

City of Fortuna, California



Comprehensive Annual Financial Report
For The Fiscal Year Ended
June 30, 2008

CITY OF FORTUNA, CALIFORNIA
Comprehensive Annual Financial Report
for the
Fiscal Year Ended June30, 2008

Prepared By the Department of Finance

INTRODUCTORY SECTION

CITY OF FORTUNA, CALIFORNIA
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February 12, 2009

To the Honorable Mayor, Members of
the City Council and Citizens of the City
of Fortuna

The City follows a policy of preparing a complete set of financial statements in conformity with U. S. generally accepted accounting principles after the end of each fiscal year. This report is published to fulfill that policy for the fiscal year ended June 30, 2008.

Management of the City of Fortuna assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that the City has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the City's financial statements are free of material misstatements.

The firm of Terry E. Krieg, Certified Public Accountant, has issued an unqualified independent auditor's report on the City of Fortuna's financial statements for the fiscal year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY AND ITS OPERATIONS

The City of Fortuna was incorporated in 1906. The City is located on the North Coast of California about 260 miles north of San Francisco.

The City is home to about 11,374 individuals, and its boundaries encompass 4.8 square miles. The City's population has been growing by a rate of about 1.5 percent annually over the last ten years. About 500 new homes have been built in the City over the last ten years, although this trend has slowed somewhat.

Educational, health and social services is the largest employment category, followed by manufacturing and retail trade. The timber and agriculture industries remain pillars of the local economy.

The City operates under a council-manager form of government. Policy making and legislative authority are vested in the City Council consisting of the Mayor and four other elected Council members. The Council is responsible, among other matters, for passing ordinances, adopting the City budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the daily operations of the City, and for appointing other employees and otherwise managing daily operations of the City. The Council is elected to four year staggered terms, with two members elected every two years. The Mayor is elected to serve at the pleasure of the Council, as no set term is specified.

City Hall
(707) 725-7600
Fax (707) 725-7610
621 11th Street

Police Department
(707) 725-7550
Fax (707) 725-7574
621 11th Street

Parks and Recreation
(707) 725-7620
Fax (707) 725-7576
5 Park Street

Public Works
(707) 725-7650
Fax (707) 725-7651
180 Dinsmore Drive

The City provides a full range of municipal services including police protection, construction and maintenance of City streets, storm drains, and similar infrastructure type assets; park maintenance; and community recreation activities. In terms of business type activities, the City operates its water, wastewater, and transit systems in a fashion similar to that used by private businesses.

The City's annual budget serves as the foundation for the City of Fortuna's financial planning and control system. All departments of the City submit requests for appropriations to the City Manager annually. The Manager uses these requests as a starting point for developing a proposed budget. The Manager presents a proposed budget to the City Council. The Council holds public hearings on the proposed budget and then ultimately adopts a formal budget. The budget is adopted by fund, function, department and object. The Council periodically reviews during the fiscal year the City's actual financial activity in relationship to the original budget, and, as necessary, amends the original budget to reflect changing conditions.

Budget to actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. The general fund's comparison, deemed to be the City's major fund under the new reporting standards, is presented as required supplementary information in a separate section of this report immediately following the notes to the financial statements. For the City's other governmental-type funds, a budget to actual comparison schedule is presented as optional information in the section of this report containing combining financial statements and individual fund schedules.

Local Economy

The unemployment rate for Humboldt County for December 2008 was 8.9 percent, compared to 9.1 percent for the State. This was an increase of 39 percent from the preceding year. The County labor force decreased during the year by 200 to 61,800.

About 50 percent of the City's general fund revenues come from the local transit occupancy tax, sales tax revenues, franchise fees, and local property taxes. In fiscal 2008, revenues from these types of taxes in the aggregate increased by about 1 percent. The sales tax, the City's single most significant revenue source, increased about 3 percent.

The City expects that transit occupancy tax and sales tax revenues will not grow significantly in the 2009 fiscal year; but we do expect that these revenues will remain stable with only slight growth. The City plans to monitor closely these revenue sources in 2009 given recent economic and national events in order to evaluate the viability of the City's 2009 financial plan.

Long-Term Financial Planning

The City, in fiscal year 2009, expects the local economy to remain stable, but given the uncertainty in both the state and national economies, the City continues to monitor the situation daily in order to deal with this in the most fiscally prudent manner. Planned capital improvements in the Water and Wastewater funds will continue, but other projects will be evaluated on a case by case basis as to funding availability, given the current State Budget crisis.

Major Initiatives

The State Budget situation was such in fiscal 2008 that the City did experience a reduction in property tax revenues as a result of mandated State reductions. However, this was offset by growth in our property tax revenues. There were additional reductions to our local sales tax and motor vehicle in lieu fee revenues in fiscal 2008. However, these reductions were also offset by State mandated sales tax in lieu payments and motor in lieu payments. There was no overall adverse impact as a result of these State mandated reductions and offsets. However, the extent to which they may affect the 2009 fiscal year is of concern to the City and will be monitored closely as part of the budget review process.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the Members of the City Council, and the City Manager for their continued support for maintaining the highest standards of professionalism in the management of the City of Fortuna's financial affairs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul L. Rodrigues", with a stylized flourish at the end.

Paul L. Rodrigues, CPA
Finance Director

**CITY OF FORTUNA, CALIFORNIA
List of Principal Officials
June 30, 2008**

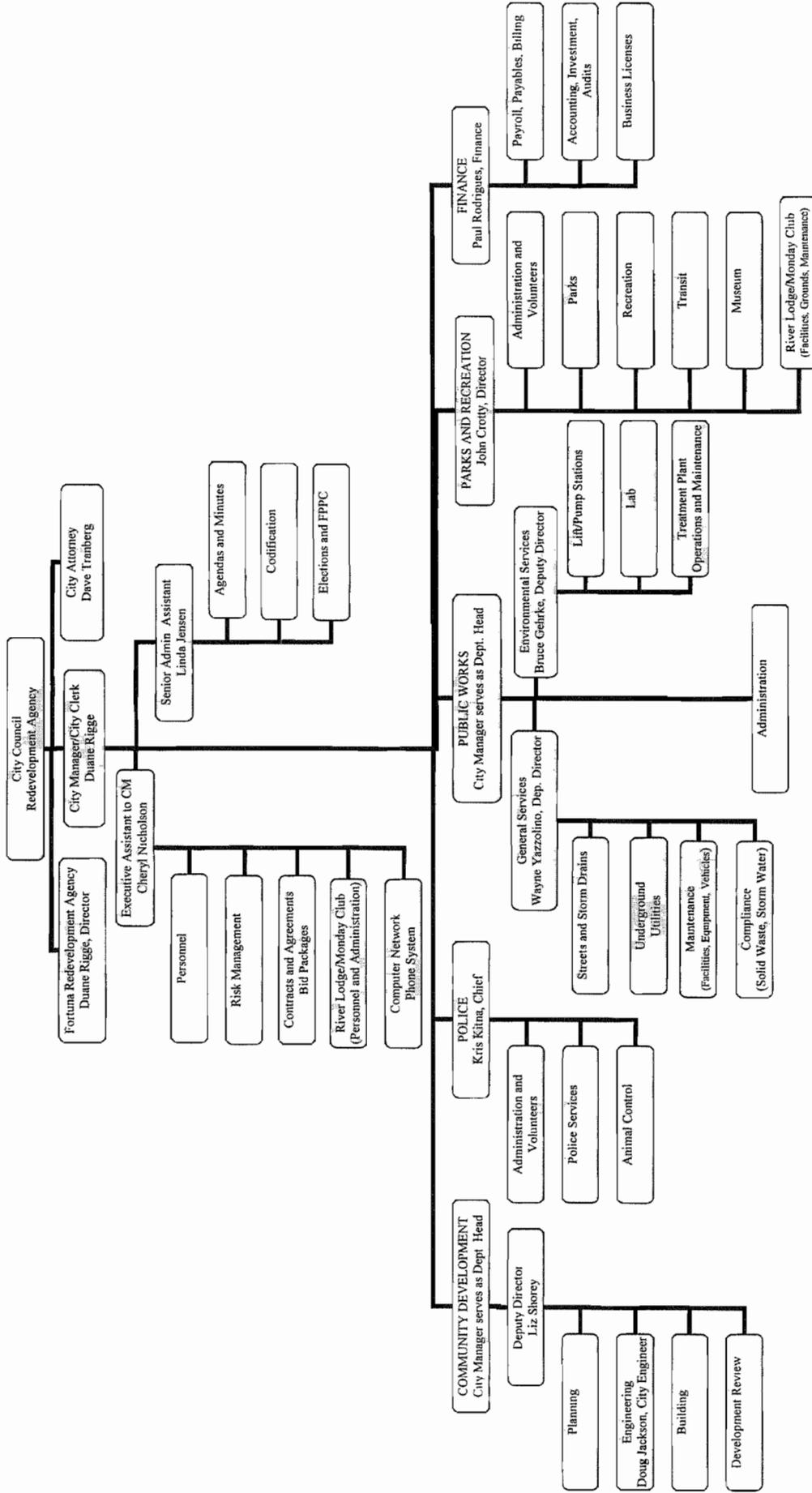
City Council

Mayor	John Campbell
Mayor Pro Tem	Patrick Whitchurch
Council Member	Dean Glaser
Council Member	Mel Berti
Council Member	Doug Strehl

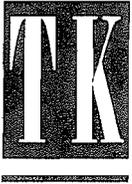
Appointed Officials

City Manager/City Clerk	Duane Rigge
Director Public Works and Community Development	Duane Rigge
Finance Director and City Treasurer	Paul L. Rodrigues
City Planner	Liz Shorey
Police Chief	Kris Kitna
Director of Parks and Recreation	John Crotty

City of Fortuna Organizational Chart 2007-2008



FINANCIAL SECTION
MANAGEMENT'S DISCUSSION AND ANALYSIS,
BASIC FINANCIAL STATEMENTS
AND
NOTES TO THE FINANCIAL STATEMENTS



Terry E. Krieg, CPA

Certified Public Accountant

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Fortuna
Fortuna, California

I 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 Fortuna, California, (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Fortuna's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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 Fortuna, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 2 through 11 and pages 41 through 44 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Fortuna's basic financial statements. The accompanying introductory section, combining nonmajor fund financial statements and schedules, and statistical schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

In accordance with Government Auditing Standards, I have also issued my report dated February 12, 2009 on my consideration of the City of Fortuna's internal control over financial reporting and on my 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 my 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 my audit.


Certified Public Accountant
February 12, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Fortuna's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased by about \$ 6.4 million over the course of this year's operations. The net assets of our business-type activities increased to about \$ 26.7 million at the end of 2008, and there was about a 17 percent increase in the net assets of our governmental activities to about \$ 25.6 million.
- During the year, the City's expenses for governmental activities were funded by \$ 5.6 million in charges for services, grants, and contributions from other governments and by about \$ 1.45 million generated in taxes and other revenues for governmental programs.
- In the City's business-type activities, revenues increased about 30 percent to \$ 5.6 million while expenses increased about 7 percent to \$ 2.9 million.
- The general fund reported a year end fund balance of about \$9.8 million, an increase of about \$400,000 over the 2007 fiscal year.
- The City also ended the year with \$ 9.8 million reported in the proprietary enterprise funds (the amount of net assets available for use both restricted and unrestricted but excluding the investment of capital assets net of related debt).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts – an *introductory section*, a *management's discussion and analysis* (this section), the *basic financial statements, required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and comparative statements for the City's enterprise funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as the water and wastewater system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor funds, each of which are added together and presented in single columns in the basic financial statements. We have also included comparative financial statements for our water and wastewater funds' business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of City of Fortuna's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
<u>Scope</u>	Entire city government	The activities of the City that are not proprietary or fiduciary, such as police and parks	Activities the City operates similar to private businesses: the water, sewer, and transit systems.
<u>Required financial statements</u>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows
<u>Accounting basis and measurement focus</u>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<u>Type of asset/liability information</u>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<u>Type of inflow/outflow information</u>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The two government-wide statements report the City's *net assets* and how they have changed. Net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or *position*.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City are divided into two categories:

- *Governmental activities* – Most of the City's basic services are included here, such as general government, police, streets, public works, parks and recreation and redevelopment. Property taxes, sales taxes, transient occupancy taxes, other taxes, user charges and fees, and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water, wastewater, and transit systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law such as the State Gas Tax Funds and Redevelopment Low and Moderate Income Housing Fund.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants (such as the City's HOME Grant Fund, CDBG Grant Fund, and Supplemental COPS Fund). Other funds are maintained to demonstrate the City's ability to repay its long-term debt obligations such as the Redevelopment Agency Debt Service Fund.

The City has two kinds of funds:

- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) *how cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term view* that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets. The City's *combined* net assets increased about \$ 6.4 million between fiscal years 2007 and 2008. (See Table A-1.)

Table A-1
City of Fortuna's Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Current and other assets	\$ 22.1	\$ 38.4	\$ 18.6	\$ 20.4	\$ 40.7	\$ 58.8	44.5%
Capital assets	5.1	5.8	29	29.4	34.1	35.2	3.2%
Total assets	27.2	44.2	47.6	49.8	74.8	94.0	25.7%
Long-term debt outstanding	3.3	17.5	22	21.8	25.3	39.3	55.3%
Other liabilities	2.0	1.1	1.6	1.3	3.6	2.4	-33.3%
Total liabilities	5.3	18.6	23.6	23.1	28.9	41.7	44.3%
Net assets:							
Invested in capital assets, net of related debt	1.8	(7.5)	16.4	16.9	18.2	9.4	-48.4%
Restricted	15.9	26.9	2.4	6.2	18.3	33.1	80.9%
Unrestricted	4.2	6.2	5.2	3.6	9.4	9.8	4.3%
Total net assets	\$ 21.9	\$ 25.6	\$ 24.0	\$ 26.7	\$ 45.9	\$ 52.3	13.9%

Net assets of the City's governmental activities increased 17 percent to \$ 25.6 million. About 129% of the net assets relating to governmental activities is represented by cash and other current assets. The City has \$17.5 million in long-term debt relating to assets used in its governmental activities. The City's net capital assets at year end represent the other (29%) of net assets.

The increase in the net assets of the City's governmental activities in fiscal year 2007-2008 was due primarily to the recognition of about 2.9 million in federal, state and other grant revenues, and other modest increases in charges for services, while other revenues and expenses remained relatively stable, with increases in parks and recreation, interest on long term debt, and decreases in redevelopment and housing expenses.

The net assets of our business-type activities increased to \$26.7 million, these resources cannot be used for governmental activities. The City generally can only use these net assets to finance the continuing operations of the water, wastewater and transit systems.

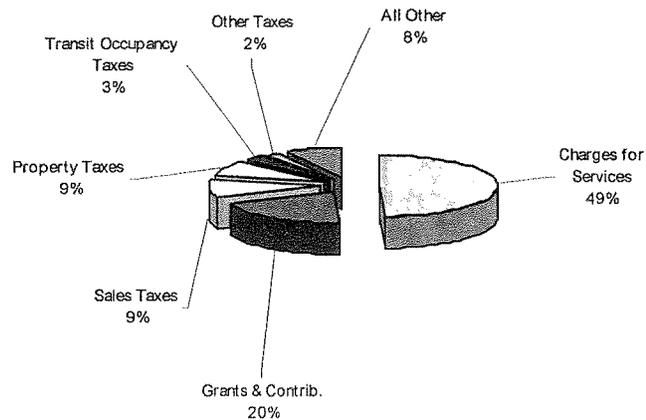
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

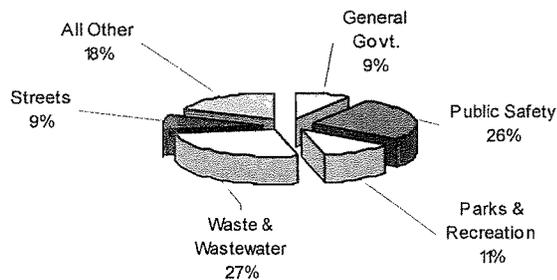
Changes in net assets. The City's total revenues decreased 1.2 percent to about \$16.4 million. (See Table A-2.) 23 percent of the City's revenue comes from transient occupancy, property and sales taxes, and other taxes. Another 49 percent comes from fees charged for services, and the remaining 28 percent is from local, state and federal aid and other general revenues such as unrestricted investment earnings.

The total cost of all programs and services decreased to about \$ 10 million in 2008. The City's expenses cover a range of services, with about 27 percent related to business type activities and the remaining 73 percent relating to general government, public safety, streets, parks and recreation, redevelopment and housing, and other programs and expenditures.

Sources of Revenue for Fiscal Year 2008



Functional Expenses for 2008



Governmental Activities

Revenues for the City's governmental activities decreased by about \$ 1.5 million in fiscal 2008, primarily as a result of a decrease in grant revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

There was a modest increase in City property tax revenues while revenues from sales taxes and transit occupancy taxes remained stable, with only very slight increases. Revenues increased in the Parks and Recreation Department, which matches the increase in corresponding expenses, as recreation programs are fee based services which continue to recover costs at a greater than ninety percent rate.

The City in fiscal year 2007-2008 did \$460,245 in Community Development Block Grant revenues for housing rehabilitation loans and a senior services program.

**Table A-2
Changes in the City of Fortuna's Net Assets
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Revenues							
Program revenues							
Charges for services	\$2.4	\$2.7	\$3.9	\$5.3	\$6.3	\$8.0	27.0%
Grants and contributions	4.8	2.9	0.4	0.3	5.2	3.2	-38.5%
General revenues						0.0	
Sales taxes	1.5	1.5	0.0	0.0	1.5	1.5	0.0%
Property and other taxes	2.3	2.3	0.0	0.0	2.3	2.3	0.0%
Other	1.3	1.4	0.0	0.0	1.3	1.4	7.7%
Total revenues	12.3	10.8	4.3	5.6	16.6	16.4	-1.2%
Expenses							
General government	0.8	0.9	0.0	0.0	0.8	0.9	12.5%
Public safety	2.7	2.6	0.0	0.0	2.7	2.6	-3.7%
Streets	0.8	0.9	0.0	0.0	0.8	0.9	12.5%
Parks and recreation	1.0	1.1	0.0	0.0	1.0	1.1	10.0%
Sanitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Redevelopment and housing	1.5	0.7	0.0	0.0	1.5	0.7	-53.3%
Water	0.0	0.0	1.1	1.2	1.1	1.2	9.1%
Wastewater	0.0	0.0	1.4	1.5	1.4	1.5	7.1%
Transit	0.0	0.0	0.2	0.2	0.2	0.2	0.0%
Other	0.7	0.9	0.0	0.0	0.7	0.9	28.6%
Total expenses	7.5	7.1	2.7	2.9	10.2	10.0	-2.0%
Excess (deficiency) before transfers	4.8	3.7	1.6	2.7	6.4	6.4	0.0%
Transfers	0.0	0.0	0.0	0.0	0.0	0.0	
Increase (decrease) in net assets	\$4.8	\$3.7	\$1.6	\$2.7	\$6.4	\$6.4	0.0%
Net Assets, beginning of year	17.1	21.9	22.4	24.0	39.5	45.9	
Net Assets, end of year	21.9	25.6	24.0	26.7	45.9	52.3	

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets increased by the same amount compared to the 2007 increase. However, net assets increased more sharply in the Business-type activities, due to implementation of scheduled rate increases.

Table A-3 presents the cost of each of the City's five largest programs – administration or general government, public safety, streets, parks and recreation, redevelopment and housing, and other programs –

- The cost of all *governmental* activities this year was \$7.1 million, a decrease of about \$400,000 compared to fiscal 2007.
- However, the amount that our taxpayers paid for these activities through City taxes was only about \$1.5 million. Some of the cost was paid by:
 - Those who directly benefited from the programs (\$ 2.7 million), or
 - Other governments and organizations that subsidized certain programs with grants and contributions (about \$2.9 million).
- The City paid for the \$ 1.5 million “public benefit” portion out of the \$5.2 million in general revenues such as property taxes, transit occupancy taxes, sales taxes, incremental property taxes, other tax revenues, and investment earnings.

