ 520	\$ 20	\$ (185)	\$ 355
Community Facilities Districts				
Assets:				
Cash and Investments	\$ 1,321	\$ 6,800	\$ (6,853)	\$ 1,268
Cash with Fiscal Agent	4,140	90	(88)	4,142
Accounts Receivable, Net	234	38	(233)	39
Total Assets	\$ 5,695	\$ 6,928	\$ (7,174)	\$ 5,449
Liabilities:				
Accounts Payable	\$ -	\$ 4,671	\$ (4,669)	\$ 2
Due to Bondholders	5,695	-	(248)	5,447
Total Liabilities	\$ 5,695	\$ 4,671	\$ (4,917)	\$ 5,449
Business Improvement Districts				
Assets:				
Cash and Investments	\$ 146	\$ 852	\$ (978)	\$ 20
Accounts Receivable, Net	12	252	(238)	26
Total Assets	\$ 158	\$ 1,104	\$ (1,216)	\$ 46
Liabilities:				
Accounts Payable	\$ 121	\$ 1,160	\$ (1,235)	\$ 46
Held for others	37	-	(37)	-
Total Liabilities	\$ 158	\$ 1,160	\$ (1,272)	\$ 46
Central Net Operations Authority				
Assets:				
Cash and Investments	\$ 1,683	\$ 1,729	\$ (1,933)	\$ 1,479
Total Assets	\$ 1,683	\$ 1,729	\$ (1,933)	\$ 1,479
Liabilities:				
Accounts Payable	\$ 18	\$ 447	\$ (454)	\$ 11
Held for others	1,665	-	(197)	1,468
Total Liabilities	\$ 1,683	\$ 447	\$ (651)	\$ 1,479
Parking Structures				
Assets:				
Cash and Investments	\$ -	\$ 1,099	\$ (506)	\$ 593
Total Assets	\$ -	\$ 1,099	\$ (506)	\$ 593
Liabilities:				
Accounts Payable	\$ -	\$ 1,277	\$ (749)	\$ 528
Held for others	-	65	-	65
Total Liabilities	\$ -	\$ 1,342	\$ (749)	\$ 593

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2009
(CONTINUED)

	Balance October 1, 2008	Additions	Deletions	Balance September 30, 2009
Total - All Agency Funds				
Assets:				
Cash and Investments	\$ 3,670	\$ 10,589	\$ (10,544)	\$ 3,715
Cash with Fiscal Agent	4,140	90	(88)	4,142
Accounts Receivable, Net	246	290	(471)	65
Total Assets	\$ 8,056	\$ 10,969	\$ (11,103)	\$ 7,922
Liabilities:				
Accounts Payable	\$ 139	\$ 7,555	\$ (7,107)	\$ 587
Due to Bondholders	5,695	-	(248)	5,447
Held for others	2,222	85	(419)	1,888
Total Liabilities	\$ 8,056	\$ 7,640	\$ (7,774)	\$ 7,922

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City of Huntington Beach Statistical Section

This part of the City of Huntington Beach's Comprehensive Annual Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

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

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

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

	Fiscal Year Ending September 30,				
	2009	2008	2007	2006	2005
Governmental Activities					
Investment in Capital Assets, Net of Related Debt	\$ 559,059	\$ 521,654	\$ 486,552	\$ 472,372	\$ 479,897
Restricted	48,198	69,126	73,541	68,381	39,227
Unrestricted	36,319	35,615	59,182	34,269	40,226
Total Governmental Activities Net Assets	\$ 643,576	\$ 626,395	\$ 619,275	\$ 575,022	\$ 559,350
Business - Type Activities					
Investment in Capital Assets, Net of Related Debt	\$ 118,059	\$ 118,671	\$ 119,874	\$ 111,651	\$ 102,068
Restricted	30,794	32,665	33,546	31,109	34,085
Unrestricted	59,810	57,704	54,822	53,020	41,563
Total Business - Type Activities Net Assets	\$ 208,663	\$ 209,040	\$ 208,242	\$ 195,780	\$ 177,716
Primary Government					
Investment in Capital Assets, Net of Related Debt	\$ 677,118	\$ 640,325	\$ 606,426	\$ 584,023	\$ 581,965
Restricted	78,992	101,791	107,087	99,490	73,312
Unrestricted	96,129	93,319	114,004	87,289	81,789
Total Primary Government Net Assets	\$ 852,239	\$ 835,435	\$ 827,517	\$ 770,802	\$ 737,066