Table A-3
Cost of City of Fortuna's Programs
 (in millions of dollars)

	Total Cost of Services		Percentage Change
	2007	2008	2007-2008
General Government	\$0.8	\$0.9	12.5%
Public Safety	2.7	2.6	-3.7%
Streets	0.8	0.9	12.5%
Parks and Recreation	1.0	1.1	10.0%
Redevelopment & Housing	1.5	0.7	-53.3%
All Other	0.7	0.9	28.6%
Total	\$7.5	\$7.1	-5.3%

Overall, other than normal cost increases, the total costs for services remained about the same. The increase in costs for Parks and Recreation was matched by a corresponding increase in fees for service. The decrease in redevelopment & housing costs are due to the completion of the Fortuna Family Apartments in the prior year, which was funded by a HOME grant.

Business-type Activities

Revenues of the City's business-type activities increased to \$ 5.6 million. Operating revenues increased about \$1.3 million, due primarily to approved rate increases to pay for the debt service

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

issued in October 2006. Operating expenses increased by about \$200,000 in fiscal 2008 as a result of normal cost increases.

As the City completed the year, its governmental funds reported a *combined* fund balance of \$26.9 million, about \$15.7 million more than the last fiscal year. The increase in fund balance is due primarily to the October 2007 issuance of 17.5 million in general revenue bonds.

Major Funds-Governmental

The City's general fund generated enough revenue to cover its operation costs and expenditures. Surplus revenues were about \$350,000 in that regard. The general fund started the 2008 fiscal year with a fund balance of \$9.4 million.

After operations, the City's general fund ended the year with a \$9.8 million fund balance. Of this amount, about \$5 million was reserved for advances to other funds, notes receivable and encumbrances leaving really only about \$4.8 million available to start the 2009 fiscal year.

The City's Redevelopment Agency Administration Fund ended 2008 with a \$3.3 million fund balance. During the 2008 fiscal year, this fund received about \$1million in incremental property tax revenues and expended about \$129,000 for economic development and redevelopment activities.

The City's Redevelopment Agency Bond Debt Service Fund ended the year with a 4.2 million fund balance. During the 2008 fiscal year, this fund received about 13.3 million in proceeds from long-term debt, of which a portion was used to refund old debt, while the remaining will be used to fund redevelopment projects.

The City's Redevelopment Agency City Loan Debt Service Fund ended the year with a 5.9 million dollar fund deficit, a decrease of about 3.8 million. During the 2008 fiscal year, this fund repaid about 4 million in advances from the City's Water and Wastewater funds.

The City's HOME Grant Fund ended 2008 with a \$24 thousand fund balance. During the 2008 fiscal year, this fund received about 87 thousand in grant revenues and expended about 87 thousand for economic development and redevelopment activities.

Nonmajor Funds- Governmental

In addition, the City's nonmajor governmental funds ended the 2008 fiscal year with a combined fund balance of about \$15.5 million. Of this net fund balance, about \$3.1 million is available only for redevelopment housing setaside activities, \$1.8 million is restricted for housing and business revolving loans, \$3.2 million is in the City's Economic Development fund (this fund is locally established and subject to City management decisions on its use). There is about a 3.7 million fund balance in 2007 Bond Capital Projects fund, which is available to fund capital projects. The remaining \$3.7 million can only be used for specific projects or activities.

General Fund Budgetary Highlights

The City Council approved the fiscal 2008 budget on June 18th, 2007. There were no budgetary revisions over the course of the year. Actual general fund expenditures (not including transfers) were \$277,631 more than budget amounts. Actual general fund revenues (not including transfers) were \$679,453 more than budget amounts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-Type Funds

The City's water enterprise ended 2008 with an unrestricted cash position of about \$1.4 million and about \$11 million set aside as debt service reserves and for capital projects. This fund also generated about \$485,000 in operating income for the year.

The wastewater enterprise ended 2008 with an unrestricted cash position of about \$2.3 million and about \$4.6 million set aside as debt service reserves and for capital projects. This fund also generated about \$1.8 million in operating income for the year.

The transit fund ended 2008 with about \$37,000 in cash available for operations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the City had invested \$ 35.1 million (net of accumulated depreciation) in a broad range of capital assets, including land, equipment, vehicles, buildings, park facilities, and water and sewer systems. (See Table A-4.) This amount represents a net increase (including additions and deductions) of about \$ 1.0 million, or 2.9 percent more than last year.

Table A-4
Fortuna's Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007/08
Land	\$0.5	\$1.1	\$0.2	\$0.2	\$0.7	\$1.3	85.7%
Construction in progress	0.0	0.1	14.2	15.0	14.2	15.1	6.2%
Buildings , structures & systems	2.1	2.0	14.3	13.8	16.4	15.8	-3.7%
Machinery and equipment	0.2	0.2	0.1	0.1	0.3	0.3	0.0%
Vehicles	0.1	0.2	0.2	0.2	0.3	0.4	33.3%
Infrastructure	1.5	1.5	0.0	0.0	1.5	1.5	0.0%
Improvements	0.7	0.7	0.0	0.0	0.7	0.7	0.0%
Total	\$5.1	\$5.8	\$29.0	\$29.3	\$34.1	\$35.1	2.9%

Assets have been restated net of depreciation.

This year's major capital assets additions included:

- This fiscal year, there was a major increase in land, as the City purchased a parcel of land with the intent of using it to develop an affordable housing project. About \$14.8 million of construction in progress is the Wastewater Treatment Plant Expansion project which is nearing completion.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information about the City's capital assets can be found on pages 30 through 31 of the notes to the basic financial statements.

Long – Term Debt

At the end of fiscal 2008, the City had \$39,215,000 in revenue bonds outstanding. Debt outstanding on those bond issues was reduced by \$190,000 during the fiscal year. The revenue bonds are paid from the water, wastewater, and debt service funds. The City also paid \$38,700 to retire the note payable for the Campton Heights Water System. The balance at year on the note payable was \$90,160.

Additional information about the City's long-term debt obligations can be found on pages 33 through 36 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the 2009 fiscal year, the City's adopted budget contains the following financial assumptions and structure:

- Any reduction in Vehicle License Fees or Sales Tax revenue from implementation of the "triple flip" will continue to be fully backfilled by the State through the County of Humboldt.
- The amounts allocated to the City by other governmental agencies will not be changed significantly, and funding levels in other governmental type funds will remain at the same levels as they were in fiscal year 2008
- General fund total revenues will increase by about 2 percent excluding any one-time grant allocations from other governments.
- Total appropriations for the 2008-2009 fiscal year for all funds is set at \$23.4 million, which is a 26 percent increase compared to the adopted 2007-2008 fiscal year budget.

General fund 2009 budgeted appropriations are set at about \$5.9 million, which is about a 5 percent increase compared to 2008 appropriations. In fiscal 2009, the City expects that the employer's share of retirement contributions to the PERS will increase by about \$66,000, as the PERS investment returns have declined in recent years and the employer contribution rates are being raised to offset the decline. The City also expects the employer share of health insurance premiums to decrease by about \$28,000 in fiscal 2009.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, City of Fortuna, 621 Eleventh Street, P.O. Box 545, Fortuna, California 95540.

CITY OF FORTUNA
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 19,498,347	\$ 3,679,947	\$ 23,178,294
Net receivables	893,132	491,835	1,384,967
Prepayments	41,848	16,500	58,348
Inventory	11,240	50,087	61,327
Total current assets	<u>20,444,567</u>	<u>4,238,369</u>	<u>24,682,936</u>
Noncurrent assets:			
Restricted cash and cash equivalents	6,644,024	15,654,502	22,298,526
Receivables-long term	9,016,911	-	9,016,911
Lease receivable-long term	1,706,903	-	1,706,903
Bond issuance costs	601,393	590,696	1,192,089
Capital assets not being depreciated	1,179,499	15,156,903	16,336,402
Capital assets being depreciated, net	4,611,900	14,168,507	18,780,407
Total noncurrent assets	<u>23,760,630</u>	<u>45,570,608</u>	<u>69,331,238</u>
Total assets	<u>\$ 44,205,197</u>	<u>\$ 49,808,977</u>	<u>\$ 94,014,174</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 407,416	\$ 209,549	\$ 616,965
Accrued liabilities	193,035	54,443	247,478
Compensated absences	33,498	6,131	39,629
Deposits	105,236	45,235	150,471
Claims	-	15,000	15,000
Accrued interest payable	145,279	248,553	393,832
Bonds, certificates, and notes	225,000	287,808	512,808
Total current liabilities	<u>1,109,464</u>	<u>866,719</u>	<u>1,976,183</u>
Noncurrent liabilities:			
Compensated absences	145,393	26,609	172,002
Claims	-	50,000	50,000
Bonds, certificates, and notes	17,275,000	21,517,352	38,792,352
Premium from sale of bonds, net	76,216	631,712	707,928
Total noncurrent liabilities	<u>17,496,609</u>	<u>22,225,673</u>	<u>39,722,282</u>
Total liabilities	<u>18,606,073</u>	<u>23,092,392</u>	<u>41,698,465</u>
NET ASSETS			
Invested in capital assets, net of related debt	(7,493,040)	16,893,024	9,399,984
Restricted for:			
Debt service	4,472,303	1,414,249	5,886,552
Capital projects	-	4,670,559	4,670,559
Economic development and other purposes	22,427,216	155,894	22,583,110
Unrestricted	6,192,645	3,582,859	9,775,504
Total net assets	<u>25,599,124</u>	<u>26,716,585</u>	<u>52,315,709</u>
Total liabilities and net assets	<u>\$ 44,205,197</u>	<u>\$ 49,808,977</u>	<u>\$ 94,014,174</u>

See accompanying notes to the basic financial statements

CITY OF FORTUNA
Statement of Activities
For The Fiscal Year Ended June 30, 2008

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	City Government			
					Governmental Activities	Business-type Activities	Total	
Functions/Programs								
City government								
Governmental activities:								
General government	\$ 893,768	\$ 30,875	\$ -	\$ -	\$ (862,893)	\$ -	\$ (862,893)	
Public safety	2,636,548	388,319	351,574	-	(1,896,655)	-	(1,896,655)	
Streets	895,761	243,128	214,393	712,181	273,941	-	273,941	
Parks and recreation	1,116,131	709,743	18,400	30,000	(357,988)	-	(357,988)	
Sanitation	63,986	39,853	5,000	-	(19,133)	-	(19,133)	
Redevelopment and housing	659,606	1,324,472	492,998	1,123,585	2,281,449	-	2,281,449	
Interest on long-term debt	873,534	-	-	-	(873,534)	-	(873,534)	
Total governmental activities	7,139,334	2,736,390	1,082,365	1,865,766	(1,454,813)	-	(1,454,813)	
Business-Type Activities:								
Water	1,192,297	1,850,825	-	65,152	-	723,680	723,680	
Wastewater	1,547,148	3,468,226	-	102,887	-	2,023,965	2,023,965	
Transit	203,697	13,672	178,239	-	-	(11,786)	(11,786)	
Total business-type activities	2,943,142	5,332,723	178,239	168,039	-	2,735,859	2,735,859	
Total City government	\$ 10,082,476	\$ 8,069,113	\$ 1,260,604	\$ 2,033,805	(1,454,813)	2,735,859	1,281,046	
General revenues and transfers:								
Taxes:								
Property taxes					349,486	-	349,486	
Incremental property taxes					1,064,985	-	1,064,985	
Sales taxes					1,534,032	-	1,534,032	
Transient occupancy taxes					473,376	-	473,376	
Other taxes					346,639	-	346,639	
Other general revenues:								
Motor vehicle in lieu fees not restricted to a specific program					930,346	-	930,346	
Unrestricted investment earnings					344,607	-	344,607	
Other general revenues					103,236	-	103,236	
Transfers					12,317	(12,317)	-	
Total general revenues and transfers					5,159,024	(12,317)	5,146,707	
Change in net assets					3,704,211	2,723,542	6,427,753	
Net assets, beginning					21,894,913	23,993,043	45,887,956	
Net assets, ending					\$ 25,599,124	\$ 26,716,585	\$ 52,315,709	

See accompanying notes to the basic financial statements

CITY OF FORTUNA
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Redevelopment Agency Administration	Redevelopment Agency Bond Debt Service	Redevelopment Agency City Loan Debt Service	HOME Grants	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 4,493,015	\$ 3,327,483	\$ 4,202,029	\$ -	\$ 24,253	\$ 14,095,591	\$ 26,142,371
Accounts receivable	11,283	1,300	-	-	-	18,864	31,447
Taxes receivable	303,055	16,543	-	-	-	5,514	325,112
Due from other governments	-	-	-	-	-	327,044	327,044
Accrued interest receivable	209,529	-	-	-	-	-	209,529
Inventory	11,240	-	-	-	-	-	11,240
Prepayments	41,848	-	-	-	-	-	41,848
Due from other funds	243,806	-	-	-	-	254,676	498,482
Advances to other funds	4,970,695	-	-	-	-	922,506	5,893,201
Notes receivable	1,320	-	-	-	7,313,402	1,702,189	9,016,911
Lease receivable	-	-	-	-	-	1,706,903	1,706,903
Land held for resale	-	-	-	-	-	593,084	593,084
Total assets	\$ 10,285,791	\$ 3,345,326	\$ 4,202,029	\$ -	\$ 7,337,655	\$ 19,626,371	\$ 44,797,172
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 144,724	\$ 28,093	\$ -	\$ -	\$ -	\$ 234,599	\$ 407,416
Accrued liabilities	178,384	2,572	-	-	-	12,079	193,035
Compensated absences	33,498	-	-	-	-	-	33,498
Deposits	105,236	-	-	-	-	-	105,236
Due to other funds	-	-	-	-	-	498,482	498,482
Advances from other funds	-	-	-	5,893,201	-	-	5,893,201
Deferred revenue	5,272	-	-	-	7,313,402	3,409,091	10,727,765
Total liabilities	467,114	30,665	-	5,893,201	7,313,402	4,154,251	17,858,633
Fund balances:							
Reserved	5,023,783	-	-	-	-	1,515,590	6,539,373
Unreserved, designated for:							
Other purposes	109,084	-	-	-	-	-	109,084
Unreserved, undesignated	4,685,810	-	4,202,029	-	-	-	8,887,839
Unreserved reported in nonmajor:							
Debt service funds	-	-	-	(5,893,201)	-	442,513	(5,450,688)
Capital project funds	-	-	-	-	-	3,766,046	3,766,046
Special revenue funds	-	3,314,661	-	-	24,253	9,747,971	13,086,885
Total fund balances	9,818,677	3,314,661	4,202,029	(5,893,201)	24,253	15,472,120	26,938,539
Total liabilities and fund balances	\$ 10,285,791	\$ 3,345,326	\$ 4,202,029	\$ -	\$ 7,337,655	\$ 19,626,371	\$ 44,797,172
Total Governmental Fund Balances							\$ 26,938,539
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds							5,198,315
Bond issuance costs are not current financial resources and are not reported as fund assets							601,393
Long-term receivables used in governmental activities are not current financial resources and are therefore are deferred in the funds							10,727,765
Some liabilities, including bonds, leases, compensated absences, and accrued interest are not due and payable in the current period and are therefore not reported in the funds							(17,866,888)
Net Assets of Governmental Activities							\$ 25,599,124

See accompanying notes to the basic financial statements

CITY OF FORTUNA
Statements of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General Fund	Redevelopment Agency Administration	Redevelopment Agency Bond Debt Service	Redevelopment Agency City Loan Debt Service	HOME Grants	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 349,486	\$ 1,064,985	\$ -	\$ -	\$ -	\$ -	\$ 1,414,471
Sales taxes	1,534,032	-	-	-	-	-	1,534,032
Other taxes	820,015	-	-	-	-	-	820,015
Special assessments	-	-	-	-	-	54,155	54,155
Licenses and permits	103,865	-	-	-	-	-	103,865
Fines and forfeits	92,261	-	-	-	-	-	92,261
Intergovernmental	1,040,085	-	-	-	87,600	1,522,782	2,650,467
Interest and rents	344,607	125,747	139,688	-	722	455,578	1,066,342
Charges for services	981,229	6,300	-	-	-	154,111	1,141,640
Miscellaneous	220,175	-	-	-	14,126	683,694	917,995
Total revenues	<u>5,485,755</u>	<u>1,197,032</u>	<u>139,688</u>	<u>-</u>	<u>102,448</u>	<u>2,870,320</u>	<u>9,795,243</u>
EXPENDITURES							
Current:							
General government	798,750	-	-	-	-	-	798,750
Public safety	2,605,420	-	-	-	-	-	2,605,420
Highway and streets	379,030	-	-	-	-	359,927	738,957
Parks and recreation	1,004,949	-	-	-	-	-	1,004,949
Health and welfare	-	-	-	-	-	63,986	63,986
Economic development and and redevelopment	-	129,095	-	-	87,600	736,237	952,932
Capital outlay	347,389	-	-	-	-	331,964	679,353
Debt service:							
Costs of issuance	-	-	472,970	-	-	133,476	606,446
Payment to refunded bond escrow agent	-	-	184,142	-	-	300,240	484,382
Interest	-	-	237,872	270,693	-	402,110	910,675
Total expenditures	<u>5,135,538</u>	<u>129,095</u>	<u>894,984</u>	<u>270,693</u>	<u>87,600</u>	<u>2,327,940</u>	<u>8,845,850</u>
Excess (deficiency) of revenues over expenditures	<u>350,217</u>	<u>1,067,937</u>	<u>(755,296)</u>	<u>(270,693)</u>	<u>14,848</u>	<u>542,380</u>	<u>949,393</u>
OTHER FINANCING SOURCES (USES)							
Proceeds of long-term debt	-	-	13,280,000	-	-	4,220,000	17,500,000
Premium on sale of bonds	-	-	16,130	-	-	60,726	76,856
Payment to refunded bond escrow agent	-	-	(950,467)	-	-	(1,852,787)	(2,803,254)
Transfers in	173,297	-	170,261	4,061,396	-	12,490,810	16,895,764
Transfers out	(87,840)	(419,566)	(7,669,040)	-	-	(8,707,001)	(16,883,447)
Total other financing sources (uses)	<u>85,457</u>	<u>(419,566)</u>	<u>4,846,884</u>	<u>4,061,396</u>	<u>-</u>	<u>6,211,748</u>	<u>14,785,919</u>
Net change in fund balances	435,674	648,371	4,091,588	3,790,703	14,848	6,754,128	15,735,312
Fund balances, July 1	9,383,003	2,666,290	110,441	(9,683,904)	9,405	8,717,992	11,203,227
Fund balances, June 30	<u>\$ 9,818,677</u>	<u>\$ 3,314,661</u>	<u>\$ 4,202,029</u>	<u>\$ (5,893,201)</u>	<u>\$ 24,253</u>	<u>\$ 15,472,120</u>	<u>\$ 26,938,539</u>

See accompanying notes to the basic financial statements

CITY OF FORTUNA
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 15,735,312</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$538,264 exceed depreciation (\$ 380,530) in the current period.	
	157,734
Repayments of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net assets.	3,329,500
The issuance of long-term debt provides current financial resources for the governmental funds, but is reported as a liability in the statement of net assets	(17,500,000)
Bond issuance costs are reported as expenditures in the fund statements, but are capitalized in the statement of net assets	606,446
Premium on the sale of bonds provides a current financial resource in the funds, but is reported as a liability in the statement of net assets	(76,856)
Amortization of bond issuance costs are not a use of current financial resources and are not reported in the funds	(5,053)
Amortization of premiums from the sale of bonds do not provide current financial resources and are not reported in the funds	640
Governmental funds report interest expenditures when due, but these costs are accrued as an expense in the statement of net assets	(79,400)
Governmental funds report compensated absences when payments are made or are immediately due. However, in the statement of activities these costs are recorded when incurred.	(8,297)
Governmental funds report as expenditures funds disbursed for long-term loans, but in the statement of activities such payments are not recorded as expenses but instead are recorded as assets in the statement of net assets	508,200
Interest earned on long-term receivables, payable at maturity, are not current financial resources and are deferred in the funds	523,694
Grant receivables converted to long-term loans receivable in the current year are deferred in the funds and not in the statement of net assets	1,055,233
Long-term receivables are deferred in the funds until collected and available for use. In the statement of activities, no revenues are recognized from the collection of receivables	<u>(542,942)</u>
Net differences	<u>(12,031,101)</u>
Change in Net Assets of Governmental Activities	<u>\$ 3,704,211</u>