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

	Fiscal Year Ending September 30,				
	2009	2008	2007	2006	2005
Expenses:					
Governmental Activities:					
City Council	\$ 295	\$ 295	\$ 287	\$ 271	\$ 254
City Administrator	1,861	1,652	1,442	5,540	1,990
City Treasurer	1,308	1,408	1,088	1,479	1,568
City Attorney	2,877	2,914	2,534	2,317	2,852
City Clerk	1,099	1,020	950	756	685
Administrative Services	-	-	-	-	5,554
Finance	4,479	4,944	4,454	3,306	2,501
Human Resources	4,749	4,725	4,202	-	-
Planning	3,232	3,881	3,098	2,813	2,559
Building	9,549	5,747	4,899	3,930	3,321
Fire	33,942	27,299	27,247	24,787	23,365
Information Systems	7,377	7,311	6,591	7,361	6,806
Police	60,551	58,378	56,988	50,877	47,029
Economic Development	15,758	18,031	9,209	4,977	4,199
Community Services	17,110	18,565	16,482	15,777	13,693
Library Services	4,574	5,607	5,586	4,829	4,394
Public Works	29,514	31,246	34,581	49,654	33,018
Non-Departmental	21,196	30,814	15,131	11,263	12,024
Interest on Long-Term Debt	5,232	5,291	5,875	5,575	6,810
Total Governmental Activities	224,703	229,128	200,644	195,512	172,622
Business-type Activities:					
Water Utility	34,290	32,701	32,606	28,117	22,349
Sewer Service	7,306	7,120	5,766	3,855	5,924
Refuse Collection	10,623	10,561	10,542	10,289	9,826
Emerald Cove Housing	306	893	936	551	399
Emergency Fire Medical	-	6,933	5,347	5,637	5,497
Cultural Affairs	-	-	-	-	-
Hazmat Service	196	249	194	163	141
Ocean View Estates	-	117	84	120	118
Total Business Type Activities	52,721	58,574	55,475	48,732	44,254
Total Business and Government Type Activities	\$ 277,424	\$ 287,702	\$ 256,119	\$ 244,244	\$ 216,876

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

	Fiscal Year Ending September 30,		
	2004	2003	2002
Governmental Activities			
Investment in Capital Assets, Net of Related Debt	\$ 448,217	\$ 446,061	\$ 425,967
Restricted	61,051	51,261	42,417
Unrestricted	(9,278)	(12,924)	(10,745)
Total Governmental Activities Net Assets	\$ 499,990	\$ 484,398	\$ 457,639
Business - Type Activities			
Investment in Capital Assets, Net of Related Debt	\$ 92,890	\$ 88,884	\$ 79,781
Restricted	32,968	30,946	31,043
Unrestricted	33,664	25,671	23,236
Total Business - Type Activities Net Assets	\$ 159,522	\$ 145,501	\$ 134,060
Primary Government			
Investment in Capital Assets, Net of Related Debt	\$ 541,107	\$ 534,945	\$ 505,748
Restricted	94,019	82,207	73,460
Unrestricted	24,386	12,747	12,491
Total Primary Government Net Assets	\$ 659,512	\$ 629,899	\$ 591,699

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

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

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

	Fiscal Year Ending September 30,				
	2009	2008	2007	2006	2005
Revenues:					
Governmental Activities:					
Charges for Services					
City Council	\$ 94	\$ 103	\$ 99	\$ 90	\$ -
City Administrator	370	404	392	1,612	-
City Treasurer	765	720	698	1,332	-
City Attorney	50	47	46	43	-
City Clerk	108	168	210	95	111
Finance	1,264	1,354	1,312	325	-
Human Resources	1,254	1,391	1,347	-	-
Planning	801	1,987	4,223	825	1,024
Building	3,665	4,582	5,450	4,859	5,068
Fire	7,978	1,423	1,267	1,086	1,095
Information Systems	674	697	675	641	-
Police	5,083	5,159	4,890	5,355	5,254
Economic Development	3,049	3,001	2,944	505	385
Community Services	15,278	15,383	15,036	14,644	13,376
Library Services	437	851	835	714	714
Public Works	4,328	6,000	5,016	4,784	1,781
Non-Departmental	216	239	232	229	-
Total Charges for Services	<u>45,414</u>	<u>43,509</u>	<u>44,672</u>	<u>37,139</u>	<u>28,808</u>
Operating Grants	4,181	7,684	1,996	917	1,657
Capital Grants	25,625	14,284	5,154	6,893	43,341
Transfers	7,175	9,594	491	464	4,884
Total Governmental Activities Program Revenue	<u>82,395</u>	<u>75,071</u>	<u>52,313</u>	<u>45,413</u>	<u>78,690</u>
Business- Type Activities Program Revenue					
Water Utility	34,200	35,751	37,962	37,946	40,371
Sewer Service	10,535	9,906	7,242	7,873	8,512
Refuse Collection	10,386	10,521	10,550	10,292	9,985
Emerald Cove Housing	843	1,180	1,037	960	866
Emergency Fire Medical	-	6,762	6,068	6,145	5,725
Cultural Affairs	-	-	-	-	-
Hazmat Service	204	185	210	182	110
Ocean View Estates	-	337	324	273	263
Total Business Type Activities	<u>56,168</u>	<u>64,642</u>	<u>63,393</u>	<u>63,671</u>	<u>65,832</u>
Total Primary Government Program Revenue	<u>138,563</u>	<u>139,713</u>	<u>115,706</u>	<u>109,084</u>	<u>144,522</u>
Net (Expense) Revenue:					
Governmental Activities:	(142,308)	(154,057)	(148,331)	(150,099)	(93,932)
Business- Type Activities	3,447	6,068	7,918	14,939	21,578
Total Net (Expense) Revenue	<u>(138,861)</u>	<u>(147,989)</u>	<u>(140,413)</u>	<u>(135,160)</u>	<u>(72,354)</u>
General Revenue and Other Changes in Net Assets					
Governmental Activities:					
Property Taxes	84,010	84,016	79,369	66,598	61,466
Sales Taxes	21,427	25,560	30,608	26,448	24,340
Utility Taxes	20,616	21,591	21,479	21,170	20,004
Other Taxes	12,085	15,065	13,776	13,226	14,952
Use of Money and Property	5,002	5,714	7,895	4,310	3,137
From Other Agencies	8,500	6,899	12,689	10,390	8,186
Participation Payments	-	-	1,564	6,221	12,697
Other	7,849	2,332	2,696	9,278	8,510
Total Governmental General Revenue	<u>159,489</u>	<u>161,177</u>	<u>170,076</u>	<u>157,641</u>	<u>153,292</u>
Business-Type Activities:					
Transfers	(7,175)	(9,594)	(491)	(464)	(4,884)
Use of Money and Property	3,351	4,324	5,035	3,589	1,500
Total Business-Type Activities General Revenue	<u>(3,824)</u>	<u>(5,270)</u>	<u>4,544</u>	<u>3,125</u>	<u>(3,384)</u>
Total General Revenue and Transfers	<u>155,665</u>	<u>155,907</u>	<u>174,620</u>	<u>160,766</u>	<u>149,908</u>
Changes in Net Assets - Governmental Activities	17,181	7,120	21,745	7,542	59,360
Changes in Net Assets - Business Activities	(377)	798	12,462	18,064	18,194
Net Assets - Beginning of Year	<u>835,435</u>	<u>827,517</u>	<u>793,310</u>	<u>745,196</u>	<u>659,512</u>
Net Assets - End of Year	<u>\$ 852,239</u>	<u>\$ 835,435</u>	<u>\$ 827,517</u>	<u>\$ 770,802</u>	<u>\$ 737,066</u>

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

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

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

		Fiscal Year Ending September 30,					
		2009 (c)			2008	2007	2006
General Fund:			General Fund:				
Nonspendable	\$	4,834	Reserved		\$ 10,967	\$ 10,679	\$ 7,382
Restricted		1,921	Unreserved		33,476	33,017	33,204
Committed		20,600	Total General Fund		\$ 44,443	\$ 43,696	\$ 40,586
Assigned		11,733					
Total General Fund		\$ 39,088					
Other Governmental Funds:			Other Governmental Funds:				
Nonspendable	\$	11,328	Reserved		\$ 35,445	\$ 42,013	\$ 25,472
Restricted		11,509	Unreserved, Reported in:				
Committed		7,545	Special Revenue Funds		11,307	13,500	20,631
Assigned		24,437	Debt Service Funds		5,467	5,484	4,022
Unassigned		(1,557)	Capital Projects Funds		15,316	18,286	27,096
Total Other Governmental Funds		\$ 53,262	Total Other Governmental Funds		\$ 67,535	\$ 79,283	\$ 77,221