See accompanying notes to the basic financial statements

CITY OF FORTUNA
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Enterprise Funds			
	Water	Wastewater	Nonmajor Transit Fund	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,387,682	\$ 2,255,081	\$ 37,184	\$ 3,679,947
Receivables(net)	157,926	333,909	-	491,835
Inventory	50,087	-	-	50,087
Prepayments	-	16,500	-	16,500
Total current assets	<u>1,595,695</u>	<u>2,605,490</u>	<u>37,184</u>	<u>4,238,369</u>
Noncurrent assets:				
Other assets:				
Restricted cash and cash equivalents	11,048,974	4,605,528	-	15,654,502
Bond issuance costs, net	247,667	343,029	-	590,696
Total other noncurrent assets	<u>11,296,641</u>	<u>4,948,557</u>	<u>-</u>	<u>16,245,198</u>
Capital assets:				
Capital assets not being depreciated:				
Land	26,996	126,695	-	153,691
Construction in progress	575,313	14,427,899	-	15,003,212
Total capital assets not being depreciated	<u>602,309</u>	<u>14,554,594</u>	<u>-</u>	<u>15,156,903</u>
Capital assets being depreciated				
Collection system	-	7,256,959	-	7,256,959
Pumping system	-	926,318	-	926,318
Treatment plant	-	6,844,835	-	6,844,835
Distribution and treatment system	7,776,634	-	-	7,776,634
Equipment	406,871	346,389	-	753,260
Vehicles	253,193	386,471	145,548	785,212
Less accumulated depreciation	(3,515,901)	(6,558,560)	(100,250)	(10,174,711)
Total capital assets being depreciated	<u>4,920,797</u>	<u>9,202,412</u>	<u>45,298</u>	<u>14,168,507</u>
Total noncurrent assets	<u>16,819,747</u>	<u>28,705,563</u>	<u>45,298</u>	<u>45,570,608</u>
Total assets	<u>\$ 18,415,442</u>	<u>\$ 31,311,053</u>	<u>\$ 82,482</u>	<u>\$ 49,808,977</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 142,111	\$ 66,025	\$ 1,413	\$ 209,549
Compensated absences	1,014	4,434	683	6,131
Claims payable	-	15,000	-	15,000
Other current liabilities	23,757	26,502	4,184	54,443
Deposits	45,235	-	-	45,235
Interest	92,457	156,096	-	248,553
Bonds and Notes due within one year	42,808	245,000	-	287,808
Total current liabilities	<u>347,382</u>	<u>513,057</u>	<u>6,280</u>	<u>866,719</u>
Noncurrent liabilities:				
Compensated absences	4,399	19,245	2,965	26,609
Claims, penalties and fines	-	50,000	-	50,000
Revenue bonds and notes	8,132,352	13,385,000	-	21,517,352
Premium from sale of bonds, net	235,445	396,267	-	631,712
Total noncurrent liabilities	<u>8,372,196</u>	<u>13,850,512</u>	<u>2,965</u>	<u>22,225,673</u>
Total liabilities	<u>8,719,578</u>	<u>14,363,569</u>	<u>9,245</u>	<u>23,092,392</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,798,046	12,049,680	45,298	16,893,024
Restricted	3,611,086	2,629,616	-	6,240,702
Unrestricted	1,286,732	2,268,188	27,939	3,582,859
Total net assets	<u>\$ 9,695,864</u>	<u>\$ 16,947,484</u>	<u>\$ 73,237</u>	<u>\$ 26,716,585</u>

See accompanying notes to the basic financial statements

CITY OF FORTUNA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Enterprise Funds			
	Water	Wastewater	Nonmajor Transit Fund	Totals
OPERATING REVENUES				
Sales of water	\$ 1,567,742	\$ -	\$ -	\$ 1,567,742
Service fees	-	3,296,484	11,988	3,308,472
Miscellaneous	98,384	31,508	-	129,892
Total operating revenues	<u>1,666,126</u>	<u>3,327,992</u>	<u>11,988</u>	<u>5,006,106</u>
OPERATING EXPENSES				
Employee services	562,369	608,657	84,797	1,255,823
Contract services	-	-	79,250	79,250
Purchased power	149,075	213,000	-	362,075
Supplies and materials	227,608	318,394	25,629	571,631
Depreciation and amortization	241,956	407,097	14,021	663,074
Total operating expenses	<u>1,181,008</u>	<u>1,547,148</u>	<u>203,697</u>	<u>2,931,853</u>
Operating income (loss)	<u>485,118</u>	<u>1,780,844</u>	<u>(191,709)</u>	<u>2,074,253</u>
NON-OPERATING REVENUES (EXPENSES)				
Operating subsidies	-	-	178,239	178,239
Gain(loss) on disposal capital assets	3,600	-	-	3,600
Interest and investment revenue	181,099	140,234	1,684	323,017
Interest expense	(11,289)	-	-	(11,289)
Net nonoperating revenues (expenses)	<u>173,410</u>	<u>140,234</u>	<u>179,923</u>	<u>493,567</u>
Income (loss) before contributions and transfers	<u>658,528</u>	<u>1,921,078</u>	<u>(11,786)</u>	<u>2,567,820</u>
Contributions and transfers:				
Capital contributions	65,152	102,887	-	168,039
Transfers out	(5,474)	(6,843)	-	(12,317)
Net contributions and transfers	<u>59,678</u>	<u>96,044</u>	<u>-</u>	<u>155,722</u>
Change in net assets	718,206	2,017,122	(11,786)	2,723,542
Total net assets, July 1	<u>8,977,658</u>	<u>14,930,362</u>	<u>85,023</u>	<u>23,993,043</u>
Total net assets, June 30	<u>\$ 9,695,864</u>	<u>\$ 16,947,484</u>	<u>\$ 73,237</u>	<u>\$ 26,716,585</u>

See accompanying notes to the basic financial statements

CITY OF FORTUNA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Enterprise Funds			Totals
	Water	Wastewater	Nonmajor Transit Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,563,532	\$ 3,185,484	\$ 11,988	\$ 4,761,004
Payments to suppliers	(285,440)	(527,859)	(104,240)	(917,539)
Payments to employees for services	(559,593)	(608,175)	(83,894)	(1,251,662)
Other operating receipts	98,384	31,508	-	129,892
Net cash provided by (used for) operating activities	<u>816,883</u>	<u>2,080,958</u>	<u>(176,146)</u>	<u>2,721,695</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances to other funds	2,309,565	1,686,297	-	3,995,862
Operating subsidies	-	-	178,239	178,239
Transfers to other funds	(5,474)	(6,843)	-	(12,317)
Net cash provided by noncapital financing activities	<u>2,304,091</u>	<u>1,679,454</u>	<u>178,239</u>	<u>4,161,784</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	65,152	102,887	-	168,039
Payments on long-term debt principal	(38,699)	(190,000)	-	(228,699)
Interest paid on long-term debt	(381,118)	(627,472)	-	(1,008,590)
Purchases of capital assets	(497,999)	(167,975)	-	(665,974)
Net cash provided by (used for) capital and related financing activities	<u>(852,664)</u>	<u>(882,560)</u>	<u>-</u>	<u>(1,735,224)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest receipts	385,969	196,194	1,684	583,847
Net cash provided by investing activities	<u>385,969</u>	<u>196,194</u>	<u>1,684</u>	<u>583,847</u>
Net increase (decrease) in cash and cash equivalents	2,654,279	3,074,046	3,777	5,732,102
Balances-beginning of the year	<u>9,782,377</u>	<u>3,786,563</u>	<u>33,407</u>	<u>13,602,347</u>
Balances-end of the year	<u>\$ 12,436,656</u>	<u>\$ 6,860,609</u>	<u>\$ 37,184</u>	<u>\$ 19,334,449</u>

See accompanying notes to the basic financial statements

CITY OF FORTUNA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Enterprise Funds			Totals
	Water	Wastewater	Nonmajor Transit Fund	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 485,118	\$ 1,780,844	\$ (191,709)	\$ 2,074,253
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	241,956	407,097	14,021	663,074
Change in assets and liabilities:				
Decrease(increase) in accounts receivable	(15,011)	(110,980)	-	(125,991)
Decrease(increase) in inventory	550	-	-	550
Decrease(increase) in prepayments	-	(900)	-	(900)
Increase(decrease) in accounts payable	90,693	4,425	639	95,757
Increase(decrease) in other liabilities	13,577	472	903	14,952
 Net cash provided by (used for) operating activities	 <u>\$ 816,883</u>	 <u>\$ 2,080,958</u>	 <u>\$ (176,146)</u>	 <u>\$ 2,721,695</u>
 Noncash capital financing activities:				
None				

See accompanying notes to the basic financial statements

CITY OF FORTUNA
Statement of Fiduciary Net Assets
June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 77,893
Accounts receivable	<u>622</u>
Total assets	<u>\$ 78,515</u>
LIABILITIES	
Accounts payable	\$ 1,175
Deposits	<u>77,340</u>
Total liabilities	<u>\$ 78,515</u>

See accompanying notes to the basic financial statements

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Fortuna is a municipal corporation governed by an elected five-member City Council. The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable. *Blended Component Units* - The Fortuna Redevelopment Agency and Fortuna Public Financing Authority are separate legal entities created for the purpose of improving the economic conditions of the City, making public improvements and providing financing for these purposes. These entities are governed by the City Council of the City of Fortuna, and are therefore reported as if they were part of the City. The Agency and the Authority are reported as part of the City's special revenue, capital projects and debt service funds. Component unit financial statements may be obtained at the City's offices at 621 11th Street, Fortuna, California.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

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

Property taxes, sales taxes, transient occupancy taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Redevelopment Administration special revenue fund* accounts for tax increment revenues allocated to the Agency. The Agency's *Bond Debt Service Fund* is used to account for the proceeds from the sale of the 2007 revenue bonds and related bond reserve, escrow and debt payment funds. The Agency's *City Loan Debt Service Fund* is used to account for long-term loan transactions between the City and its component unit Redevelopment Agency. The *HOME* grant fund is used to account for grants and loans related to multi-family affordable housing projects.

The government reports the following major proprietary funds:

The *water and wastewater funds* account for the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and wastewater enterprise funds are charges to the customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees, connection fees and impact fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, the State Treasurer's Investment Pool, the Humboldt County Treasurer's Pool and other permitted investments

Investments for the City are reported at fair value. The State Treasurer's Investment Pool and the Humboldt County Treasurer's Pool operate in accordance with appropriate state laws and regulations. The reported value in the pools is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are not shown net of an allowance for uncollectibles.

Expenditures for long-term notes receivable are reported in the fund statements when made; and the related receivable is recorded as an asset in the fund statements but is offset by deferred revenue accounts until the receivables are realized by the funds. Long-term receivables are recorded as assets in the statement of net assets when the transaction is consummated by the City and are not offset by deferred revenue accounts.

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of Humboldt collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The City receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan". Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City. The City recognizes property tax revenues in the fiscal year in which they are due to the City.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for equipment and vehicles and \$10,000 for other capital assets having an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Under the GASB 34 Implementation Rules, the City was not required to record infrastructure assets existing or acquired prior to July 1, 2003; and the City has not recorded such assets. The City may elect to record such infrastructure assets in the future. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25
Public domain infrastructure	20
System infrastructure	15-50
Vehicles and equipment	5

5. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for a portion of unpaid accumulated sick leave since the City does have a policy to pay certain amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The unpaid sick leave is considered a general fund obligation, and it is recorded in the general fund only when current financial resources will be required. The entire liability is reported in the statement of net assets for governmental activities in the government-wide financial statements.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

2. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that “capital assets are not financial resources and are not reported in the funds.” The details of this \$5,198,315 difference are as follows:

Capital assets	\$	9,208,237
Less: Accumulated depreciation		<u>(4,009,922)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$	<u>5,198,315</u>

Another element of the reconciliation explains that "long-term liabilities" are not due and payable in the current period and are therefore not reported in the funds. The details of this \$17,866,888 difference are as follows:

Long-Term Debt Obligations:

Revenue bonds, series 2007	\$	17,500,000
Premium from sale 2007 revenue bonds		76,216
Accrued interest payable		145,279
Unpaid vacation and sick leave		<u>145,393</u>
Net adjustment to decrease fund balance total governmental Funds to arrive at net assets - governmental activities	\$	<u>(17,866,888)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$ (12,031,101) difference and other significant components of the difference are as follows:

Capital outlay	\$	538,264
Depreciation expense		(380,530)
Sale of 2007 revenue bonds		(17,500,000)
Repayment of long-term debt principal		3,329,500
Long-term notes receivable		1,544,185
Other items		<u>437,480</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$	<u>(12,031,101)</u>

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

3. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis of consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. On or before the end of each fiscal year, all agencies of the City submit requests for appropriations to the City Manager so that a budget may be prepared. By May 15 of each year, the proposed budget is presented to the council for review. The council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The council made no supplemental budgetary appropriations during the fiscal year. Encumbrance accounting is not employed in governmental funds.

B. Budgetary Stewardship

Several nonmajor governmental funds exceeded their approved expenditure budgets for the fiscal year ended June 30, 2008. Expenditures budgets (excluding transfers) were exceeded by the regional surface transportation (\$46,611); Business Improvement (\$3,308); Economic development (\$44,255); CDBG open Grants fund (\$184,192), Redevelopment Bond Debt Service (\$811,153), Lease Payment Fund (\$258,258), City Hall COP debt service (\$13,204) and the CCC fund (\$2,764). These excess expenditures were funded from available resources.

The redevelopment agency city debt service fund had a \$5,893,201 fund deficit. The Agency's debt service \$5,893,201 fund deficit exists because of advances from other City funds for redevelopment purposes. The Agency plans to cure the deficit from future tax increment revenues.

4. Detailed Notes on All Funds

A. Deposits and Investments

Deposits and investments consisted of the following at June 30, 2008:

Demand deposits and savings	\$ 6,469,537
Investments	<u>39,085,176</u>
Total	<u>\$ 45,554,713</u>

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is that they will be made in institutions in California, and that they shall be insured or fully collateralized with government securities. At June 30, 2008, \$6,316,406 of the City's bank balances of \$6,516,406 was exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's agent But not in the City's name:	<u>\$6,316,406</u>
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CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

4. Detailed Notes on All Funds (Continued)

A. Deposits and Investments(Continued)

As of June 30, 2008, the City had the following investments:

<u>Type Investment</u>	<u>Average Weighted Maturity</u>	<u>Fair Value</u>
Local Agency Investment Fund	212 Days	\$ 13,688,851
Goldman Sachs Treasury Obligation	14 Days	20,845,320
Humboldt County Treasurer's Pool	391 Days	<u>4,551,005</u>
Total Investments		<u>\$ 39,085,176</u>

Interest Rate Risk- As a means of limiting its exposure to fair value losses arising from rising interest rates, the City has a formal policy which limits City purchased investments to securities having a remaining maturity date from time of purchases to five years or less.

Credit Risk- The City's investment policy limits investments in mutual and money market funds to the top two ratings issued by nationally recognized statistical ratings organizations. Investments in obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require the disclosure of credit quality. The Local Agency Investment Fund and Humboldt County Treasurer's Investment Pool are unrated. The Goldman Sachs Treasury Fund is rated AAA.

Concentration of Credit Risk- Investments explicitly guaranteed by the U.S. government and investments in mutual funds, and external investment pools such as those held by the City are excluded from concentration of credit risk disclosures.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or the collateral securities that are in the possession of an outside party. Investments in mutual funds and external investment pools are not subject to custodial credit risk because these investments are not evidenced by specific securities.

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

4. Detailed Notes on All Funds (Continued)

B. Receivables

Receivables as of year-end for the government's individual major and nonmajor funds in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Redevelopment Administration and HOME grant	Nonmajor Funds	Total Governmental	Water Enterprise	Wastewater Enterprise
Receivables:						
Taxes	\$ 303,055	\$ 16,543	\$ 5,514	\$ 325,112	\$ -	\$ -
Accounts	11,283	1,300	18,864	31,447	157,926	333,909
Governments	-	-	327,044	327,044	-	-
Interest	209,529	-	-	209,529	-	-
Subtotal current	523,867	17,843	351,422	893,132	157,926	333,909
Leases	-	-	1,706,903	1,706,903	-	-
Notes receivable	1,320	7,313,402	1,702,189	9,016,911	-	-
Net total receivables	<u>\$ 525,187</u>	<u>\$ 7,333,245</u>	<u>\$ 3,760,514</u>	<u>\$ 11,616,946</u>	<u>\$ 157,926</u>	<u>\$ 333,909</u>

Revenues of the water and wastewater enterprises are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are not material at year-end.

Long-term notes receivable of \$9,016,911 consists of two notes relating to affordable housing projects for \$7,313,402 and various other notes for \$1,703,509 relating to business development and redevelopment projects. The notes for \$7,313,402 bear interest at 3 percent per annum, mature in 55 years, and are repayable annually to the extent that the housing projects have residual receipts with the unpaid balance due at maturity. The notes are secured by a deed of trust on the housing projects. The other notes are generally repayable in monthly installments of principal and interest at various rates and terms.

The lease receivable of \$1,706,903 represents the net present value of lease rents receivable under an agreement with the State of California pursuant to a sublease arrangement of the California Conservation Corps Facility. The lease expires June 30, 2018. Upon expiration, the facility passes to the State of California. The lease payments are due in annual installments of \$245,000.

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

4. Detailed Notes on All Funds (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 496,003	\$ 551,368	\$ -	\$ 1,047,371
Construction in progress	42,961	121,989	(32,822)	132,128
Total capital assets, not being depreciated	<u>538,964</u>	<u>673,357</u>	<u>(32,822)</u>	<u>1,179,499</u>
Capital assets, being depreciated:				
Buildings	3,502,766	75,459	-	3,578,225
Improvements	1,253,146	44,235	-	1,297,381
Equipment	1,106,881	63,167	(7,544)	1,162,504
Vehicles	626,416	99,801	(47,186)	679,031
Infrastructure - primarily street systems	1,815,386	89,295	-	1,904,681
Total capital assets being depreciated	<u>8,304,595</u>	<u>371,957</u>	<u>(54,730)</u>	<u>8,621,822</u>
Less accumulated depreciation for:				
Buildings	(1,421,061)	(127,797)	-	(1,548,858)
Improvements	(559,508)	(46,073)	-	(605,581)
Equipment	(916,141)	(62,204)	7,543	(970,802)
Vehicles	(523,317)	(44,756)	56,036	(512,037)
Infrastructure	(272,944)	(99,700)	-	(372,644)
Total accumulated depreciation	<u>(3,692,971)</u>	<u>(380,530)</u>	<u>63,579</u>	<u>(4,009,922)</u>
Total capital assets, being depreciated, net	<u>4,611,624</u>	<u>(8,573)</u>	<u>8,849</u>	<u>4,611,900</u>
Governmental activities capital assets, net	<u>\$ 5,150,588</u>	<u>\$ 664,784</u>	<u>\$ (23,973)</u>	<u>\$ 5,791,399</u>

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

4. Detailed Notes on All Funds (Continued)

C. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 153,691	\$ -	\$ -	\$ 153,691
Construction in progress	14,199,118	804,094	-	15,003,212
Total capital assets, not being depreciated	<u>14,352,809</u>	<u>804,094</u>	<u>-</u>	<u>15,156,903</u>
Capital assets, being depreciated:				
Wastewater collection system	7,256,959	-	-	7,256,959
Wastewater pumping	926,318	-	-	926,318
Wastewater treatment plant	6,844,835	-	-	6,844,835
Water treatment and distribution	7,654,391	122,243	-	7,776,634
Equipment	846,196	10,815	(103,751)	753,260
Vehicles	705,724	79,488	-	785,212
Total capital assets, being depreciated	<u>24,234,423</u>	<u>212,546</u>	<u>(103,751)</u>	<u>24,343,218</u>
Less accumulated depreciation for:				
Wastewater system	(6,194,826)	(397,166)	33,432	(6,558,560)
Water system	(3,352,878)	(230,932)	67,909	(3,515,901)
Transit system	(86,229)	(14,021)	-	(100,250)
Total accumulated depreciation	<u>(9,633,933)</u>	<u>(642,119)</u>	<u>101,341</u>	<u>(10,174,711)</u>
Total capital assets, being depreciated, net	<u>14,600,490</u>	<u>(429,573)</u>	<u>(2,410)</u>	<u>14,168,507</u>
Business-type activities capital assets, net	<u>\$28,953,299</u>	<u>\$ 374,521</u>	<u>\$ (2,410)</u>	<u>\$29,325,410</u>

Depreciation expense was charged to functions/programs of the City as follows:

<u>Governmental activities:</u>	<u>Amounts</u>
General government	\$121,009
Public safety	31,126
Streets	157,656
Parks and recreation	70,739
Total depreciation expense-governmental activities	<u>\$380,530</u>
 <u>Business-Type Activities:</u>	
Wastewater	\$397,166
Water	230,932
Transit	14,021
Total depreciation expense-business-type activities	<u>\$642,119</u>

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

4. Detailed Notes on All Funds (Continued)

D. Interfund Receivables, Payables, and Transfers

1. The composition of interfund balances of June 30, 2008, is as follows:

Receivable Fund	Payable Fund	Amount
Due from/to other funds:		
General fund	CDBG Open Grants	\$ 124,129
General fund	CCC project	6,402
General fund	Gas tax 2107.5	2,544
General fund	Gas tax 2105 fund	56,957
General fund	Integrated waste fund	<u>53,774</u>
	Total due to/due from	<u>\$ 243,806</u>
CDBG fund	Grants fund	<u>\$ 254,676</u>
		<u>\$ 254,676</u>
 <i>Loan to Redevelopment Agency:</i>		
General Fund	Redevelopment City Debt Service	\$ 4,970,695
Drainage Facility	Redevelopment City Debt Service	<u>922,506</u>
	Total loan to redevelopment agency	<u>\$ 5,893,201</u>

The due from other funds represents primarily cash flow advances made by the City's general fund to other funds in order to conduct operations and projects pending reimbursement and payments of entitlements by grantor agencies and other governments. The \$5,893,201 in advances represents amounts loaned to the City's Redevelopment Agency to commence operations and startup projects. The loan is repayable in annual installments of about \$646,076 from Agency tax increment revenues commencing in fiscal year 2010 and concluding in 2024 using an interest rate of 6.06 as of June 30, 2008. The actual interest to be charged is to be adjusted annually to average rates of return on pooled investments of the City.

During the 2008 fiscal year, the City's Redevelopment Agency repaid \$4,061,396 in loans to the City's water and wastewater enterprise representing long-term advances made by the City's enterprise funds to the component unit Redevelopment Agency to finance operations and start up projects.

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

4. Detailed Notes on All Funds (Continued)

D. Interfund Receivables, Payables, and Transfers(Continued)

2. Interfund transfers at June 30, 2008 were as follows:

<u>Transfers out:</u>	<u>Transfer in:</u>				<u>Total Transfers Out All Funds</u>
	<u>2007 Bond Capital Projects</u>	<u>Redevelopment Low & Moderate Income Housing</u>	<u>Redevelopment City Loan Debt Service</u>	<u>All Other Funds</u>	
Redevelopment Bond Debt Service	\$ 5,751,780	\$ 1,917,260	\$ -	\$ -	\$ 7,669,040
2007 Bond Capital Projects			4,061,396		4,061,396
City 2007 Bond Debt Service	2,000,000			1,890,599	3,890,599
All Other Funds		266,246		1,008,483	1,274,729
Totals	<u>\$7,751,780</u>	<u>\$ 2,183,506</u>	<u>\$ 4,061,396</u>	<u>\$2,899,082</u>	<u>\$16,895,764</u>

The City transferred \$5,751,780 and \$2,000,000 in bond proceeds from the sale of the 2007 Revenue Bonds into the 2007 bond capital projects fund to be used for certain projects; and also transferred \$1,917,260 in bond proceeds into the redevelopment agency's low and moderate income housing fund. From the 2007 bond capital projects fund, \$4,061,396 was transferred from the component unit redevelopment agency's share into the agency's city loan debt service fund and was then used to repay long-term interfund advances made in prior years by the City's water and wastewater enterprise funds.

E. Long-Term Debt

Note Payable – Water Enterprise

The City entered into a note for the purchase of the Campton Heights water system in an original amount of 443,010. The note bears interest at 10.13 percent and matures June 2010. The note is payable in monthly installments of \$4,166 and is secured by the water system. Future debt service is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Business Activities:</i>			
2009	\$ 42,450	\$ 7,542	\$ 49,992
2010	47,710	2,282	49,992
Totals	<u>\$ 90,160</u>	<u>\$ 9,824</u>	<u>\$ 99,984</u>

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

4. Detailed Notes on All Funds (Continued)

E. Long-Term Debt (Continued)

Water Revenue Bonds

During the 2007 fiscal year, the City's Public Financing Authority issued \$8,085,000 in water revenue bonds, series 2006 for the purpose of providing long-term financing for the water treatment plant project of the City. The Fortuna Public Financing Authority entered into an installment sale agreement with the City whereby the City agreed to pay the debt service on the bonds in exchange for the financing. The installment sale agreement between the City and its Public Financing Authority have been eliminated from these financial statements. The revenue bonds bear interest at rates from 3.375% to 5.0%, are payable each April 1 and October 1 through 2037. The bonds are secured by a pledge of the water system net revenues. Future debts service on the bonds is:

Fiscal Years	Principal	Interest	Total
2009	\$ -	\$ 369,828	\$ 369,828
2010	70,000	368,078	438,078
2011	135,000	364,050	499,050
2012	170,000	358,797	528,797
2013	175,000	352,760	527,760
2014-2018	1,005,000	1,641,790	2,646,790
2019-2023	1,225,000	1,408,441	2,633,441
2024-2028	1,505,000	1,125,799	2,630,799
2029-2033	1,905,000	721,375	2,626,375
2034-2037	1,895,000	195,375	2,090,375
	<u>\$ 8,085,000</u>	<u>\$ 6,906,293</u>	<u>\$ 14,991,293</u>

Annual principal and interest payments on the bonds are expected to require less than 54 percent of system net revenues as defined. Total interest and principal remaining to be paid is \$14,991,293. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$369,828 and \$973,325, respectively.

Wastewater Revenue Bonds

During the 2007 fiscal year, the City's Public Financing Authority issued \$13,820,000 in wastewater revenue bonds, series 2006 for the purpose of providing long-term financing for the wastewater treatment plant project of the City. The Fortuna Public Financing Authority entered into an installment sale agreement with the City whereby the City agreed to pay the debt service on the bonds in exchange for the financing. The installment sale agreement between the City and its Public Financing Authority have been eliminated from these financial statements. The revenue bonds bear interest at rates from 3.25% to 5.0%, are payable each April 1 and October 1 through 2037. Future debts service on the bonds is:

Fiscal Years	Principal	Interest	Total
2009	\$245,000	\$618,260	\$863,260
2010	260,000	605,635	865,635
2011	270,000	594,580	864,580
2012	280,000	585,122	865,122
2013	290,000	575,147	865,147
2014-2018	1,630,000	2,677,010	4,307,010
2019-2023	2,010,000	2,296,558	4,306,558
2024-2028	2,460,000	1,833,544	4,293,544
2029-2033	3,100,000	1,096,625	4,196,625
2034-2037	3,085,000	395,250	3,480,250
	<u>\$ 13,630,000</u>	<u>\$ 11,277,731</u>	<u>\$ 24,907,731</u>

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

4. Detailed Notes on All Funds (Continued)

E. Long-Term Debt (Continued)

Wastewater Revenue Bonds (Continued)

The bonds are secured by a pledge of the wastewater system net revenues. Annual principal and interest payments on the bonds are expected to require less than 36 percent of system net revenues as defined. Total interest and principal remaining to be paid on the bonds is \$24,907,731. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$817,472 and \$2,431,062, respectively.

2007 Revenue Bonds – Governmental Activities

The City and its component unit redevelopment agency entered into a loan agreement with the Fortuna Public Financing Authority (also a component unit of the City), dated October 1, 2007, wherein the Authority sold \$17,500,000 in its revenue bonds, series 2007. From the sale of the Authority's Revenue bonds, \$13,280,000 was loaned to the component unit redevelopment agency and \$4, 220,000 was loaned to the City. The loans receivable and payable between the City and the City's redevelopment agency and the City's component unit Financing Authority have been eliminated from the accompanying financial statements.

The City sold the revenue bonds to obtain funds to conduct projects, advance refund advances made by its water and wastewater enterprises to its component unit redevelopment agency, advance refund the 1993 tax allocation bonds, advance refund the 1995 certificates of participation and advance refund the 1991 capital lease. Net proceeds of \$2,803,254 plus \$484,382 from existing bond trustee and reserve accounts were deposited into irrevocable escrow accounts to provide for the full retirement of the 1993 tax allocation bonds, 1995 certificates of participation, and the 1991 capital lease. The City effectively reduced its debt service by almost \$849,976 and obtained an economic gain (the difference between the net present values of the old and the new debt service payments) of almost \$675,313.

The City also used \$4,061,396 in bond proceeds to advance refund the advances made to its component unit redevelopment agency. The advance refunding of these loan term interfund advances effectively increased the aggregate debt service payments of the component unit redevelopment agency by almost \$4,772,926 over the next 30 years and incurred an economic loss (difference between the net present values of the old and new debt service payments) of about \$1,276,649.

From the bond proceeds, the redevelopment agency deposited \$2,525,000 onto an Escrowed Project Fund Account. Until October 15, 2010, the Agency may, based upon certain reports of consultants, release certain amounts from this escrowed project fund account. On October 15, 2010, the bond trustee is to transfer all amounts in the escrowed project fund to the bond principal fund for redemption on November 1, 2010 of the escrow bonds which bonds are defined as the bonds maturing November 1, 2038 with an interest rate of 4.9 percent. At June 30, 2008, there was \$2,530,944 on deposit in the escrow account.

The 2007 revenue bonds mature each November 1 commencing November 1, 2008 through 2038, bear interest at rates from 3.75 to 5.0 percent and consist of \$5,365,000 in serial bonds, \$4,110,000 in term bonds due November 2031, \$2,525,000 in term bonds due November 1, 2038 (the escrow bonds), and \$5,500,000 in term bonds due November 1, 2038. The bonds are subject to early redemptions from certain prepayments, bonds maturing on or after November 1, 2018 are subject to optional early redemption, the escrow bonds are subject to mandatory early redemption on November 1, 2010 and the term bonds maturing November 1, 2031 and 2038 are subject to mandatory sinking fund redemptions on or after November 1, 2024 and 2032, respectively.

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

4. Detailed Notes on All Funds (Continued)

E. Long-Term Debt (Continued)

2007 Revenue Bonds – Governmental Activities

Fiscal Years	Principal	Interest	Total
2009	\$ 225,000	\$817,879	\$1,042,879
2010	285,000	805,131	1,090,131
2011	280,000	791,006	1,071,006
2012	305,000	777,406	1,082,406
2013	320,000	764,405	1,084,405
2014-2018	2,060,000	3,589,719	5,649,719
2019-2023	1,800,000	3,161,518	4,961,518
2024-2028	2,615,000	2,672,430	5,287,430
2029-2033	3,735,000	1,937,706	5,672,706
2034-2038	4,900,000	872,788	5,772,788
2039	975,000	28,025	1,003,025
	<u>\$ 17,500,000</u>	<u>\$ 16,218,013</u>	<u>\$ 33,718,003</u>

The City's component unit redevelopment agency has pledged future incremental property tax revenues to repay its \$13,280,000 share of the 2007 revenue bonds. The agency's share of the revenue bonds is payable solely from the pledged tax increment revenues and from certain trust accounts held by the bond trustee. Total principal and interest remaining on the agency's share of the bonds is \$26,929,875. For the current fiscal year, principal and interest paid by the agency and total tax increment revenues were \$317,163 and \$1,064,985, respectively.

The City has not pledged a specific revenue source as security to repay its \$4,220,000 share of the 2007 revenue bonds, although it has agreed to appropriate sufficient monies to make such scheduled debt service payments.

Changes in Long-term liabilities

Long-term debt activity for the 2008 fiscal year was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due In One Year
<i>Governmental-Type</i>					
Capital lease	\$ 1,950,000	\$ -	\$ 1,950,000	\$ -	\$ -
Tax allocation bonds	1,100,000	-	1,100,000	-	-
Certificates	279,500	-	279,500	-	-
2007 Revenue bonds	-	17,500,000	-	17,500,000	225,000
Compensated absences	137,096	8,297	-	145,393	-
Totals	<u>\$ 3,466,596</u>	<u>\$ 17,508,297</u>	<u>\$ 3,329,500</u>	<u>\$17,645,393</u>	<u>\$ 225,000</u>
<i>Business-Type</i>					
Revenue bonds	\$ 21,905,000	\$ -	\$ 190,000	\$21,715,000	\$ 245,000
Claims	65,000	-	-	65,000	15,000
Notes	128,859	-	38,699	90,160	42,808
Totals	<u>\$ 22,098,859</u>	<u>\$ -</u>	<u>\$ 228,699</u>	<u>\$ 21,870,160</u>	<u>\$ 302,808</u>

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

5. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance.

The City is a member of the Redwood Empire Municipal Insurance Fund a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, property and workers compensation claims. Under the program, the City has a \$ 10,000 general liability retention limit similar to a deductible with the Fund being responsible for losses above that amount up to \$ 500,000. The Fund carries excess liability coverage to a total of \$25 million in excess of its \$ 500,000 retention limit per occurrence through the California Joint Powers Risk Management Authority and its excess insurers.

The Fund covers workers compensation claims up to its self-insurance limit of \$ 1 million. A purchased excess policy insures the Fund for an additional \$ 1 million to provide aggregate coverage of up to \$ 2 million per claim. The City pays an annual premium to the Fund; the City may share in any surplus revenues or may be required to pay additional assessments based upon the Fund's operating results. The Fund also provides property coverage up to \$200 million per occurrence.

The City paid no material uninsured losses during the 2007-2008 fiscal year. Financial statements of the JPA Fund may be obtained from their administrative offices located at 414 W. Napa Street, Sonoma, California 95476.

Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverage for each of the past three fiscal years.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended <u>6/30/2008</u>	Year Ended <u>6/30/2007</u>
Unpaid claims, beginning of fiscal year	\$ 65,000	\$ 65,000
Incurred claims (including IBNRs)	-	-
Claim payments	<u>-</u>	<u>-</u>
Unpaid claims, end of fiscal year	<u>\$ 65,000</u>	<u>\$ 65,000</u>

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

5. Other Information (Continued)

B. Contingencies and Commitments

Litigation. The City is involved in litigation incurred in the normal course of conducting City business. City management believes that, based upon consultation with its counsel, these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City.

C. Jointly Governed Organizations

Jointly governed organizations are legal entities or other organizations that result from a contractual arrangement and that are owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. The City is a participant in the following organizations:

Redwood Empire Municipal Insurance Fund . The City is a member of Insurance Fund. The Fund, under the terms of a Joint Powers Agreement with the City and several other cities and governmental agencies, provides insurance coverage for general liability, automobile liability, and workers compensation claims.

Under the arrangement, the Fund purchases liability, automobile liability, and workers compensation insurance and charges participating cities and governmental agencies in amounts planned to match expenses of insurance premiums, estimated payments resulting from self-insurance programs, and operating expenses. The City's obligations are limited to contributions to pay for related insurance premiums.

D. Other Post Employment Benefits

The City provides no post employment benefits other than those associated with the Public Employees Retirement System.

E. Public Employees Retirement System

Plan Description. The City of Fortuna contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer, public employee, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by the State statute and City ordinance. The pERS issues publicly available financial reports that includes the financial statements and reuired supplementary information for the PERS. Copies of PERS annual financial report may be obtained from their executive office, 400 "P" Street, Sacramento, California 95814.

Funding Policy and Annual Pension Cost. The contribution requirements of plan members and the City are established by and may be amended by PERS. Regular plan members are required to contribute 7.0 percent of their annual covered salary and safety members are reuired to contribute 9.0 percent. The city is required to contribute at an actuarially determined rate. The current rate for regular employees is 12.195 percent of covered payroll and is 18.124 percent for safety personnel. The City's annual pension cost for the most recent year and related information for each plan is as follows

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

5. Other Information (Continued)

E. Public Employees Retirement System

Three-year Trend of Information

Plan	Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
Regular employees	6/30/06	\$ 213,235	100%	\$ -
	6/30/07	\$ 237,067	100%	\$ -
	6/30/08	\$ 263,685	100%	\$ -
Safety employees	6/30/06	\$ 110,861	100%	\$ -
	6/30/07	\$ 117,197	100%	\$ -
	6/30/08	\$ 137,276	100%	\$ -

F. Restricted Net Assets and Designated Fund Balances

Restricted Net Assets

The \$ 26,899,519 restricted amount for debt service, capital projects and economic development in the governmental activities statement of net assets represent amounts to be used only for specific purposes which restrictions are imposed by laws, formal agreements or other governments and primarily relate to redevelopment funds restricted by law to only certain specified uses. The \$6,240,702 restricted for business-type activities represents spendable net assets in the wastewater and water funds restricted for use in making capital improvements

Reserved Fund Balances

The reserved fund balances in the governmental fund types represent amounts not available for appropriation and consists of:

Purpose of Reservation	General Fund	Redevelopment Administration	Nonmajor Funds
Inventory	\$ 11,240	\$ -	\$ -
Prepayments	41,848	-	-
Advances to other funds	4,970,695	-	922,506
Land held for resale	-	-	593,084
Totals	\$ 5,023,783	\$ -	\$ 1,515,590

CITY OF FORTUNA
Notes to the Basic Financial Statements
June 30, 2008

5. Other Information (Continued)

Designated Fund Balances

Designated fund balances represent tentative management spending plans. These plans may be changed or modified. At June 30, 2008, amounts were designated as follows:

<u>Purpose of Designation</u>	<u>General Fund</u>
Development review and planning	\$ (498,255)
City-wide traffic	665,271
Home Avenue traffic	(12,486)
Hillside traffic	15,589
Riverlodge operations	(96,122)
Youth recreation	8,005
Public safety	27,082
	<hr/>
Totals	\$ 109,084
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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
CITY OF FORTUNA
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Fund Balance, July 1	\$ 9,383,003	\$ 9,383,003	\$ 9,383,003	\$ -
Resources (inflows):				
Property taxes	286,885	286,885	349,486	62,601
Sales taxes	1,518,000	1,518,000	1,534,032	16,032
Other taxes	799,889	799,889	820,015	20,126
License permits	200,000	200,000	103,865	(96,135)
Fines and forfeits	76,800	76,800	92,261	15,461
Interest and rents	417,752	417,752	344,607	(73,145)
Intergovernmental	900,140	900,140	1,040,085	139,945
Charges for services	512,236	512,236	981,229	468,993
Miscellaneous	94,600	94,600	220,175	125,575
Transfers in	145,000	145,000	173,297	28,297
Amounts available for charges to appropriations	<u>14,334,305</u>	<u>14,334,305</u>	<u>15,042,055</u>	<u>707,750</u>
Charges to appropriations:				
<i>General government:</i>				
City council	46,071	46,071	40,103	5,968
City manager	75,610	75,610	74,432	1,178
Finance	100,668	100,668	93,701	6,967
Legal	65,000	65,000	61,347	3,653
Nondepartmental	65,473	65,473	93,133	(27,660)
General building	49,065	49,065	21,967	27,098
Risk management	199,033	199,033	180,183	18,850
Public works administration	18,401	18,401	9,586	8,815
Engineering	39,086	39,086	24,918	14,168
Planning	73,405	73,405	64,590	8,815
Tourism	128,388	128,388	134,790	(6,402)
<i>Public safety:</i>				
Police	1,790,156	1,790,156	1,734,564	55,592
Drug force	93,126	93,126	56,058	37,068
Cal-MMET	82,684	82,684	85,129	(2,445)
Youth	87,141	87,141	83,857	3,284
Community oriented policing	83,492	83,492	82,805	687
DUI	-	-	2,094	(2,094)
Office traffic safety	-	-	6,354	(6,354)
K9	16,949	16,949	21,607	(4,658)
Disasters	5,000	5,000	-	5,000
Animal control	25,505	25,505	18,488	7,017
Building inspections	214,370	214,370	160,967	53,403
Development reviews	364,821	364,821	353,498	11,323
<i>Highways and streets:</i>				
Street maintenance	371,571	371,571	379,030	(7,459)
<i>Parks and Recreation:</i>				
Recreation programs	310,126	310,126	398,123	(87,997)
Park maintenance	362,738	362,738	304,120	58,618
Library	9,103	9,103	7,326	1,777
Railroad museum	16,107	16,107	15,523	584
Riverlodge operations	315,431	315,431	279,857	35,574
<i>Capital outlays</i>	404,649	404,649	347,388	57,261
<i>Transfers out</i>	20,187	20,187	87,840	(67,653)
Total charges to appropriations	<u>5,433,356</u>	<u>5,433,356</u>	<u>5,223,378</u>	<u>209,978</u>
Fund Balance, June 30	<u>\$ 8,900,949</u>	<u>\$ 8,900,949</u>	<u>\$ 9,818,677</u>	<u>\$ 917,728</u>