		Fiscal Year Ending September 30,					
		2005	2004	2003 (b)	2002 (a)	2001	2000
General Fund:							
Reserved	\$	5,915	\$ 2,113	\$ 2,757	\$ 25,773	\$ 23,677	\$ 26,115
Unreserved		32,371	24,219	12,217	15,972	11,741	17,618
Total General Fund		\$ 38,286	\$ 26,332	\$ 14,974	\$ 41,745	\$ 35,418	\$ 43,733
Other Governmental Funds:							
Reserved	\$	35,458	\$ 30,143	\$ 35,470	\$ 45,259	\$ 81,465	\$ 72,056
Unreserved, Reported in:							
Special Revenue Funds		17,833	11,810	10,399	7,967	21,698	19,073
Debt Service Funds		3,916	4,434	10,992	(33,364)	12,969	-
Capital Projects Funds		16,820	10,242	8,553	8,637	7,898	11,793
Total Other Governmental Funds		\$ 74,027	\$ 56,629	\$ 65,414	\$ 28,499	\$ 124,030	\$ 102,922

Notes:

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

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

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

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

	Fiscal Year Ending September 30,				
	2009	2008	2007	2006	2005 (a)
REVENUES:					
Property Taxes	\$ 85,612	\$ 82,138	\$ 75,916	\$ 69,065	\$ 59,716
Sales Taxes	22,356	26,377	26,271	26,448	24,340
Utility Taxes	20,616	21,591	21,479	21,170	20,004
Other Taxes	12,085	15,065	13,776	13,226	13,068
Licenses and Permits	5,879	7,924	10,131	7,432	7,457
Fines and Forfeitures	4,144	4,060	4,165	4,288	4,365
From Use of Money and Property	17,285	18,221	19,796	16,461	12,733
From Other Agencies	21,152	19,231	19,304	16,611	20,179
Charges for Current Service/Other Revenue	24,894	20,645	23,270	27,237	33,950
TOTAL REVENUES	214,023	215,252	214,108	201,938	195,812
EXPENDITURES					
Current:					
City Council	295	295	287	271	254
City Administrator	1,839	1,588	1,490	5,508	1,917
City Treasurer	1,308	1,357	1,060	1,446	1,547
City Attorney	2,877	2,881	2,526	2,313	2,848
City Clerk	1,084	992	932	828	679
Administrative Services	-	-	-	-	5,731
Finance	4,456	4,792	4,400	3,283	2,501
Human Resources	4,749	4,725	4,202	-	-
Planning	3,232	3,859	3,092	2,800	2,548
Building	4,176	3,957	4,670	3,729	3,291
Fire	33,596	27,146	26,438	24,334	22,365
Information Systems	7,339	6,741	6,437	6,540	5,726
Police	59,686	56,535	55,461	50,151	45,778
Economic Development	11,086	16,228	8,292	4,172	2,866
Community Services	15,407	15,666	14,744	14,382	12,321
Library Services	4,336	4,962	5,097	4,359	3,969
Public Works	22,143	23,528	25,248	28,448	21,535
Non-Departmental	16,710	21,519	12,977	13,831	13,039
Capital Outlay	38,494	21,525	16,142	30,174	9,065
Debt Service:					
Principal	11,480	8,234	10,453	9,406	8,474
Interest	5,383	5,345	5,514	6,512	5,999
TOTAL EXPENDITURES	249,676	231,875	209,462	212,487	172,453
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(35,653)	(16,623)	4,646	(10,549)	23,359
OTHER FINANCING SOURCES (USES):					
Transfers In	27,125	24,278	16,313	21,531	20,890
Proceeds of Bankruptcy Settlements	-	-	-	-	-
Reclassification of Interfund Advances	-	-	-	-	-
Capital Assets Reclassification for Changes in F	-	-	-	-	-
Payments to Escrow	-	-	-	-	-
Proceeds of Long-Term Debt	8,850	-	35	15,579	1,102
Capital Contribution	-	-	-	-	-
Transfers Out	(19,950)	(18,656)	(15,822)	(20,075)	(16,006)
TOTAL OTHER FINANCING SOURCES (USES)	16,025	5,622	526	17,035	5,986
INCREASE (DECREASE) IN FUND BALANCES	\$ (19,628)	\$ (11,001)	\$ 5,172	\$ 6,486	\$ 29,345
DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES					
	8.7%	6.9%	9.0%	9.6%	9.7%

(a) Finance was originally included with Administrative Services

Fiscal Year Ending September 30,				
2004	2003	2002	2001	2000
\$ 43,501	\$ 38,983	\$ 33,204	\$ 36,860	\$ 37,645
28,273	28,011	23,449	28,082	26,268
19,424	18,310	18,014	17,045	15,058
11,365	13,337	13,621	15,096	10,868
7,736	8,045	7,162	6,902	8,538
4,342	3,815	3,797	4,092	4,018
11,856	9,923	13,895	15,812	14,603
26,321	25,103	28,426	31,634	32,021
17,553	14,140	15,201	12,150	15,847
170,371	159,667	156,769	167,673	164,866
280	269	237	231	277
1,165	1,559	2,109	1,776	1,799
1,519	1,377	1,108	916	884
2,771	2,836	3,570	2,943	2,227
712	555	676	559	451
6,295	8,323	7,095	3,874	3,559
-	-	-	-	-
-	-	-	-	-
2,382	2,544	2,585	2,329	2,180
2,938	3,043	2,991	2,589	2,384
19,018	19,021	18,024	18,142	17,471
5,315	3,619	3,500	2,814	
39,414	41,184	37,990	39,081	36,140
5,132	3,616	3,073	2,816	6,749
11,718	10,182	11,065	11,395	9,815
3,745	4,215	4,350	4,265	3,984
16,756	19,832	21,565	24,870	25,263
23,809	31,236	13,407	15,298	18,572
29,484	24,217	54,356	33,687	18,740
8,718	7,427	5,541	11,884	6,333
5,987	6,273	7,152	16,204	14,965
187,158	191,328	200,394	195,673	171,793
(16,787)	(31,661)	(43,625)	(28,000)	(6,927)
30,274	54,463	58,948	21,267	30,529
-	-	-	-	3,833
-	16,018	-	-	-
-	(1,743)	-	-	-
-	-	(52,673)	-	-
13,236	24,582	61,514	37,947	30,110
-	-	-	-	-
(24,148)	(57,096)	(59,818)	(21,908)	(32,958)
19,362	36,224	7,971	37,306	31,514
\$ 2,575	\$ 4,563	\$ (35,654)	\$ 9,306	\$ 24,587
10.3%	8.9%	9.5%	21.0%	16.2%

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

Fiscal Year	Common Property	Public Utilities	Total Secured	Unsecured	Total Assessed Valuation	Total Direct Tax Rate
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
2008-2009	25,062,579	263	25,062,842	1,039,636	26,102,478	1.06855

Source: County of Orange Auditor Controller

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

Fiscal Year	Basic Levy	City	Orange County	School Districts	Metro Water District	Others	Total
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
2008-2009	1.00000	0.00900	-	0.04053	0.00430	0.01472	1.06855

Note: Rates are per \$100 of assessed valuation
 Source: County of Orange Auditor Controller

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

Fiscal Year	Collected within the Fiscal Year of the Levy				Total Collections			
	Total Levy	Amount	Percentage of Levy	Delinquent Tax Collections*	Amount	Percentage of Levy	Delinquent Taxes Receivable	Delinquency Percent
Secured Taxes								
1999-2000	\$ 21,001	\$ 20,676	98.5%	-	\$ 20,676	98.5%	\$ 284	1.4%
2000-2001	22,724	22,035	97.0%	-	22,035	97.0%	629	2.8%
2001-2002	24,581	24,238	98.6%	-	24,238	98.6%	343	1.4%
2002-2003	27,634	26,765	96.9%	-	26,765	96.9%	507	1.8%
2003-2004	31,024	30,033	96.8%	-	30,033	96.8%	441	1.4%
2004-2005	34,403	33,423	97.2%	434	33,857	98.4%	570	1.7%
2005-2006	36,556	35,318	96.6%	498	35,816	98.0%	795	2.2%
2006-2007	39,174	37,194	94.9%	622	37,816	96.5%	1,278	3.3%
2007-2008	42,269	40,001	94.6%	1,113	41,114	97.3%	1,734	4.1%
2008-2009	42,569	40,298	94.7%	1,789	42,087	98.9%	1,582	3.7%
Unsecured Taxes								
1999-2000	1,321	1,231	93.2%	-	1,231	93.2%	29	2.2%
2000-2001	1,348	1,267	94.0%	-	1,267	94.0%	33	2.4%
2001-2002	1,419	1,366	96.3%	-	1,366	96.3%	53	3.7%
2002-2003	1,467	1,343	91.5%	-	1,343	91.5%	42	2.9%
2003-2004	1,507	1,382	91.7%	-	1,382	91.7%	34	2.3%
2004-2005	1,606	1,474	91.8%	24	1,498	93.3%	40	2.5%
2005-2006	1,590	1,434	90.2%	23	1,457	91.6%	42	2.6%
2006-2007	1,842	1,600	86.9%	37	1,637	88.9%	150	8.1%
2007-2008	1,718	1,618	94.2%	60	1,678	97.7%	34	2.0%
2008-2009	1,783	1,606	90.1%	90	1,696	95.1%	49	2.7%
Reservoir Hill								
1999-2000	184	181	98.4%	-	181	98.4%	3	1.6%
2000-2001	184	180	97.8%	-	180	97.8%	4	2.2%
2001-2002	188	184	97.9%	-	184	97.9%	4	2.1%
2002-2003	192	189	98.4%	-	189	98.4%	3	1.6%
2003-2004	191	190	99.5%	-	190	99.5%	1	0.5%
2004-2005	-	-	0.0%	-	-	0.0%	-	0.0%
2005-2006	-	-	0.0%	-	-	0.0%	-	0.0%
2006-2007	-	-	0.0%	-	-	0.0%	-	0.0%
2007-2008	-	-	0.0%	-	-	0.0%	-	0.0%
2008-2009	-	-	0.0%	-	-	0.0%	-	0.0%
Community Facilities Districts								
1999-2000	264	259	98.1%	-	259	98.1%	5	1.9%
2000-2001	264	258	97.7%	-	258	97.7%	5	1.9%
2001-2002	264	258	97.7%	-	258	97.7%	6	2.3%
2002-2003	538	534	99.3%	-	534	99.3%	1	0.2%
2003-2004	1,797	1,789	99.6%	-	1,789	99.6%	2	0.1%
2004-2005	1,731	1,719	99.3%	4	1,723	99.5%	7	0.4%
2005-2006	4,085	4,069	99.6%	12	4,081	99.9%	11	0.3%
2006-2007	4,061	4,041	99.5%	22	4,063	100.0%	7	0.2%
2007-2008	4,106	4,085	99.5%	21	4,106	100.0%	9	0.2%
2008-2009	4,053	4,034	99.5%	12	4,046	99.8%	7	0.2%