CITY OF FORTUNA

Budgetary Comparison Schedule - General Fund
Note to RSI
For the Fiscal Year Ended June 30, 2008

Note A. Explanation of Difference between Budgetary Inflows and Outflows and GAAP
Revenues and expenditures:

Sources/inflows resources:

Actual amounts "available for appropriation" from budgetary
comparison schedule: \$ 15,042,055

Differences - budget to GAAP:

The fund balance at the beginning of the year is a budgetary
resource but is not a current year revenue for financial reporting
purposes (9,383,003)

Transfers in from other funds are inflows of budgetary resources
but are not revenues for financial reporting purposes (173,297)

Total revenues as reported in the statement of revenues, expenditures
and changes in fund balances - governmental funds \$ 5,485,755

Uses/outflows of resources:

Actual amounts "total charges to appropriations" from the budgetary
comparison schedule \$ 5,223,378

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but
are not expenditures for financial reporting purposes (87,840)

Total expenditures as reported in the statement of revenues,
expenditures and changes in fund balances - governmental funds \$ 5,135,538

Required Supplementary Information
CITY OF FORTUNA
Budgetary Comparison Schedule - Redevelopment Agency Administration Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund Balance, July 1	\$ 2,666,290	\$ 2,666,290	\$ 2,666,290	\$ -
Resources (inflows):				
Incremental property taxes	635,414	635,414	1,064,985	429,571
Charges for services	1,300	1,300	6,300	5,000
Interest	125,015	125,015	125,747	732
Amounts available for charges to appropriations	<u>3,428,019</u>	<u>3,428,019</u>	<u>3,863,322</u>	<u>435,303</u>
Charges to appropriations:				
Community development	150,949	150,949	129,095	21,854
Transfers	<u>245,160</u>	<u>245,160</u>	<u>419,566</u>	<u>(174,406)</u>
Total charges to appropriations	<u>396,109</u>	<u>396,109</u>	<u>548,661</u>	<u>(152,552)</u>
Fund Balance, June 30	<u><u>\$ 3,031,910</u></u>	<u><u>\$ 3,031,910</u></u>	<u><u>\$ 3,314,661</u></u>	<u><u>\$ 282,751</u></u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources of outflows of resources:

Actual charges to appropriations from budgetary data above:	\$ 548,661
Differences-budget to GAAP:	
Transfers out are a budgetary use but are not considered to be expenditures for financial reporting purposes	<u>(419,566)</u>
Total expenditures as reported in the statement of revenues, expenditures , and changes in fund balances	<u><u>\$ 129,095</u></u>

Sources of inflows of resources:

Amounts available for charges to appropriations:	\$ 3,863,322
Differences budhet to GAAP:	
Beginning fund balances are a budgetary resources but but are not a current year revenue for financial reporting purposes	<u>(2,666,290)</u>

Total revenues are reported in the statement of revenues, expenditures and changes in fund balances	<u><u>\$ 1,197,032</u></u>
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Required Supplementary Information
CITY OF FORTUNA
Budgetary Comparison Schedule - HOME Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund Balance, July 1	\$ 9,405	\$ 9,405	\$ 9,405	\$ -
Resources (inflows):				
Intergovernmental - HOME grant	542,833	542,833	87,600	(455,233)
Interest	195	195	722	527
Miscellaneous - loan repayments	<u>8,794</u>	<u>8,794</u>	<u>14,126</u>	<u>5,332</u>
Amounts available for charges to appropriations	<u>561,227</u>	<u>561,227</u>	<u>111,853</u>	<u>(449,374)</u>
Charges to appropriations:				
Community development :				
<i>Construction loan and administration</i>	<u>542,833</u>	<u>542,833</u>	<u>87,600</u>	<u>455,233</u>
Total charges to appropriations	<u>542,833</u>	<u>542,833</u>	<u>87,600</u>	<u>455,233</u>
Fund Balance, June 30	<u>\$ 18,394</u>	<u>\$ 18,394</u>	<u>\$ 24,253</u>	<u>\$ 5,859</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources of inflows of resources:	
Actual amounts available for appropriations from budgetary data above:	\$ 111,853
Differences-budget to GAAP:	
Beginning fund balances are financial resources for budgetary purposes, but are not considered as revenues for financial reporting purposes	<u>(9,405)</u>
Total revenues as reported in the statement of revenues, expenditures , and changes in fund balances	<u>\$ 102,448</u>

OPTIONAL SUPPLEMENTARY INFORMATION

NONMAJOR FUNDS' COMBINING FINANCIAL STATEMENTS AND SCHEDULES

CITY OF FORTUNA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

Special Revenue Funds													
	Integrated Waste	Storm Drain Maintenance	Drainage Facility	Transportation Fund SB325	Gas Tax 2105	Gas Tax 2107.5	Regional Surface Transportation	Business Improvement	Housing Set Aside	Housing Revolving Loan	Unrestricted Business Revolving Loan	CDBG Business	
Assets													
Cash and investments	\$ -	\$ 104,490	\$ 564,893	\$ 1,015,557	\$ -	\$ -	\$ 590,853	\$ 4,198	\$ 2,530,766	\$ 153,563	\$ 844,025	\$ 3,236,195	\$ 648,598
Receivables:													
Accounts	-	4,336	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	69,368	3,000	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-	5,514	-	-	-	-
Notes receivable, long-term	-	-	-	48,976	-	-	1,442	-	273,522	330,748	18,356	-	21,715
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	922,506	-	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-	593,084	-	-	-	-
Total assets	\$ -	\$ 108,826	\$ 1,487,399	\$ 1,064,533	\$ 69,368	\$ 3,000	\$ 592,295	\$ 4,198	\$ 3,402,886	\$ 484,311	\$ 862,381	\$ 3,236,195	\$ 670,313
Liabilities and Fund Balances													
Liabilities:													
Accounts payable	\$ 3,743	\$ 89	\$ -	\$ 99,491	\$ 6,246	\$ -	\$ -	\$ 4,198	\$ 223	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	1,546	1,407	-	1,761	5,085	456	-	-	-	-	-	-	-
Due to other funds	53,774	-	-	-	56,957	2,544	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	48,976	-	-	1,441	-	273,522	330,748	18,356	-	21,715
Total liabilities	59,063	1,496	-	150,228	68,288	3,000	1,441	4,198	273,745	330,748	18,356	-	21,715
Fund balances:													
Reserved	-	-	922,506	-	-	-	-	-	593,084	-	-	-	-
Unreserved:													
Undesignated	(59,063)	107,330	564,893	914,305	1,080	-	590,854	-	2,536,057	153,563	844,025	3,236,195	648,598
Total fund balances	(59,063)	107,330	1,487,399	914,305	1,080	-	590,854	-	3,129,141	153,563	844,025	3,236,195	648,598
Total liabilities and fund balances	\$ -	\$ 108,826	\$ 1,487,399	\$ 1,064,533	\$ 69,368	\$ 3,000	\$ 592,295	\$ 4,198	\$ 3,402,886	\$ 484,311	\$ 862,381	\$ 3,236,195	\$ 670,313

CITY OF FORTUNA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue Funds			Debt Service Funds				Capital Projects Funds			Totals
	CDBG Unrestricted	Parking In Lieu	CDBG Open Grant	Grants Fund	Lease Payment and Reserve	City Hall COP Debt Service	City 2007 Bond Debt Service	Public Infrastructure	2007 Bond Capital Projects	CCC Project	
Assets											
Cash and investments	\$ 200,347	\$ 85	\$ -	\$ -	\$ 142,859	\$ 28,852	\$ 270,274	\$ 69,652	\$ 3,690,384	\$ -	\$ 14,095,591
Receivables:											
Accounts	-	-	-	-	528	-	-	-	-	14,000	18,864
Intergovernmental	-	-	-	254,676	-	-	-	-	-	-	327,044
Taxes	-	-	-	-	-	-	-	-	-	-	5,514
Notes receivable, long-term	193,390	-	812,212	-	-	-	-	1,828	-	-	1,702,189
Due from other funds	-	-	254,676	-	-	-	-	-	-	-	254,676
Advances to other funds	-	-	-	-	-	-	-	-	-	-	922,506
Lease receivable	-	-	-	-	1,706,903	-	-	-	-	-	1,706,903
Land held for resale	-	-	-	-	-	-	-	-	-	-	593,084
Total assets	\$ 393,737	\$ 85	\$ 1,066,888	\$ 254,676	\$ 1,850,290	\$ 28,852	\$ 270,274	\$ 71,480	\$ 3,690,384	\$ 14,000	\$ 19,626,371
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ 180	\$ -	\$ 118,841	\$ -	\$ -	\$ -	\$ -	\$ 1,552	\$ -	\$ 36	\$ 234,599
Accrued liabilities	-	-	1,824	-	-	-	-	-	-	-	12,079
Due to other funds	-	-	124,129	254,676	-	-	-	-	-	6,402	488,482
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	193,390	-	812,212	-	1,706,903	-	-	1,828	-	-	3,409,091
Total liabilities	193,570	-	1,057,006	254,676	1,706,903	-	-	3,380	-	6,438	4,154,251
Fund balances:											
Reserved	-	-	-	-	-	-	-	-	-	-	1,515,590
Unreserved:											
Undesignated	200,167	85	9,882	-	143,387	28,852	270,274	68,100	3,690,384	7,562	13,986,530
Total fund balances	200,167	85	9,882	-	143,387	28,852	270,274	68,100	3,690,384	7,562	15,472,120
Total liabilities and fund balances	\$ 393,737	\$ 85	\$ 1,066,888	\$ 254,676	\$ 1,850,290	\$ 28,852	\$ 270,274	\$ 71,480	\$ 3,690,384	\$ 14,000	\$ 19,626,371

CITY OF FORTUNA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2008

Special Revenue Funds													
	Integrated Waste	Storm Drain Maintenance	Drainage Facility	Transportation Fund SB325	Gas Tax 2105	Gas Tax 2107.5	Regional Surface Transportation	Business Improvement	Housing Setaside	Housing Revolving Loan	Unrestricted Business revolving Loan	Economic Development	CDBG Business
Revenues:													
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	204,146	211,393	3,000	451,702	-	-	-	-	-	-
Charges for services	20,424	42,516	90,646	-	-	-	-	54,155	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	1,003	-	-	-	-	-
Interest	-	4,118	52,322	39,825	-	-	9,563	-	74,482	5,398	31,809	127,460	21,959
Miscellaneous	19,429	4,692	-	5,305	-	-	1,640	-	1,563	155,669	68,627	-	161,367
Total revenues	39,853	51,326	142,968	249,276	211,393	3,000	462,905	55,158	76,045	161,067	100,436	127,460	183,326
Expenditures:													
Current:													
Highways and streets	-	40,819	-	39,627	221,721	11,149	46,611	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	55,158	-	-	-	-	-
Redevelopment and housing	-	-	-	-	-	-	-	-	219,666	-	-	-	-
Sanitation and recycling	63,986	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	11,538	-	108,131	10,287	-	-	-	-	-	24,036	44,255	-
Debt service:													
Costs of issuance	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment refunded bond	-	-	-	-	-	-	-	-	-	-	-	-	-
escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	79,291	-	-	-	-
Total expenditures	63,986	52,357	142,968	147,758	232,008	11,149	46,611	55,158	298,957	161,067	24,036	44,255	-
Excess (deficiency) of revenues over expenditures	(24,133)	(1,031)	142,968	101,518	(20,615)	(8,149)	416,294	-	(222,912)	161,067	76,400	83,205	183,326
Other Financing Sources (Uses)													
Proceeds revenue bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium on sale of bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment refunded bond	-	-	-	-	-	-	-	-	-	-	-	-	-
Escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	5,000	-	-	-	21,690	8,149	-	-	2,183,506	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(18,652)	-	(25,001)	-	-
Total other financing sources (uses)	5,000	-	-	-	21,690	8,149	-	-	2,164,854	-	(25,001)	-	-
Net change in fund balances	(19,133)	(1,031)	142,968	101,518	1,075	-	416,294	-	1,941,942	161,067	51,399	83,205	183,326
Fund balances, July 1	(39,930)	108,361	1,344,431	812,787	5	-	174,560	-	1,187,199	(7,504)	792,626	3,152,990	465,272
Fund balances, June 30	\$ (59,063)	\$ 107,330	\$ 1,487,399	\$ 914,305	\$ 1,080	\$ -	\$ 590,854	\$ -	\$ 3,129,141	\$ 153,563	\$ 844,025	\$ 3,236,195	\$ 648,598

CITY OF FORTUNA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Special Revenue Funds					Debt Service Funds			Capital Projects			Totals
	CDBG Unrestricted	Parking In Lieu	CDBG Open Grant	Grants fund	Lease Payment and Reserve	City Hall COP Debt Service	2007 Bond Debt Service	Public Infrastructure	2007 Bond Capital Projects	CCC Project	2008	
Revenues:												
Property taxes	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Intergovernmental	-	-	-	638,541	-	-	-	-	-	14,000	-	1,522,782
Charges for services	-	-	-	-	525	-	-	-	-	-	-	154,111
Special assessments	-	-	-	-	-	-	-	-	-	-	-	54,155
Interest	7,589	4	65	-	37,967	416	-	8,553	-	192	-	455,578
Miscellaneous	14,972	-	-	-	245,000	-	-	5,430	-	-	-	683,694
Total revenues	22,561	4	65	638,541	283,492	416	32,753	13,983	-	14,192	-	2,870,320
Expenditures:												
Current:												
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	359,927
Economic development	-	-	-	-	-	-	-	-	-	14,000	-	69,158
Redevelopment and housing	1,500	-	445,913	-	-	-	-	-	-	-	-	667,079
Sanitation and recycling	-	-	-	-	-	-	-	-	-	-	-	63,986
Capital outlay	-	-	-	-	-	-	-	133,717	-	-	-	331,964
Debt service:												
Costs of issuance	-	-	-	-	-	-	-	-	-	-	-	133,476
Payment refunded bond escrow agent	-	-	-	-	262,428	37,812	-	-	-	-	-	300,240
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	256,288	9,608	56,943	-	-	-	-	402,110
Total expenditures	1,500	-	445,913	-	518,696	47,420	190,419	133,717	-	14,000	-	2,327,940
Excess (deficiency) of revenues over expenditures	21,161	4	(445,848)	638,541	(235,204)	(47,004)	(157,666)	(119,734)	-	192	-	542,380
Other Financing Sources (Uses)												
Proceeds revenue bonds	-	-	-	-	-	-	4,220,000	-	-	-	-	4,220,000
Premium on sale of bonds	-	-	-	-	-	-	60,726	-	-	-	-	60,726
Payment refunded bond escrow agent	-	-	-	-	(1,608,027)	(244,760)	-	-	-	-	-	(1,852,787)
Transfers in	-	-	485,245	-	1,608,027	316,788	37,813	72,812	7,751,780	-	-	12,490,810
Transfers out	-	-	(72,812)	(638,541)	-	-	(3,890,599)	-	(4,061,396)	-	-	(8,707,001)
Total other financing sources (uses)	-	-	412,433	(638,541)	-	72,028	427,940	72,812	3,690,384	-	-	6,211,748
Net change in fund balances	21,161	4	(33,415)	-	(235,204)	25,024	270,274	(46,922)	3,690,384	192	-	6,754,128
Fund balances, July 1	179,006	81	43,297	-	378,591	3,828	-	115,022	-	7,370	-	8,717,992
Fund balances, June 30	\$ 200,167	\$ 85	\$ 9,882	\$ -	\$ 143,387	\$ 28,852	\$ 270,274	\$ 68,100	\$ 3,690,384	\$ 7,562	\$ -	\$ 15,472,120

CITY OF FORTUNA
Integrated Waste Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Transfer station fees	\$ 20,000	\$ 20,000	\$ 20,424	\$ 424
Miscellaneous	1,000	1,000	19,429	18,429
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>39,853</u>	<u>18,853</u>
Expenditures:				
Current:				
Sanitation:				
Recycling	69,039	69,039	63,986	5,053
Capital outlay	-	-	-	-
Total expenditures	<u>69,039</u>	<u>69,039</u>	<u>63,986</u>	<u>5,053</u>
Excess(deficiency) of revenues over expenditures	<u>(48,039)</u>	<u>(48,039)</u>	<u>(24,133)</u>	<u>23,906</u>
Other Financing Source Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	(43,039)	(43,039)	(19,133)	
Fund balance, July 1	<u>(39,930)</u>	<u>(39,930)</u>	<u>(39,930)</u>	<u>-</u>
Fund balance, June 30	<u>\$ (82,969)</u>	<u>\$ (82,969)</u>	<u>\$ (59,063)</u>	<u>\$ 23,906</u>

CITY OF FORTUNA
Storm Drain Maintenance Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services:				
Maintenance fees	\$ 40,000	\$ 40,000	\$ 42,516	\$ 2,516
Interest	\$ 2,993	\$ 2,993	\$ 4,118	\$ 1,125
Miscellaneous	-	-	4,692	4,692
Total revenues	<u>42,993</u>	<u>42,993</u>	<u>51,326</u>	<u>8,333</u>
Expenditures:				
Current:				
Highways and streets:				
Storm drain maintenance	57,534	57,534	40,819	16,715
Capital outlay	17,500	17,500	11,538	5,962
Total expenditures	<u>75,034</u>	<u>75,034</u>	<u>52,357</u>	<u>22,677</u>
Excess (deficiency) of revenues over expenditures	<u>(32,041)</u>	<u>(32,041)</u>	<u>(1,031)</u>	<u>31,010</u>
Net change in fund balances	(32,041)	(32,041)	(1,031)	31,010
Fund balance, July 1	<u>108,361</u>	<u>108,361</u>	<u>108,361</u>	<u>-</u>
Fund balance, June 30	<u>\$ 76,320</u>	<u>\$ 76,320</u>	<u>\$ 107,330</u>	<u>\$ 31,010</u>

CITY OF FORTUNA
Drainage Facility Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Facility fees	\$ 70,000	\$ 70,000	\$ 90,646	\$ 20,646
Interest	54,970	54,970	52,322	(2,648)
Miscellaneous	-	-	-	0
Total revenues	<u>124,970</u>	<u>124,970</u>	<u>142,968</u>	<u>17,998</u>
Expenditures:				
Capital outlay:				
Storm drain improvements	140,000	140,000	-	140,000
Total expenditures	<u>140,000</u>	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Excess(deficiency) of revenues over expenditures	<u>(15,030)</u>	<u>(15,030)</u>	<u>142,968</u>	<u>157,998</u>
Other financing uses:				
Transfers out	-	-	-	-
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(15,030)	(15,030)	142,968	157,998
Fund balance, July 1	<u>1,344,431</u>	<u>1,344,431</u>	<u>1,344,431</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,329,401</u>	<u>\$ 1,329,401</u>	<u>\$ 1,487,399</u>	<u>\$ 157,998</u>

CITY OF FORTUNA
Transportation SB325 Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
TDA allocation-streets and bike	\$ 204,146	\$ 204,146	\$ 204,146	\$ -
Interest	21,201	21,201	39,825	18,624
Miscellaneous	7,028	7,028	5,305	-1,723
Total revenues	<u>232,375</u>	<u>232,375</u>	<u>249,276</u>	<u>16,901</u>
Expenditures:				
Highways and streets:				
Maintenance	-	-	39,627	(39,627)
Capital outlay	341,000	341,000	108,131	232,869
Total expenditures	<u>341,000</u>	<u>341,000</u>	<u>147,758</u>	<u>193,242</u>
Excess(deficiency) of revenues over expenditures	<u>(108,625)</u>	<u>(108,625)</u>	<u>101,518</u>	<u>210,143</u>
Other financing Sources(Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(108,625)	(108,625)	101,518	210,143
Fund balance, July 1	<u>812,787</u>	<u>812,787</u>	<u>812,787</u>	<u>-</u>
Fund balance, June 30	<u>\$ 704,162</u>	<u>\$ 704,162</u>	<u>\$ 914,305</u>	<u>\$ 210,143</u>

CITY OF FORTUNA
Gas Tax 2105 Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
State allocations:				
Gas tax 2105	\$ 59,020	\$ 59,020	\$ 66,851	\$ 7,831
Gas tax 2106	70,790	70,790	55,083	(15,707)
Gas tax 2107	93,610	93,610	89,459	(4,151)
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>223,420</u>	<u>223,420</u>	<u>211,393</u>	<u>(12,027)</u>
Expenditures:				
Current:				
Highways and streets:				
Traffic control	249,843	249,843	221,721	28,122
Capital outlay:				
Equipment	11,000	11,000	10,287	713
Total expenditures	<u>260,843</u>	<u>260,843</u>	<u>232,008</u>	<u>28,835</u>
Excess(deficiency) of revenues over expenditures	(37,423)	(37,423)	(20,615)	16,808
Other Financing Sources				
Transfers in	-	-	21,690	21,690
Net change in fund balances	(37,423)	(37,423)	1,075	38,498
Fund balance, July 1	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Fund balance, June 30	<u>\$ (37,418)</u>	<u>\$ (37,418)</u>	<u>\$ 1,080</u>	<u>\$ 38,498</u>

CITY OF FORTUNA
Gas Tax 2107.5 Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental- Gas tax 2107.5	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Interest income	23	23	-	(23)
Total revenues	<u>3,023</u>	<u>3,023</u>	<u>3,000</u>	<u>(23)</u>
Expenditures:				
Current:				
Highways and streets	11,624	11,624	11,149	475
Total expenditures	<u>11,624</u>	<u>11,624</u>	<u>11,149</u>	<u>475</u>
Excess(deficiency) of revenues over expenditures	<u>(8,601)</u>	<u>(8,601)</u>	<u>(8,149)</u>	<u>452</u>
Other Financing Sources				
Transfers in	-	-	8,149	8,149
Net change in fund balances	(8,601)	(8,601)	-	8,601
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ (8,601)</u>	<u>\$ (8,601)</u>	<u>\$ -</u>	<u>\$ 8,601</u>

CITY OF FORTUNA
Regional Surface Transportation Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 61,628	\$ 61,628	\$ 451,702	\$ 390,074
Interest	10,454	10,454	9,563	(891)
Miscellaneous	966	966	1,640	674
Total revenues	<u>73,048</u>	<u>73,048</u>	<u>462,905</u>	<u>389,857</u>
Expenditures:				
Current:				-
Other street purposes	-	-	46,611	(46,611)
Total expenditures	-	-	46,611	(46,611)
Excess(deficiency) of revenues over expenditures	<u>73,048</u>	<u>73,048</u>	<u>416,294</u>	<u>343,246</u>
Other financing uses:				
Transfers out	-	-	-	-
Net change in fund balances	73,048	73,048	416,294	343,246
Fund balance, July 1	<u>174,560</u>	<u>174,560</u>	<u>174,560</u>	<u>-</u>
Fund balance, June 30	<u>\$ 247,608</u>	<u>\$ 247,608</u>	<u>\$ 590,854</u>	<u>\$ 343,246</u>

CITY OF FORTUNA
Business Improvement Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services				
Special assessments	\$ 51,100	\$ 51,100	\$ 54,155	\$ 3,055
Interest	750	750	1,003	253
Total revenues	<u>51,850</u>	<u>51,850</u>	<u>55,158</u>	<u>253</u>
Expenditures:				
Current:				
Economic development	<u>50,040</u>	<u>51,850</u>	<u>55,158</u>	<u>(3,308)</u>
Total expenditures	<u>50,040</u>	<u>51,850</u>	<u>55,158</u>	<u>(3,308)</u>
Net change in fund balances	1,810	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FORTUNA
Housing Set Aside Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 24,662	\$ 24,662	\$ 74,482	\$ 49,820
Miscellaneous	1,500	1,500	1,563	63
Total revenues	<u>26,162</u>	<u>26,162</u>	<u>76,045</u>	<u>49,883</u>
Expenditures:				
Current:				
Redevelopment and housing:				
Rehabilitation loans	1,359,158	1,359,158	200,000	1,159,158
Administration	6,172	6,172	19,666	(13,494)
Debt service:				
Principal	10,000	10,000	-	-
Interest	16,992	16,992	79,291	(62,299)
Total expenditures	<u>1,392,322</u>	<u>1,392,322</u>	<u>298,957</u>	<u>1,083,365</u>
Excess(deficiency) of revenues over expenditures	<u>(1,366,160)</u>	<u>(1,366,160)</u>	<u>(222,912)</u>	<u>1,133,248</u>
Other financing sources (uses):				
Transfers in	245,160	245,160	2,183,506	1,938,346
Transfers out	-	-	(18,652)	(18,652)
Total other financing sources(uses)	<u>245,160</u>	<u>245,160</u>	<u>2,164,854</u>	<u>1,919,694</u>
Net changes in fund balances	<u>(1,121,000)</u>	<u>(1,121,000)</u>	<u>1,941,942</u>	<u>3,062,942</u>
Fund balance, July 1	<u>1,187,199</u>	<u>1,187,199</u>	<u>1,187,199</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 66,199</u></u>	<u><u>\$ 66,199</u></u>	<u><u>\$ 3,129,141</u></u>	<u><u>\$ 3,062,942</u></u>

CITY OF FORTUNA
Housing Revolving Loan Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 5,398	\$ 5,398
InterestMiscellaneous	22,838	22,838	155,669	132,831
Total revenues	22,838	22,838	161,067	132,831
Expenditures:				
Current				
Redevelopment and housing:				
Administration	-	-	-	-
Housing project loans	-	-	-	-
Total expenditures	-	-	-	-
Excess(deficiency) of revenues over expenditures	22,838	22,838	161,067	132,831
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources(uses)	-	-	-	-
Net changes in fund balances	22,838	22,838	161,067	138,229
Fund balance, July 1	(7,504)	(7,504)	(7,504)	-
Fund balance, June 30	\$ 15,334	\$ 15,334	\$ 153,563	\$ 138,229

CITY OF FORTUNA
Unrestricted Business Revolving Loan Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 17,360	\$ 17,360	\$ 31,809	\$ 14,449
Miscellaneous	22,466	22,466	68,627	46,161
Total revenues	<u>39,826</u>	<u>39,826</u>	<u>100,436</u>	<u>60,610</u>
Expenditures:				
Current:				
Redevelopment and housing:				
Economic development loans	828,936	828,936	24,036	804,900
Total expenditures	<u>828,936</u>	<u>828,936</u>	<u>24,036</u>	<u>804,900</u>
Excess(deficiency) of revenues over expenditures	<u>(789,110)</u>	<u>(789,110)</u>	<u>76,400</u>	<u>865,510</u>
Other Financing Use:				
Transfers out	-	-	(25,001)	(25,001)
Net change in fund balances	(789,110)	(789,110)	51,399	840,509
Fund balance, July 1	792,626	792,626	792,626	-
Fund balance, June 30	<u>\$ 3,516</u>	<u>\$ 3,516</u>	<u>\$ 844,025</u>	<u>\$ 840,509</u>

CITY OF FORTUNA
Economic Development Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 129,799	\$ 129,799	\$ 127,460	\$ (2,339)
Total revenues	<u>129,799</u>	<u>129,799</u>	<u>127,460</u>	<u>(2,339)</u>
Expenditures:				
Current:				
Economic development	-	-	44,255	(44,255)
Total expenditures	<u>-</u>	<u>-</u>	<u>44,255</u>	<u>(44,255)</u>
Excess(deficiency) of revenues over expenditures	<u>129,799</u>	<u>129,799</u>	<u>83,205</u>	<u>(46,594)</u>
Transfers out	(286,138)	(286,138)	-	286,138
Net changes in fund balances	(156,339)	(156,339)	83,205	239,544
Fund balance, July 1	<u>3,152,990</u>	<u>3,152,990</u>	<u>3,152,990</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2,996,651</u>	<u>\$ 2,996,651</u>	<u>\$ 3,236,195</u>	<u>\$ 239,544</u>

REDEVELOPMENT AGENCY OF THE CITY OF FORTUNA
CDBG Business Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 10,040	\$ 10,040	\$ 21,959	\$ 11,919
Miscellaneous	31,648	31,648	161,367	129,719
Total revenues	<u>41,688</u>	<u>41,688</u>	<u>183,326</u>	<u>141,638</u>
Expenditures:				
Current:				
Redevelopment and housing:				
Economic development loans	-	-	-	-
Administration	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures	<u>41,688</u>	<u>41,688</u>	<u>183,326</u>	<u>141,638</u>
Other financing sources:				
Transfers in	-	-	-	-
Transfers out	(38,851)	(38,851)	-	38,851
Total other financing sources(uses)	<u>(38,851)</u>	<u>(38,851)</u>	<u>-</u>	<u>38,851</u>
Net change in fund balances	2,837	2,837	183,326	180,489
Fund balance, July 1	<u>465,272</u>	<u>465,272</u>	<u>465,272</u>	<u>-</u>
Fund balance, June 30	<u>\$ 468,109</u>	<u>\$ 468,109</u>	<u>\$ 648,598</u>	<u>\$ 180,489</u>

CITY OF FORTUNA
CDBG Unrestricted Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 3,896	\$ 3,896	\$ 7,689	\$ 3,793
Miscellaneous	8,207	8,207	14,972	6,765
Total revenues	<u>12,103</u>	<u>12,103</u>	<u>22,661</u>	<u>10,558</u>
Expenditures:				
Current:				
Redevelopment and housing:				
Housing project loans	189,199	189,199	1,500	187,699
Total expenditures	<u>189,199</u>	<u>189,199</u>	<u>1,500</u>	<u>187,699</u>
Excess(deficiency) of revenues over expenditures	<u>(177,096)</u>	<u>(177,096)</u>	<u>21,161</u>	<u>198,257</u>
Net change in fund balances	(177,096)	(177,096)	21,161	198,257
Fund balance, July 1	<u>179,006</u>	<u>179,006</u>	<u>179,006</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,910</u>	<u>\$ 1,910</u>	<u>\$ 200,167</u>	<u>\$ 198,257</u>

CITY OF FORTUNA
Parking In Lieu Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 4	\$ 4
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures	-	-	4	4
Fund balance, July 1	<u>81</u>	<u>81</u>	<u>81</u>	<u>-</u>
Fund balance, June 30	<u>\$ 81</u>	<u>\$ 81</u>	<u>\$ 85</u>	<u>\$ 4</u>

CITY OF FORTUNA
CDBG OPEN GRANTS Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			<u>Variance With final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
CDBG pass through grants	\$ -	\$ -	\$ -	\$ -
Interest	415	415	65	(350)
Miscellaneous	-	-	-	-
Total revenues	<u>415</u>	<u>415</u>	<u>65</u>	<u>(350)</u>
Expenditures:				
Current:				
Redevelopment and housing:				
Housing loans	148,500	148,500	308,000	(159,500)
Program administration	52,000	52,000	37,328	14,672
Program delivery	10,870	10,870	66,230	(55,360)
Senior services	50,351	50,351	34,355	15,996
Total expenditures	<u>261,721</u>	<u>261,721</u>	<u>445,913</u>	<u>(184,192)</u>
Excess(deficiency) of revenues over expenditures	<u>(261,306)</u>	<u>(261,306)</u>	<u>(445,848)</u>	<u>(184,542)</u>
Other financing sources:				
Transfers out	(125,000)	(125,000)	(72,812)	52,188
Transfers in	386,721	386,721	485,245	98,524
Totals	<u>261,721</u>	<u>261,721</u>	<u>412,433</u>	<u>150,712</u>
Net change in fund balances	415	415	(33,415)	(33,830)
Fund balance, July 1	<u>43,297</u>	<u>43,297</u>	<u>43,297</u>	<u>-</u>
Fund balance, June 30	<u>\$ 43,712</u>	<u>\$ 43,712</u>	<u>\$ 9,882</u>	<u>\$ (33,830)</u>

CITY OF FORTUNA
Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
Recycling grant	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
COPS grant	100,000	100,000	100,008	8
Other grants	-	-	5,000	5,000
CDBG grants	-	-	460,245	460,245
Playground grant	-	-	30,000	30,000
ABC grant	-	-	2,242	2,242
Cal-MMET grant	45,000	45,000	36,046	(8,954)
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>638,541</u>	<u>488,541</u>
Expenditures:				
Current:				
Redevelopment and housing				
Housing loans	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures	<u>150,000</u>	<u>150,000</u>	<u>638,541</u>	<u>488,541</u>
Other financing sources(uses):				
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(638,541)</u>	<u>(488,541)</u>
Net change in fund balances	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FORTUNA
Redevelopment Agency Bond Debt Service Fund Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 3,000	\$ 3,000	\$ 139,688	\$ 136,688
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>139,688</u>	<u>136,688</u>
Expenditures:				
Debt service:				
Costs of issuance		-	472,970	(472,970)
Payment to refunded bond escrow agent		-	184,142	(184,142)
Principal	30,000	30,000	-	30,000
Interest and fiscal charges	<u>53,831</u>	<u>53,831</u>	<u>237,872</u>	<u>(184,041)</u>
Total expenditures	<u>83,831</u>	<u>83,831</u>	<u>894,984</u>	<u>(811,153)</u>
Excess(deficiency) of revenues over expenditures	<u>(80,831)</u>	<u>(80,831)</u>	<u>(755,296)</u>	<u>(674,465)</u>
Other financing sources:				
Proceeds of 2007 bonds	-	-	13,280,000	13,280,000
Premium on sale of bonds	-	-	16,130	16,130
Payment to refunded bond escrow agent	-	-	(950,467)	(950,467)
Transfers in	80,831	80,831	170,261	89,430
Transfers out	<u>-</u>	<u>-</u>	<u>(7,669,040)</u>	<u>(7,669,040)</u>
Total other financing sources (uses)	<u>80,831</u>	<u>80,831</u>	<u>4,846,884</u>	<u>4,766,053</u>
Net change in fund balances	-	-	4,091,588	4,091,588
Fund balance, July 1	<u>110,441</u>	<u>110,441</u>	<u>110,441</u>	<u>-</u>
Fund balance, June 30	<u>\$ 110,441</u>	<u>\$ 110,441</u>	<u>\$ 4,202,029</u>	<u>\$ 4,091,588</u>

CITY OF FORTUNA
Lease Payment Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 950	\$ 950	\$ 525	\$ (425)
Lease payments	245,000	245,000	245,000	-
Interest	4,445	4,445	37,967	33,522
Total revenues	<u>250,395</u>	<u>250,395</u>	<u>283,492</u>	<u>33,097</u>
Expenditures:				
Debt service:				
Payment to refunded bond escrow agent		-	262,428	(262,428)
Principal	120,000	120,000	-	120,000
Interest	140,438	140,438	256,268	(115,830)
Total expenditures	<u>260,438</u>	<u>260,438</u>	<u>518,696</u>	<u>(258,258)</u>
Excess(deficiency) of revenues over expenditures	<u>(10,043)</u>	<u>(10,043)</u>	<u>(235,204)</u>	<u>(225,161)</u>
Other financing sources (uses)				
Transfers in	-	-	1,608,027	1,608,027
Payment refunded bond escrow agent	-	-	(1,608,027)	(1,608,027)
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(10,043)	(10,043)	(235,204)	(225,161)
Fund balance, July 1	<u>378,591</u>	<u>378,591</u>	<u>378,591</u>	<u>-</u>
Fund balance, June 30	<u>\$ 368,548</u>	<u>\$ 368,548</u>	<u>\$ 143,387</u>	<u>\$ (225,161)</u>

CITY OF FORTUNA
City Hall COP Debt Service Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 416	\$ 416
Total revenues	-	-	416	416
Expenditures:				
Debt service:				
Payment refunded bond escrow agent	-	-	37,812	(37,812)
Principal	15,000	15,000	-	15,000
Interest	19,216	19,216	9,608	9,608
Total expenditures	34,216	34,216	47,420	(13,204)
Excess(deficiency) of revenues over expenditures	(34,216)	(34,216)	(47,004)	(12,788)
Other financing sources:				
Transfers in	34,216	34,216	316,788	282,572
Payment to refunded bond escrow agent	-	-	(244,760)	(244,760)
Total other financing sources (uses)	34,216	34,216	72,028	37,812
Net change in fund balances	-	-	25,024	25,024
Fund balance, July 1	3,828	3,828	3,828	-
Fund balance, June 30	<u>\$ 3,828</u>	<u>\$ 3,828</u>	<u>\$ 28,852</u>	<u>\$ 25,024</u>

CITY OF FORTUNA
Redevelopment Agency City Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Debt service:				
Principal	-	-	-	-
Interest	386,436	386,436	270,693	115,743
Total expenditures	386,436	386,436	270,693	115,743
Excess(deficiency) of revenues over expenditures	(386,436)	(386,436)	(270,693)	115,743
Other financing sources:				
Transfers in	-	-	4,061,396	4,061,396
Net change in fund balances	(386,436)	(386,436)	3,790,703	4,177,139
Fund balance, July 1	(9,683,904)	(9,683,904)	(9,683,904)	-
Fund balance, June 30	<u>\$ (10,070,340)</u>	<u>\$ (10,070,340)</u>	<u>\$ (5,893,201)</u>	<u>\$ 4,177,139</u>

CITY OF FORTUNA
Public Infrastructure Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 2,199	\$ 2,199	\$ 8,553	\$ 6,354
Miscellaneous	5,189	5,189	5,430	241
Total revenues	<u>7,388</u>	<u>7,388</u>	<u>13,983</u>	<u>6,595</u>
Expenditures:				
Capital outlay:				
Projects	518,500	518,500	133,717	384,783
Total expenditures	<u>518,500</u>	<u>518,500</u>	<u>133,717</u>	<u>384,783</u>
Excess(deficiency) of revenues over expenditures	<u>(511,112)</u>	<u>(511,112)</u>	<u>(119,734)</u>	<u>391,378</u>
Other financing sources:				
Transfers in	411,138	411,138	72,812	(338,326)
Net change in fund balances	(99,974)	(99,974)	(46,922)	53,052
Fund balance, July 1	<u>115,022</u>	<u>115,022</u>	<u>115,022</u>	<u>-</u>
Fund balance, June 30	<u>\$ 15,048</u>	<u>\$ 15,048</u>	<u>\$ 68,100</u>	<u>\$ 53,052</u>

CITY OF FORTUNA
California Conservation Corps (CCC) Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 11,200	\$ 11,200	\$ 14,000	\$ 2,800
Interest	250	250	192	(58)
Miscellaneous	-	-	-	-
Total revenues	<u>11,450</u>	<u>11,450</u>	<u>14,192</u>	<u>2,742</u>
Expenditures:				
Current:				
Economic development:				
Insurance and taxes	<u>11,236</u>	<u>11,236</u>	<u>14,000</u>	<u>(2,764)</u>
Total expenditures	<u>11,236</u>	<u>11,236</u>	<u>14,000</u>	<u>(2,764)</u>
Excess(deficiency) of revenues over expenditures	<u>214</u>	<u>214</u>	<u>192</u>	<u>(22)</u>
Net change in fund balances	214	214	192	(22)
Fund balance, July 1	<u>7,370</u>	<u>7,370</u>	<u>7,370</u>	<u>-</u>
Fund balance, June 30	<u>\$ 7,584</u>	<u>\$ 7,584</u>	<u>\$ 7,562</u>	<u>\$ (22)</u>

STATISTICAL SECTION

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

Financial Trends	Schedules 1-4
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These schedules contain trend information to help understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	Schedules 5-8
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These schedules contain information to help assess the City's most significant local revenue sources, the revenues realized from property tax revenues, sales tax revenues, water enterprise revenues, and service fees of its wastewater enterprise.