Source: County of Orange Auditor Controller's Office

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

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

	Fiscal Year Ending September 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Long-Term Indebtedness										
Governmental Activities:										
Judgement Obligation Bonds	\$ 6,774	\$ 10,050	\$ 10,795	\$ 11,525	\$ 12,245	\$ 12,500	\$ -	\$ -	\$ -	\$ -
Public Financing Authority:										
1992 Revenue Bonds	-	-	-	-	-	-	-	-	20,460	20,885
1997 Leasehold Revenue Bond	2,860	2,945	3,025	3,690	4,330	4,940	5,515	6,070	6,580	7,020
2000 Certificates of Participation	12,785	13,515	14,215	14,885	15,525	16,140	16,730	17,295	17,840	18,310
2001-a Leasehold Revenue Bond	26,375	27,075	27,750	28,400	29,030	29,635	30,220	30,780	31,360	-
2001-b Leasehold Revenue Bond	17,795	19,595	21,340	23,030	24,670	26,265	27,800	29,275	-	-
Total Public Financing Authority	59,815	63,130	66,330	70,005	73,555	76,980	80,265	83,420	76,240	46,215
Civic Improvement Corporation:										
Refunding Certificates of Participation (Civic Center 1993)	-	-	-	-	-	-	-	-	16,655	17,360
Refunding Certificates of Participation (Police Admin Bldg 1993)	-	-	-	-	-	-	-	-	13,095	13,520
Reservoir Hill Assessment Bonds	-	-	-	-	-	-	360	415	605	815
Total Civic Improvement Corporation	-	-	-	-	-	-	360	415	30,355	31,695
Redevelopment Agency:										
1999 Tax Allocation Refunding Bonds	7,020	7,410	7,790	8,155	8,505	8,840	9,160	9,470	9,770	10,060
2002 Tax Allocation Refunding Bonds	15,380	16,250	17,095	17,910	18,700	19,465	20,215	20,900	-	-
Mayer Disposition and Development Agreement	6,503	6,810	7,101	8,197	10,083	10,730	10,549	11,280	4,756	11,678
Bella Terra OPA (Parking)	14,227	14,532	14,855	15,000	-	-	-	-	-	-
Section 108 Loan/Bowen Court	6,140	6,530	6,895	7,235	7,550	7,850	7,630	7,890	8,130	8,355
Total Redevelopment Agency	49,270	51,532	53,736	56,497	44,838	46,885	47,554	49,540	22,656	30,093
Other Long-Term Obligations:										
Notes Payable	-	-	-	-	116	337	545	293	345	393
Energy Financing Loan	-	-	-	-	-	-	-	742	927	1,173
Advances from Other Funds	-	-	-	-	-	-	-	-	57,507	56,805
Capital Leases Payable	1,161	1,681	2,281	2,975	3,461	4,885	6,420	4,107	123	155
Property Tax Claims	-	-	-	-	-	-	22,138	-	-	-
Total Other Long-Term Obligations	1,161	1,681	2,281	2,975	3,577	5,222	29,103	5,142	58,902	58,526
Total Long-Term Obligations - Governmental Activities	\$ 117,020	\$ 126,393	\$ 133,142	\$ 141,002	\$ 134,215	\$ 141,587	\$ 157,282	\$ 138,517	\$ 188,153	\$ 166,529
Long-Term Obligations - Business Activities:										
Leases Payable	\$ 6	\$ 9	\$ 12	\$ 40	\$ 112	\$ 183	\$ 250	\$ 595	\$ 431	\$ 9
Total Long Term Obligations - Governmental Activities and Business Activities	\$ 117,026	\$ 126,402	\$ 133,154	\$ 141,042	\$ 134,327	\$ 141,770	\$ 157,532	\$ 139,112	\$ 188,584	\$ 166,538
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Population*	202,480	201,993	202,250	201,000	200,023	198,996	197,263	194,889	192,446	188,706
Debt Per-Capita	\$ 578	\$ 712	\$ 619	\$ 623	\$ 705	\$ 675	\$ 719	\$ 695	\$ 723	\$ 705
Total Personal Income (In Thousands)**	\$ 8,207,324	\$ 8,000,943	\$ 7,626,443	\$ 7,436,799	\$ 7,284,238	\$ 7,246,837	\$ 7,456,541			
Per - Capita Personal Income**	\$ 40,534	\$ 39,610	\$ 37,708	\$ 36,999	\$ 36,417	\$ 36,417	\$ 37,800			
Unemployment Rate***	7.90%	4.70%	3.40%	2.70%	3.00%	3.20%	3.80%	4.00%	3.40%	2.80%
Total Employment***	114,100	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 EIGHT YEARS AGO**