Debt Capacity	Schedules 9-12
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These schedules present information to help assess the afford ability 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	Schedules 13-14
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These schedules offer demographic and economic indicators to help understand the environment within which the City's financial activities take place.

Operating Information	Schedules 15-17
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These schedules contain service and infrastructure data to help understand how the information in the City's financial report relates to services the City provides and the activities it performs.

Schedule 1
City of Fortuna
Net Assets by Component
Last Five Fiscal Years
(Accrual basis of accounting)

	For The Fiscal Years Ended June 30				
	2004	2005	2006	2007	2008
Governmental activities:					
Invested in capital assets, net of related debt	\$ 1,226,738	\$ 1,419,321	\$ 1,581,792	\$ 1,821,091	\$ (7,493,040)
Restricted	9,256,792	11,668,561	12,693,202	15,908,465	26,899,519
Unrestricted	2,240,080	3,137,536	2,843,036	4,165,357	6,192,645
Total governmental activities net assets	\$ 12,723,610	\$ 16,225,418	\$ 17,118,030	\$ 21,894,913	\$ 25,599,124
Business-type activities:					
Invested in capital assets, net of related debt	\$ 14,989,034	\$ 16,350,258	\$ 17,304,740	\$ 16,407,275	\$ 16,893,024
Restricted	1,430,013	1,769,626	1,040,437	2,427,423	6,240,702
Unrestricted	4,138,449	3,330,608	4,044,904	5,158,345	3,582,859
Total business-type activities	\$ 20,557,496	\$ 21,450,492	\$ 22,390,081	\$ 23,993,043	\$ 26,716,585
Primary government (City wide totals)					
Invested in capital assets, net of related debt	\$ 16,215,772	\$ 17,769,579	\$ 18,886,532	\$ 18,228,366	\$ 9,399,984
Restricted	10,686,805	13,438,187	13,733,639	18,335,888	33,140,221
Unrestricted	6,378,529	6,468,144	6,887,940	9,323,702	9,775,504
Total primary government net assets	\$ 33,281,106	\$ 37,675,910	\$ 39,508,111	\$ 45,887,956	\$ 52,315,709

Note: The City implemented GASB Statement Number 34 in the 2004 fiscal year. The information in this schedule is therefore set forth prospectively from the year of implementation.

Schedule 2
City of Fortuna
Changes in Net Assets, Last Five Fiscal Years
(Accrual Basis of Accounting)

For The Fiscal Years Ended June 30

	2004	2005	2006	2007	2008
Expenses:					
Governmental activities:					
General government	\$ 791,392	\$ 853,480	\$ 831,874	\$ 844,481	\$ 893,768
Public safety	1,715,611	2,097,961	2,610,994	2,683,390	2,636,548
Streets	723,531	655,536	759,820	857,535	895,761
Parks and recreation	908,897	910,534	926,591	951,980	1,116,131
Sanitation	16,406	69,616	163,617	64,185	63,986
Redvelopment and housing	250,020	179,073	626,080	1,476,328	659,606
Interest on long-term debt	1,355,628	621,381	579,218	668,406	873,534
Total governmental activities expenses	5,761,485	5,387,581	6,498,194	7,546,305	7,139,334
Business-type activities:					
Water	1,012,067	990,556	1,017,149	1,095,433	1,192,297
Wastewater	1,138,106	1,282,054	1,281,612	1,439,596	1,547,148
Transit	168,669	172,544	189,890	199,388	203,697
Total business-type activities expenses	2,318,842	2,445,154	2,488,651	2,734,417	2,943,142
Total City government expenses	\$ 8,080,327	\$ 7,832,735	\$ 8,986,845	\$ 10,280,722	\$ 10,082,476
Program Revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 120,967	\$ 25,470	\$ 35,847	\$ 30,930	\$ 30,875
Public safety	453,015	509,023	416,707	489,242	388,319
Streets	314,141	207,145	203,927	279,010	243,128
Parks and recreation	502,491	549,542	556,292	580,748	709,743
Sanitation	19,926	29,632	27,883	20,826	39,853
Redemption and housing	352,027	483,124	524,473	1,041,124	1,324,472
Operating grants and contributions	453,125	628,482	811,189	930,531	1,082,365
Capital grants and contributions	2,082,317	2,332,921	485,566	3,885,906	1,865,766
Total governmental activities program revenues	4,298,009	4,765,339	3,061,884	7,258,317	5,684,521
Business-type activities:					
Charges for services:					
Water	1,624,406	1,430,841	1,494,673	1,650,954	1,850,825
Wastewater	1,545,977	1,524,648	1,554,790	2,298,016	3,468,226
Transit	10,526	9,634	9,643	10,707	13,672
Operating grants and contributions	138,403	143,581	161,965	173,388	178,239
Capital grants and contributions	714,250	241,841	219,433	225,766	168,039
Total business-type activities programs revenues	4,033,562	3,350,545	3,440,504	4,358,831	5,679,001
Total City government program revenues	\$ 8,331,571	\$ 8,115,884	\$ 6,502,388	\$ 11,617,148	\$ 11,363,522

Schedule 2 -Continued
City of Fortuna
Changes in Net Assets, Last Five Fiscal Years
(Accrual Basis of Accounting)

For The Fiscal Years Ended June 30

	2004	2005	2006	2007	2008
Net(Expense)Revenue:					
Governmental activities	\$ (1,463,476)	\$ (622,242)	\$ (3,436,310)	\$ (287,988)	\$ (1,454,813)
Business-type activities	1,714,720	905,391	951,853	1,624,414	2,735,859
Total City government	<u>\$ 251,244</u>	<u>\$ 283,149</u>	<u>\$ (2,484,457)</u>	<u>\$ 1,336,426</u>	<u>\$ 1,281,046</u>
General Revenues and Other Changes in in Net Assets:					
Governmental activities:					
Taxes:					
Property taxes	\$ 235,841	\$ 259,886	\$ 310,342	\$ 343,408	\$ 349,486
Incremental property taxes	620,253	681,169	809,616	1,011,169	1,064,985
Sales taxes	1,281,183	1,362,098	1,372,614	1,480,367	1,534,032
Transit occupancy taxes	386,430	392,845	405,347	469,567	473,376
Other taxes	287,009	306,290	313,242	374,640	346,639
Unrestricted grants and contributions	-	-	-	-	-
Motor vehicle in lieu fees not restricted to a specific program	518,029	849,130	769,183	891,241	930,346
Unrestricted investment earnings	533,276	180,081	246,580	373,055	344,607
Other general revenues	78,806	80,156	89,734	99,972	103,236
Transfers	1,874,530	12,395	12,264	21,452	12,317
Total governmental activities	<u>5,815,357</u>	<u>4,124,050</u>	<u>4,328,922</u>	<u>5,064,871</u>	<u>5,159,024</u>
Business-type activities					
Investment earnings	-	-	-	-	-
Transfers	(1,874,530)	(12,395)	(12,264)	(21,452)	(12,317)
Total business-type activities	<u>(1,874,530)</u>	<u>(12,395)</u>	<u>(12,264)</u>	<u>(21,452)</u>	<u>(12,317)</u>
Total City government	<u>\$ 3,940,827</u>	<u>\$ 4,111,655</u>	<u>\$ 4,316,658</u>	<u>\$ 5,043,419</u>	<u>\$ 5,146,707</u>
Change in net assets:					
Governmental activities	\$ 4,351,881	\$ 3,501,808	\$ 892,612	\$ 4,776,883	\$ 3,704,211
Business-type activities	(159,810)	892,996	939,589	1,602,962	2,723,542
Total City government	<u>\$ 4,192,071</u>	<u>\$ 4,394,804</u>	<u>\$ 1,832,201</u>	<u>\$ 6,379,845</u>	<u>\$ 6,427,753</u>

Note: The city implemented GASB Statement Number 34 in the 2004 fiscal year. The information in this schedule is therefore set forth prospectively from the year of implementation.

**Schedule 3
City of Fortuna
Fund Balances, Governmental Funds
Last Five Fiscal Years**

Fiscal Year	General Fund			All Other Governmental Funds				
	Reserved	Unreserved	Total General Fund	Unreserved, reported in				
				Reserved	Debt Service	Capital Projects	Special Revenue	Total
2008	\$ 5,023,783	\$ 4,794,894	\$ 9,818,677	\$ 1,515,590	\$ (1,248,659)	\$ 3,766,046	\$ 13,086,885	\$ 17,119,862
2007	4,853,004	4,529,999	9,383,003	1,000,401	(9,191,044)	122,392	9,888,475	1,820,224
2006	6,666,173	1,685,440	8,351,613	5,946,972	(8,742,636)	137,226	3,241,056	582,618
2005	4,480,124	3,477,888	7,958,012	954,176	(6,846,117)	148,608	5,572,237	(171,096)
2004	4,325,320	2,798,927	7,124,247	902,256	(6,915,514)	187,306	5,129,136	(696,816)

Note: The City implemented GASB statement Number 34 in the 2004 fiscal year. The information in this schedule is therefore set forth prospectively from the year of implementation.

Schedule 4
City of Fortuna
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In Rounded Thousands of Dollars)
(Modified accrual basis of accounting)

	Fiscal Years Ended June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Taxes	\$ 1,873	\$ 2,216	\$ 2,181	\$ 2,362	2,540	\$ 2,810	\$ 3,002	\$ 3,211	\$ 3,679	\$ 3,769
Licenses and permits	145	215	273	232	225	240	197	155	173	104
Fines and forfeits	35	38	36	34	43	59	91	93	98	92
Charges for services	253	322	502	592	777	887	1,007	945	1,059	1,142
Special assessments	-	-	-	-	-	45	48	50	51	54
Intergovernmental	1,138	1,176	1,742	1,265	1,803	2,904	3,520	1,899	5,460	2,650
Investment earnings	775	878	1,033	1,122	1,124	742	388	519	915	1,066
Other revenues	412	291	376	607	223	831	959	936	1,302	918
Total revenues	4,631	5,136	6,143	6,214	6,735	8,518	9,212	7,808	12,737	9,795
Expenditures:										
General government	372	436	419	482	678	715	702	684	704	799
Public safety	1,192	1,196	1,293	1,487	1,587	1,657	2,010	2,565	2,652	2,605
Parks and recreation	461	512	541	573	736	738	814	856	931	1,005
Highways and streets	608	1,369	1,021	502	1,182	515	479	545	663	739
Health and welfare	36	39	110	264	7	16	70	164	50	64
Economic development and redevelopment	138	155	136	187	151	2,094	2,520	600	4,131	953
Capital outlay	1,567	709	812	962	240	986	618	505	504	679
Debt service:										
Payment to escrow agent										484
Costs of issuance										606
Principal	93	99	156	110	121	132	138	148	159	-
Interest	683	788	951	1,209	1,293	1,385	515	606	695	911
Total expenditures	5,150	5,303	5,439	5,776	5,995	8,238	7,866	6,673	10,489	8,845
Excess of revenues over(under) expenditures	(519)	(167)	704	438	740	280	1,346	1,135	2,248	950
Other Financing Sources(Uses)										
Proceeds from borrowing	1,672	1,001	3,751	1,061	1,012	-	-	-	-	17,577
Payment to escrow agent										(2,803)
Gain on sale of land for resale	6	24	-	-	-	-	-	-	-	-
Purchase of land for resale	(30)	-	-	-	-	-	-	-	-	-
Transfers in	1,644	1,152	1,888	1,354	1,260	6,026	2,479	1,032	1,166	16,895
Transfers out	(1,702)	(1,220)	(1,879)	(1,342)	(1,248)	(4,151)	(2,466)	(1,020)	(1,145)	(16,884)
Total other financing sources(uses)	1,590	957	3,760	1,073	1,024	1,875	13	12	21	14,785
Net change in fund balances	\$ 1,071	790	4,464	1,511	1,764	2,155	\$ 1,359	\$ 1,147	\$ 2,269	\$ 15,735
Debt service as a percentage of noncapital expenditures	21.66%	19.31%	23.92%	27.40%	24.57%	20.92%	9.01%	12.22%	8.55%	24.50%

Schedule 5
City of Fortuna
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(In thousands of dollars)

Fiscal Year	Assessed Taxable Values			Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Secured	Unsecured	Totals			
1998-1999	390,600	28,819	419,419	1.00%	1,017,670	41.21%
1999-2000	406,688	26,727	433,415	1.00%	1,054,901	41.09%
2000-2001	418,692	23,764	442,456	1.00%	1,080,679	40.94%
2001-2002	443,865	25,834	469,699	1.00%	1,146,568	40.97%
2002-2003	475,779	25,780	501,559	1.00%	1,226,276	40.90%
2003-2004	513,700	28,521	542,221	1.00%	1,324,994	40.92%
2004-2005	556,052	29,536	585,588	1.00%	1,432,324	40.88%
2005-2006	619,836	30,661	650,497	1.00%	1,593,391	40.82%
2006-2007	691,689	31,924	723,613	1.00%	1,774,828	40.77%
2007-2008	747,213	34,982	782,195	1.00%	1,918,007	40.78%

Source: Hdl, Coren & Cone, Humboldt County Assessor Combined Tax Rolls.

Note: Property in Humboldt County is assessed at market value in the year in which the property is exchanged pursuant to a sale. In years thereafter, the assessed value is increased by one percent as required by state law. Based upon the frequency of property exchanges, assessed value is estimated to be about 40 percent of actual value for secured property and about 70 percent for unsecured property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$100 of assessed values.

Schedule 6
City of Fortuna
Direct and Overlapping Property Tax Rates
For The Last Ten Fiscal Years
(Rates per \$100 of assessed value)

Agency	10 Year Detail of all Taxpayer Rates for largest General Fund Tax Rate Area 005-0000 (direct rate agencies in bold)									
	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
City of Fortuna Tax And Fine Trust	0.07327	0.07327	0.07327	0.07327	0.07327	0.07327	0.07327	0.07327	0.07327	0.07327
County Library	0.03020	0.03020	0.03020	0.03020	0.03020	0.03020	0.03020	0.03020	0.03020	0.03020
County School Service	0.01470	0.01470	0.01470	0.01470	0.01470	0.01470	0.01470	0.01470	0.01470	0.01470
Fortuna Cemetery District	0.00409	0.00409	0.00409	0.00409	0.00409	0.00409	0.00409	0.00409	0.00409	0.00409
Fortuna Fire Protection	0.04166	0.04166	0.04166	0.04166	0.04166	0.04166	0.04166	0.04166	0.04166	0.04166
Fortuna Union High School District	0.21344	0.21344	0.21344	0.21344	0.21344	0.21344	0.21344	0.21344	0.21344	0.21344
Fortuna Union School District	0.21961	0.21961	0.21961	0.21961	0.21961	0.21961	0.21961	0.21961	0.21961	0.21961
General	0.32120	0.32120	0.32120	0.32120	0.32120	0.32120	0.32120	0.32120	0.32120	0.32120
Humboldt Bay Harbor Recreation	0.00930	0.00930	0.00930	0.00930	0.00930	0.00930	0.00930	0.00930	0.00930	0.00930
Humboldt Flood Zone 1-1	0.00564	0.00564	0.00564	0.00564	0.00564	0.00564	0.00564	0.00564	0.00564	0.00564
Redwood Junior College District	0.06488	0.06488	0.06488	0.06488	0.06488	0.06488	0.06488	0.06488	0.06488	0.06488
Rohrer Community Park & Recreation Dist.	0.00201	0.00201	0.00201	0.00201	0.00201	0.00201	0.00201	0.00201	0.00201	0.00201
Total Prop. 13 Rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
CR 2005 Go Bond	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01300	0.01000	0.01500
Fortuna High Go Bonds 2000	0.00000	0.00000	0.01100	0.01000	0.00800	0.01000	0.00700	0.00700	0.00500	0.00500
Fortuna Union Elementary Bond - 2006	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02600
Total Voter Approved Rate	0.00000	0.00000	0.01100	0.01000	0.00800	0.01000	0.00700	0.02000	0.01500	0.04600
Total Tax Rate	1.00000	1.00000	1.01100	1.01000	1.00800	1.01000	1.00700	1.02000	1.01500	1.04600

Notes:
 General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate area (TRA) by net taxable value.
 Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. The percentages presented in the columns above do not sum across rows.
 RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

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

Source: HDL Coren & Cone, and Humboldt County Assessor 1998/99 - 2007/08 Tax Rate Table

Schedule 7
City of Fortuna
Principal Property Tax Payers - Top Ten Payers
Ranked In Order of Gross Assessed Values
Current Year and Nine Years Ago
(Dollar Amounts in Thousands)

2007-08		1998-99		Percentage of Total City Taxable	
Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Assessed Value
Pacific Lumber Company	\$ 8,044	Pacific Lumber Company	\$ 24,286	1	5.79%
Patrick S. O'Dell	6,256	Humboldt Publishing Company	7,743	2	1.85%
Peterson Tractor Company	5,217	Fortuna Communications Corp	3,703	3	0.88%
Wendt Construction Company Inc.	4,623	Carl Marchetti Jr. Trust	2,604	4	0.62%
Carl Marchetti Jr. Trust	4,087	Wendt Construction Company Inc.	2,022	5	0.48%
Vapa LLC	2,976	Pravin & Sima Patel	1,547	6	0.37%
Manilal C. Patel	2,894	C. Anthony Fleshner	1,488	7	0.35%
SFP B Limited Partnership	1,983	Keath & Barbara North	1,446	8	0.34%
Harry A. Hardin	1,944	Chiman Patel	1,393	9	0.33%
Dennis P. Fitze	1,832	SFP B Partnership	1,308	10	0.31%
Total	\$ 39,856	Total	\$ 47,540		11.33%

Source: HdL Coren & Cone

**Schedule 8
City of Fortuna
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of The Levy	
		Amount	Percentage of Levy
1999	501,559	\$ 501,559	100%
2000	664,892	\$ 664,892	100%
2001	595,755	\$ 595,755	100%
2002	709,859	\$ 709,859	100%
2003	757,664	\$ 757,664	100%
2004	856,094	\$ 856,094	100%
2005	941,055	\$ 941,055	100%
2006	1,119,958	\$ 1,119,958	100%
2007	1,354,577	\$ 1,354,577	100%
2008	1,414,471	\$ 1,414,471	100%

Note: Source is City of Fortuna Tax Collection records and Humboldt County Assessor records. Property taxes are levied and collected pursuant to an arrangement commonly referred to as the Teeter Plan. Under the Teeter Plan, the County allocates and remits to the City the full amount of each years tax levy, and the County then retains any delinquencies as collected by the County

**Schedule 8-A
City of Fortuna
Sales Tax Revenue Base Data
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Revenue Base City-Wide Retail Sales Subject to Tax</u>	<u>Total Retail Sales Tax Rate</u>	<u>City Direct Tax Rate</u>	<u>Revenue Recognized By the City</u>
1999	97,883,500	7.25%	1.00%	978,835
2000	113,879,500	7.25%	1.00%	1,138,795
2001	113,909,000	7.00%	1.00%	1,139,090
2002	116,306,600	7.25%	1.00%	1,163,066
2003	122,601,300	7.25%	1.00%	1,226,013
2004	128,118,300	7.25%	1.00%	1,281,183
2005	136,209,800	7.25%	1.00%	1,362,098
2006	137,261,400	7.25%	1.00%	1,372,614
2007	148,036,700	7.25%	1.00%	1,480,367
2008	153,403,200	7.25%	1.00%	1,534,032

Note: The City's direct retail sales tax rate is established pursuant to the City's Municipal Code. Any increase in the City's direct tax rate requires voter approval

Schedule 8-B
City of Fortuna
Top 25 Sales Tax Producers
Current Year and Nine Years Ago
(In Alphabetical Order)

2007-2008		1998-1999	
Business Name	Business Category	Business Name	Business Category
Beverage Plus Foods	Grocery Stores Liquor	Beverage Plus Foods	Grocery Stores Liquor
Burger King	Restaurants No Alcohol	Burger King	Restaurants No Alcohol
C Crane Company	Electrical Equipment	C Crane Company	Electrical Equipment
Eel River Brewing	Restaurants Beer and Wine	Coast To Coast	Hardware Stores
Eel River Hydroponics	Garden/Agricultural Supplies	Dennys Restaurant	Restaurants Liquor
Eel Valley TV & Appliance	Appliance Stores	Forbusco Lumber	Lumber/Building Materials
Forbusco Lumber	Lumber/Building Materials	Fortuna Chevron	Service Stations
Fortuna Ace Hardware & Garden	Hardware Stores	Fortuna Gas 4 Less	Service Stations
Fortuna Chevron	Service Stations	Fortuna Glass	Paint/Glass/Wallpaper
Fortuna Gas 4 Less	Service Stations	Fortuna Motors	New Motor Vehicle Dealers
Fortuna Motors	New Motor Vehicle Dealers	Gary Crivellos Cars	Used Auto Dealers
Gary Crivellos Cars	Used Auto Dealers	Johnson & Carter	Petroleum Prod/Equip
Kragen Auto Parts	Automotive Supply Stores	L & M Renner	Petroleum Prod/Equip
L & M Renner	Petroleum Prod/Equipment	Lows Furniture Company	Home Furnishings
Les Schwab Tire Centers	Automotive Supply Stores	McDonalds	Restaurants No Alcohol
Lows Furniture Company	Home Furnishings	Rays Food Place	Grocery Stores Liquor
McDonalds	Restaurants No Alcohol	Rite Aid	Drug Stores
Mercer Fraser	Contractors	Rohnerville 76	Service Stations
Peterson Tractor	Farm/Construction Equipment	Safeway Store	Grocery Stores Liquor
Rays Food Place	Grocery Stores Liquor	Sequoia Gas	Fuel/Ice Dealers
Rite Aid	Drug Stores	Timberland Chev Geo Pontiac Olds	New Motor Vehicle Dealers
Rohnerville 76	Service Stations	Truck & Industrial Supply	Automotive Supply Stores
Safeway Store	Grocery Stores Liquor	Unocal 76	Service Stations
Village Sport & Cycle	Sporting Goods/Bike Stores	Village Sport & Cycle	Sporting Goods/Bike Stores
Walgreens	Drug Stores	Western Auto Associate Store	General Merchandise

Percent of Fiscal Year Total Paid By Top 25 Accounts = 73.00%

Percent of Fiscal Year Total Paid By Top 25 Accounts = 67.86%

Period: April 2007 - March 2008

Period: April 1998 - March 1999

Source: Hinderliter, de Llamas & Associates, State Board of Equalization

**Schedule 8-C
City of Fortuna
Transient Occupancy Tax Revenue Base Data
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Revenue Base Room Revenues Subject to Tax</u>	<u>City Direct Tax Rate</u>	<u>Revenue Recognized By the City</u>
1999	\$ 2,293,638	8.00%	183,491
2000	\$ 2,479,038	8.00%	198,323
2001	\$ 2,769,013	8.00%	221,521
2002	\$ 2,907,988	8.00%	232,639
2003	3,078,188	10.00%	284,198
2004	\$ 3,864,300	10.00%	386,430
2005	\$ 3,928,450	10.00%	392,845
2006	\$ 4,053,470	10.00%	405,347
2007	\$ 4,695,670	10.00%	469,567
2008	\$ 4,733,760	10.00%	473,376

Note: The transient occupancy tax can only be changed by approval of the voters, and the rate was increased effective October 1, 2002 by a special election.

**Schedule 8 D
City of Fortuna
Principal Transient Occupancy Tax Payers
Last Ten Fiscal Years
(In Alphabetical Order)**

Fiscal Years Ended June 30

2008	2007	2006	2005
Best Western Motel	Best Western Motel	Best Western Motel	Best Western Motel
Comfort Inn	Comfort Inn	Comfort Inn	Comfort Inn
Fortuna Travel Inn	Fortuna Travel Inn	Fortuna Motor Lodge	Fortuna Motor Lodge
Holiday Inn Express	Holiday Inn Express	Holiday Inn Express	Holiday Inn Express
National Nine	National Nine	National Nine	National Nine
Riverwalk RV Park	Riverwalk RV Park	Riverwalk RV Park	Riverwalk RV Park
Six Rivers Motel	Six Rivers Motel	Six Rivers Motel	Six Rivers Motel
Super 8 Motel	Super 8 Motel	Super 8 Motel	Super 8 Motel

Fiscal Years Ended June 30

2004	2003	2002	2001
Best Western Motel	Best Western Motel	Best Western Motel	Best Western Motel
Comfort Inn	Comfort Inn	Comfort Inn	Fortuna Motor Lodge
Fortuna Motor Lodge	Fortuna Motor Lodge	Fortuna Motor Lodge	Holiday Inn Express
Holiday Inn Express	Holiday Inn Express	Holiday Inn Express	National Nine
National Nine	National Nine	National Nine	Riverwalk RV Park
Riverwalk RV Park	Riverwalk RV Park	Riverwalk RV Park	Six Rivers Motel
Six Rivers Motel	Six Rivers Motel	Six Rivers Motel	Super 8 Motel
Super 8 Motel	Super 8 Motel	Super 8 Motel	

Fiscal Year Ended June 30

2000	1999
Best Western Motel	Best Western Motel
Fortuna Motor Lodge	Fortuna Motor Lodge
Holiday Inn Express	Holiday Inn Express
National Nine	National Nine
Riverwalk RV Park	Riverwalk RV Park
Six Rivers Motel	Six Rivers Motel
Super 8 Motel	Super 8 Motel

**Schedule 8-E
City of Fortuna
Water and Sewer Rates
Last Ten Fiscal Years**

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate Per 100 Cubic Feet	Monthly Base Rate	Rate Per 100 Cubic Feet
1999	7.61	0.96	13.20	n/a
2000	7.61	0.96	13.44	n/a
2001	7.60	0.96	13.42	n/a
2002	7.98	1.01	13.83	n/a
2003	10.98	1.39	16.83	n/a
2004	11.58	1.47	19.83	n/a
2005	12.21	1.55	21.81	n/a
2006	12.21	1.55	21.81	n/a
2007	13.42	1.42	21.54	4.79
2008	15.49	1.53	33.14	7.36

**Schedule 8 - F
City of Fortuna
Water and Wastewater Principal Payers - Revenue Concentration Data
Last Ten Fiscal Years**

Water Revenue Concentration Data

Fiscal Year	Residential		Non-Residential		Totals	
	Revenue In Dollars	Number of Customers	Revenue In Dollars	Number of Customers	Revenue In Dollars	Number of Connections
1999	Not Available	4287	Not Available	395	Not Available	4682
2000	Not Available	4352	Not Available	395	Not Available	4747
2001	Not Available	4426	Not Available	435	Not Available	4861
2002	Not Available	4456	Not Available	488	Not Available	4944
2003	\$ 832,207	4541	\$ 167,997	495	\$ 1,000,204	5036
2004	\$ 1,081,929	4593	\$ 212,154	496	\$ 1,294,083	5089
2005	\$ 1,116,851	4716	\$ 219,313	503	\$ 1,336,164	5219
2006	\$ 1,139,049	4794	\$ 202,234	511	\$ 1,341,283	5305
2007	\$ 1,116,416	4872	\$ 326,639	519	\$ 1,443,055	5391
2008	\$ 1,251,548	4925	\$ 423,385	546	\$ 1,674,933	5471

Wastewater Revenue Concentration Data

Fiscal Year	Residential		Non-Residential		Totals	
	Revenue In Dollars	Number of Customers	Revenue In Dollars	Number of Customers	Revenue In Dollars	Number of Connections
1999	Not Available	4027	Not Available	367	Not Available	4394
2000	Not Available	4082	Not Available	367	Not Available	4449
2001	Not Available	4160	Not Available	381	Not Available	4541
2002	Not Available	4199	Not Available	437	Not Available	4636
2003	\$ 764,477	4302	\$ 252,867	443	\$ 1,017,344	4745
2004	\$ 962,118	4360	\$ 317,664	448	\$ 1,279,782	4808
2005	\$ 1,076,412	4474	\$ 339,524	455	\$ 1,415,936	4929
2006	\$ 1,076,505	4548	\$ 348,159	462	\$ 1,424,664	5010
2007	\$ 1,591,692	4625	\$ 526,214	474	\$ 2,117,906	5099
2008	\$ 2,506,067	4672	\$ 792,643	495	\$ 3,298,711	5167

Note: Revenue Totals come from subsidiary utility billing journals and do not include year end closing adjustments.

Schedule 9
City of Fortuna
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years
(Dollars in Thousands except for Per Capita)

Fiscal Year	Governmental Activities			Business-type Activities			Revenue Bonds	Total City Debt	City Debt as Percentage of Personal Income	Total City Debt Per Capita	Per Capita Personal Income
	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Revenue Bonds	Capital Lease Obligations	Loans					
1999	-	1,335	370	-	2,635	331	899	5,570	2.48%	\$ 544	21923
2000	-	1,310	361	-	2,570	314	867	5,422	2.28%	\$ 530	23236
2001	-	1,285	351	-	2,500	294	832	5,262	2.06%	\$ 496	24075
2002	-	1,260	341	-	2,425	273	795	5,094	1.96%	\$ 474	24219
2003	-	1,230	331	-	2,345	250	755	4,911	1.81%	\$ 451	24959
2004	-	1,200	319	-	2,255	224	713	4,711	1.62%	\$ 425	26224
2005	-	1,170	307	-	2,160	195	668	4,500	1.46%	\$ 400	27441
2006	-	1,135	294	-	2,060	164	620	4,273	1.31%	\$ 378	28885
2007	-	1,100	280	-	1,950	129	-	25,364	7.84%	\$ 381	28885 *
2008	-	-	-	17,500	-	90	-	39,305	7.72%	\$ 376	28885 *

*2007 & 2008 per capita personal income not final - 2006 used in calculation

**Schedule 10
City of Fortuna
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008**

CITY OF FORTUNA

2007-08 Assessed Valuation: \$782,195,290
 Redevelopment Incremental Valuation: 135,801,575
 Adjusted Assessed Valuation: \$646,393,715

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/08	% Applicable (1)	City's Share of Debt 6/30/08
Redwoods Joint Community College District	\$32,240,000	5.064%	\$1,632,634
Fortuna Union High School District	1,335,000	43.812	584,890
Fortuna Union School District	3,899,984	71.075	2,771,914
Humboldt Bay Harbor Recreation and Conservation District	2,765,000	7.183	198,610
City of Fortuna 1915 Act Bonds	324,250	100.	<u>324,250</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$5,512,298
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Humboldt County Certificates of Participation	\$14,575,000	7.183%	\$1,046,922
Humboldt County Board of Education Certificates of Participation	1,045,000	7.183	75,062
Redwoods Joint Community College District Certificates of Participation	693,700	5.064	35,129
City of Fortuna General Fund Obligations	4,220,000	100.	<u>4,220,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$5,377,113
COMBINED TOTAL DEBT			\$10,889,411 (2)

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
 (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2007-08 Assessed Valuation:
 Total Overlapping Tax and Assessment Debt..... 0.70%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$4,220,000)..... 0.65%
 Combined Total Debt 1.68%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: \$0

YV:(\$425)

Source: California Municipal Statistics, Inc.

**Schedule 11
City of Fortuna
Legal Debt Margin Information
Last Ten Fiscal Years**

Fiscal Year	Debt Limit	Total Debt Applicable To Limit	Total Debt Applicable To Limit as Percentage of Debt Limit
1999	\$ 62,904,597	-	0%
2000	\$ 64,972,060	-	0%
2001	\$ 68,479,949	-	0%
2002	\$ 70,581,384	-	0%
2003	\$ 75,280,380	-	0%
2004	\$ 81,214,407	-	0%
2005	\$ 87,838,264	-	0%
2006	\$ 97,574,663	-	0%
2007	\$ 108,541,973	-	0%
2008	\$ 117,329,294	-	0%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 782,195,290
Debt limit (15% of assessed value)	117,329,294
Less debt applicable to limit:	
General obligation bonds	-
Total debt applicable to limit	-
Legal debt margin	<u><u>\$ 117,329,294</u></u>

Under state finance law, the city's outstanding general obligation bonded debt should not exceed 15 percent of total assessed property value.

Source of Assessed Taxable Values: HdL, Coren and Cone,
Humboldt County Assessor Combined Tax Rolls

**Schedule 12
City of Fortuna
Pledged Revenue Coverage
Last Ten Fiscal Years**

	Water Certificates of Participation						
	Water Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
1999	924,306	64,326	451,444	537,188	30,000	64,155	5.71
2000	963,992	58,991	474,804	548,179	32,000	62,930	5.77
2001	1,057,199	229,750	492,548	794,401	35,000	60,690	8.30
2002	1,097,068	544,546	551,686	1,089,928	37,000	58,240	11.44
2003	1,334,403	419,479	600,043	1,153,839	40,000	56,750	11.93
2004	1,624,406	445,937	704,928	1,365,415	42,000	51,850	14.55
2005	1,430,841	96,381	687,088	840,134	45,000	49,910	8.85
2006	1,494,673	72,969	733,227	834,415	48,000	46,760	8.81
2007	1,633,751	74,509	848,444	859,816	-	21,700	39.62
2008	1,847,225	65,152	939,052	973,325	-	-	n/a

	Water Revenue Bonds						
	Water Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2007	1,633,751	74,509	848,444	859,816	-	174,641	4.92
2008	1,847,225	65,152	939,052	973,325	-	369,829	2.63

	Wastewater Revenue Bonds						
	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2007	2,286,744	151,257	1,051,685	1,386,316	-	297,764	4.66
2008	3,468,226	102,887	1,140,051	2,431,062	190,000	627,473	2.97

	RDA Tax Allocation Bonds			
	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
1999	314,446	25,000	83,570	2.90
2000	357,419	25,000	82,289	3.33
2001	394,211	25,000	80,945	3.72
2002	509,036	25,000	79,545	4.87
2003	550,614	30,000	77,963	5.10
2004	620,253	30,000	76,208	5.84
2005	681,169	30,000	74,423	6.52
2006	809,616	35,000	72,455	7.53
2007	1,011,169	35,000	70,303	9.60
2008	1,064,985	-	-	n/a

	RDA Revenue Bonds			
	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
2008	1,064,985	-	317,164	3.36

Notes: Water & Wastewater revenues include operating revenues, interest revenues, and capital impact fees.
Operating expenses exclude depreciation and amortization

Water Certificates of Participation were refunded in advance with a portion of the proceeds from the 2006 Water Revenue Bonds.

The RDA Tax Allocation Bonds were refunded in advance with a portion of the proceeds from the 2007 Revenue Bonds.

**Schedule 13
City of Fortuna
Demographic and Economic Statistics
For The Last Ten Fiscal Years**

Fiscal Year	Population ¹	Personal Income	Per Capita ² Personal Income	Unemployment Rate ²
1999	10,234	224,359,982	21,923	6.50%
2000	10,225	237,588,100	23,236	5.80%
2001	10,609	255,411,675	24,075	6.00%
2002	10,742	260,160,498	24,219	6.70%
2003	10,880	271,553,920	24,959	6.90%
2004	11,075	290,430,800	26,224	6.50%
2005	11,250	308,711,250	27,441	6.10%
2006	11,314	326,804,890	28,885	5.60%
2007	11,207	323,714,195	28,885 *	5.80%
2008	11,374	328,537,990	28,885 *	5.80% **

1 Source: California Department of Finance

2 Source: Californial Employment Development Department
Figures are for Humboldt County

* 2007 & 2008 per capita personal income not final - 2006 used in calculation

** 2008 annual unemployment rate not final - 2007 used in calculation

Schedule 14
 City of Fortuna
 Principal Employers (Ten Largest)
 Last Three Fiscal Years
 (In Alphabetical Order)

Fiscal Year Ended June 30, 2008

Fiscal Year Ended June 30, 2007

Fiscal Year Ended June 30, 2006

Employer	Employer	Employer
City of Fortuna	City of Fortuna	City of Fortuna
Eel River Disposal	Eel River Disposal	Eel River Disposal
Fortuna Motors	Fortuna Motors	Fortuna Motors
Fortuna Union Elementary School District	Fortuna Union Elementary School District	Fortuna Union Elementary School District
Fortuna Union High School District	Fortuna Union High School District	Fortuna Union High School District
Redwood Memorial Hospital	Redwood Memorial Hospital	Redwood Memorial Hospital
Rohnerville School District	Rohnerville School District	Rohnerville School District
Safeway	Safeway	Safeway
St. Luke's Health Care	St. Luke's Health Care	St. Luke's Health Care
Wendt Construction	Wendt Construction	Wendt Construction

Note: Information about principal employers was not previously provided by the City in the statistical section of its Comprehensive Annual Financial Report. The City implemented GASB Statement Number 44 in the 2006 fiscal year, and therefore information in this schedule is being provided prospectively from the year of implementation. The California Employment Development Department considers the number of employees an employer has to be proprietary information. Thus the City of Fortuna is not providing total number of employees on this schedule.

Sources: Fortuna Business Improvement District, Fortuna Chamber of Commerce, & City of Fortuna.

Schedule 15
City of Fortuna
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government:										
City Manager	3	3	3	3	4	3	3	3	3	4
Finance	5	5	5	5	4	4	4	4	4	4
Police	21	21	22	23	23	21	23	23	24	24
Community Development	4	4	4	4	4	5	6	6	6	6
Public Works/Environmental Services	17	17	19	19	21	24	23	24	24	25
Parks and Recreation	4	4	4	5	5	6	6	6	7	7
River Lodge Conference Center	-	-	-	-	-	3	2	2	3	2
Transit	-	-	-	-	-	2	2	2	2	2
Totals	54	54	57	59	61	68	69	70	73	74

**Schedule 16
City of Fortuna
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1										
Police:										
Physical arrest	1,128	798	744	1,027	1,034	1,002	1,074	1,046	1,180	1,240
Traffic violations	726	269	255	966	781	757	860	1,132	899	950
Planning:										
Building permits issued	282	267	241	317	283	388	338	308	317	279
Public works:										
Miles streets resurfaced	1.00	1.50	0.25	0.50	0.75	1.00	0.50	1.50	0.50	0.33
Riverlodge/Monday Club										
Community Events Held	203	211	215	250	312	300	313	354	410	410
Parks and Recreation:										
Recreation Program Admissions	18,579	19,697	17,770	25,570	29,719	37,869	41,104	40,810	47,368	36,791
Water:										
Number new connections	61	65	114	83	92	53	130	86	86	80
Daily average water production in MGD	1.30	1.30	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.30
Daily average water consumption in MGD	1.30	1.30	1.40	1.30	1.30	1.40	1.30	1.30	1.40	1.30
Wastewater:										
Number new connections	40	55	92	95	109	63	121	81	89	68
Daily average treatment in millions gallons(MGD)	1.00	1.10	1.10	1.10	1.30	1.20	1.30	1.30	1.20	1.20

1 Police and Parks & Recreation statistics are reported on a calendar year (January - December) basis.

Schedule 17
City of Fortuna
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	7	7	7	8	9	9	11	12	12
Public Works:										
Miles of streets	45	49	52	52	52	52	52	52	53	54
Streetlights	not available	not available	600	600	605	610	615	620	620	623
Traffic signals	3	3	3	3	3	3	4	4	4	5
Riverlodge/Monday Club										
Community centers	2	2	2	2	2	2	2	2	2	2
Parks and Recreation:										
Parks	2	2	2	2	2	2	2	2	2	2
Park acreage	85	85	85	85	85	85	85	85	85	85
Skate Pavilion	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Water:										
Miles of mains										
Number connections	4,682	4,747	4,861	4,944	5,036	5,089	5,219	5,305	5,391	5,471
Maximum plant capacity in millions gallons	2.10	2.10	2.10	2.10	2.70	3.00	3.00	3.00	3.00	3.10
Wastewater:										
Miles of sewers	37	37	38	38	38	38	42	42	42	42
Number connections	4,394	4,449	4,541	4,636	4,745	4,808	4,929	5,010	5,099	5,167
Maximum plant capacity in millions gallons	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.50	1.50	7.00