2008-2009		
	Revenue (In Thousands)	Percent of Total
Mayer Financial Limited Partnership	\$ 1,919	3.22%
Bella Terra Associates LLC	1,876	3.15%
Bella Terra Office JV LLC	1,253	2.10%
AES Huntington Beach LLC	990	1.66%
NF Huntington Plaza	663	1.11%
CIM Huntington LLC	479	0.80%
Mc Donnel Douglas Corp/Boeing Corp	458	0.77%
Waterfront Construction	422	0.71%
Essex Huntington Breakers	317	0.53%
Pierside Pavilion LLC	291	0.49%
Total Top Ten	8,668	14.56%
All Other Properties	50,878	85.44%
City Total	\$ 59,546	100.00%

2000-2001		
	Revenue (In Thousands)	Percent of Total
Mc Donnel Douglas Corp/Boeing Corp	\$ 764	2.10%
Huntington Center	357	0.98%
Waterfront Construction 1 A California	335	0.92%
Essex Huntington Breakers	259	0.71%
Kyray LLC	214	0.59%
Atlanta Huntington Beach LLC	211	0.58%
AES Huntington Beach LLC	205	0.56%
Liu Corporation	172	0.47%
Bentall US Partners	158	0.43%
JT Development Company	112	0.31%
Total Top Ten	2,787	7.66%
All Other Properties	33,609	92.34%
City Total	\$ 36,396	100.00%

Source: HdL Coren & Cone

Note: Information 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
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
2008-2009	26,102,478	3,132,297		3,132,297

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

	2009	% of total
Boeing	5,638	4.94%
Quiksilver	1,120	0.98%
Cambro Manufacturing	951	0.83%
Verizon	701	0.61%
Hyatt Regency Huntington Beach	641	0.56%
C & D Aerospace	618	0.54%
Huntington Beach Hospital	527	0.46%
Fisher & Paykel	442	0.39%
Rainbow Disposal	408	0.36%
Home Depot (including Expo)	386	0.34%
Total of top 10	11,432	10.02%
all others	102,668	89.98%
Total employment (public and private)	114,100	100.00%

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

Source - Economic Development Department, City of Huntington Beach

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

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

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

Source: Finance Department, City of Huntington Beach

CITY OF HUNTINGTON BEACH

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

Function/Program	2009	2008	2007	2006	2005
Finance:					
Water Bills Processed	641,602	642,883	630,228	626,903	586,000
Business Licenses Issued	20,841	21,129	20,670	19,746	20,184
Accounts Receivable Billings Processed	31,894	26,263	21,352	22,453	22,768
City Clerk:					
Passports Issued	2,836	4,929	5,755	3,069	3,676
Planning:					
Entitlements Processed	465	674	504	566	523
Plan Reviews	1,447	1,941	1,456	2,105	2,296
Field Inspection Complaints	9,345	7,932	5,273	5,926	5,550
Code Violation Cases	3,876	3,385	2,231	3,580	3,906
Building:					
# of Permits Issued	8,114	9,254	4,355	11,210	12,082
# of Inspections Completed	33,734	40,510	42,181	43,905	49,737
Value of Construction Permits (Thousands of Dollars)	72,727	123,843	141,277	196,453	169,570
Processed # of Certificate of Occupancies	484	540	590	307	683
Automated Information Requests	n/a	n/a	78,243	77,006	78,868
Counter Vists	19,149	18,775	n/a	n/a	n/a
Fire:					
Inspections	6,375	6,203	4,900	4,300	4,100
Responses	14,130	13,879	12,400	12,100	12,100
Police:					
Physical Arrests	6,380	6,930	5,576	6,368	5,282
Parking Violations	55,840	67,270	123,096	68,712	112,698
Traffic Violations	19,433	18,882	19,859	22,755	25,902
Community Services:					
Acreage of Parks	999	1,001	999	999	998
Estimated Beach Visitors	9,922,165	10,452,461	10,363,719	10,085,358	8,727,369
Enrollment in Recreation Classes	32,906	35,537	34,932	25,447	22,346
Ocean Recues	6,047	n/a	n/a	n/a	n/a
Public Works:					
Water Sold (Acre Feet)	30,537	30,518	31,128	29,246	29,730
Gallons of Sewage Pumped Per Day	23 million				
Library:					
Volumes in Collection	440,578	438,467	431,304	437,472	441,523
Volumes Borrowed	944,492	879,225	826,921	823,116	931,347

Source: Various departments of the City of Huntington Beach

**CAPITAL ASSET STATISTICS BY FUNCTION/ACTIVITY
SEPTEMBER 30, 2009**

Library Services	One Main Library and Four Branches
Fire:	
Fire Stations	8
Police:	
Stations	One Main Station and Three Substations
Community Services:	
Acreage of Parks	999
Community Centers	6
Miles of Beach Maintained	3.5
Public Works:	
Centerline Square Miles of Streets Maintained	562
Miles of Storm Drains Maintained	121
Miles of Sewer Maintained	359

Source: Various departments of the City of Huntington Beach

**CITY OF HUNTINGTON BEACH
STATEMENT OF DIRECT AND
OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2009**

2008-09 Assessed Valuation \$26,362,105,672 (after deducting \$1,727,674,453) of incremental redevelopment valuation

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

	Percent Applicable	Debt Applicable to City
Tax Debt:		
Metropolitan Water District	1.4260%	\$ 4,184,241
Coast Community College District	30.2780%	101,346,179
Huntington Beach Union High School District	78.0180%	179,827,588
Huntington Beach City School District	97.3440%	26,836,730
Los Alamitos Unified School District School Facilities District No. 1	1.2290%	331,830
Los Alamitos Unified School District Comm Facilities Dist. 1990-1	1.2290%	101,454
City of Huntington Beach Community Facilities Districts	100.0000%	43,890,000
Tax and Assessment Debt		356,518,022
Other Debt		
Other Entities:		
Orange County General Fund Obligations		28,676,577
Orange County Pension Obligations		4,123,077
Orange County Board of Education Certifictes of Participation		1,350,191
MWDOC Facilities Corporation		1,314,239
North Orange County Regional Occupation Program Certificates of Participation		13,133
Huntington Beach Union High School District Certificates of Participation		40,546,805
Los Alamitos Unified School District Certificates of Participation		249,117
Fountain Valley School Districts Certificates of Participation		3,827,190
Huntington Beach City School District Certificates of Participation		9,632,189
Ocean View School District Certificates of Participation		7,409,282
Westminster School District Certificates of Participation		6,964,076
City of Huntington Judgement Obligation Bonds		9,285,000
City of Huntington Reporting Entity Beach General Fund Obligations:		59,815,000
Total Gross and Overlapping Bonded Debt Not Repaid by Property Taxes		173,205,876
Less Self Supporting Debt of MWDOC Water Facilities Corporation		(1,314,239)
Total Net Direct and Overlapping General Fund Obligation Debt		171,891,637
Gross Combined Total Debt		\$ 528,409,659

Ratios to 2008-2009 Assessed Valuation

Total Overlapping Debt and Assessment Debt 1.27%

Ratios to Adjusted Assessed Valuations

Combined Direct Debt (\$69,100,000) 0.26%

Gross Combined Total Debt 2.01%

Net Combined Total Debt 2.00%

State School Building Aid Repayable \$ -

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

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