

**CITY OF FORTUNA, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**for the**  
**Fiscal Year Ended June30, 2009**

*Prepared By the Department of Finance*



**INTRODUCTORY SECTION**



**CITY OF FORTUNA, CALIFORNIA  
Comprehensive Annual Financial Report  
for the  
Fiscal Year Ended June 30, 2009**

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January 29, 2010

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, 2009.

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, 2009. 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 11,351 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 2009 was 11.5 percent, compared to 12.1 percent for the State. This was an increase of 29 percent from the preceding year. The County labor force decreased during the year by 2,300 to 59,500.

About 55 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 2009, revenues from these types of taxes in the aggregate increased by about 5 percent. The sales tax, the City's single most significant revenue source, increased about 4 percent.

The City expects that transit occupancy tax and sales tax revenues will not grow significantly in the 2010 fiscal year; but we do expect that these revenues will remain stable with only a slight decline. The City plans to monitor closely these revenue sources in 2010 given recent economic and national events in order to evaluate the viability of the City's 2010 financial plan.

#### Long-Term Financial Planning

The City, in fiscal year 2010, 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 2009 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 2009. 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 2010 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 long horizontal flourish extending to the right.

Paul L. Rodrigues, CPA  
Finance Director



**CITY OF FORTUNA, CALIFORNIA**  
**List of Principal Officials**  
**June 30, 2009**

***City Council***

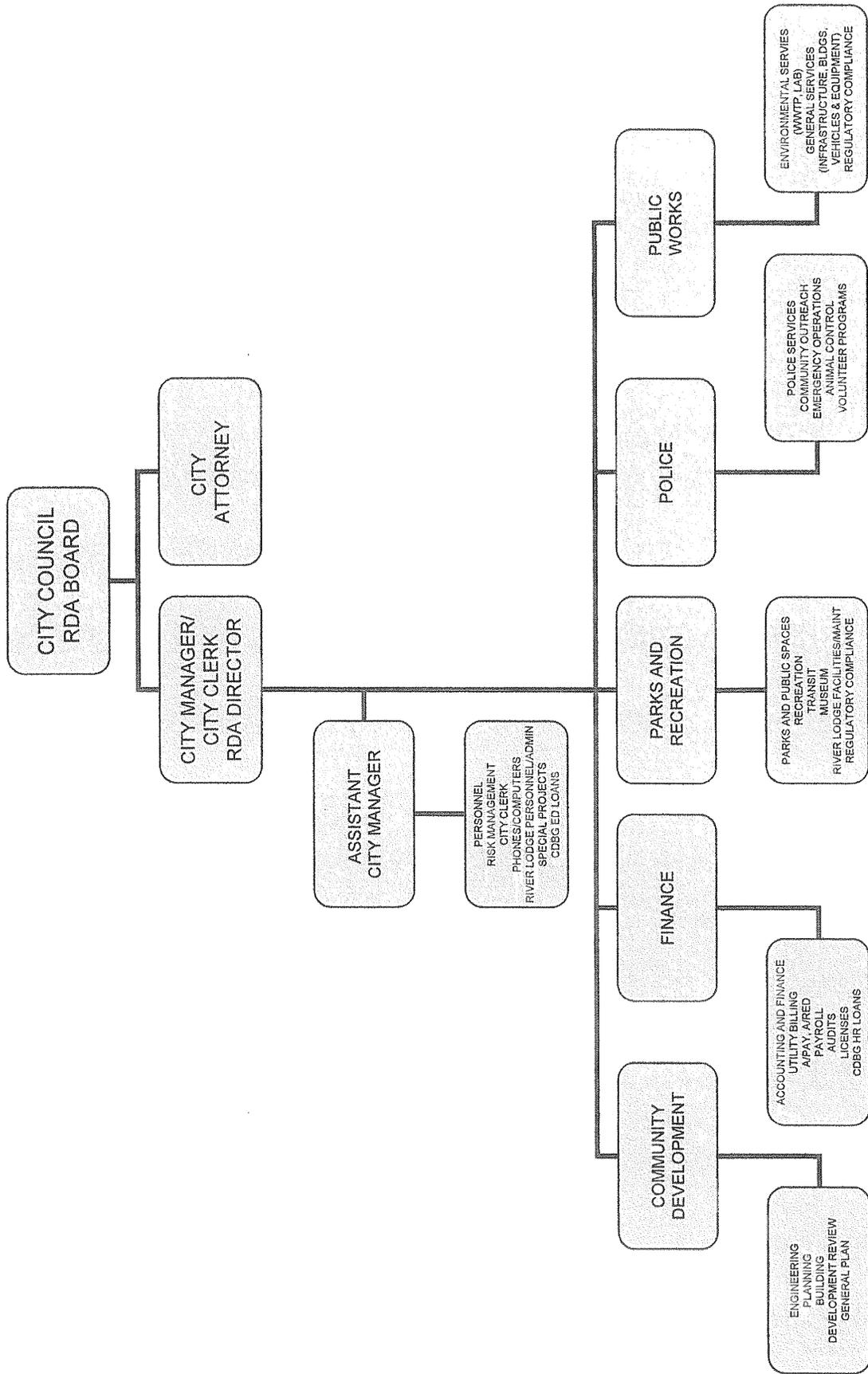
Mayor	Patrick Whitchurch
Mayor Pro Tem	Doug Strehl
Council Member	Dean Glaser
Council Member	Mel Berti
Council Member	Ken Zanzi

***Appointed Officials***

City Manager/City Clerk	Duane Rigge
Community Development Director	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
Public Works Director	Dennis Ryan
Assistant City Manager	Cheryl Nicholson



# City of Fortuna Organizational Chart 2008-2009





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





Terry E. Krieg, CPA  
Certified Public Accountant

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**Independent Auditor's Report**

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

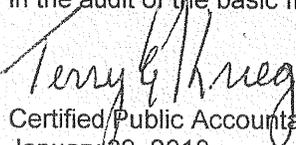
I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fortuna, California, (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's 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. 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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.

  
Certified Public Accountant  
January 29, 2010

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2009. 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 \$ 4 million over the course of this year's operations. The net assets of our business-type activities increased to about \$ 29.7 million at the end of 2009, and there was about a 4 percent increase in the net assets of our governmental activities to about \$ 26.6 million.
- During the year, the City's expenses for governmental activities were funded by \$ 3.1 million in charges for services, grants, and contributions from other governments and by about \$4.3 million generated in taxes and other revenues for governmental programs.
- In the City's business-type activities, revenues increased about 11 percent to \$ 6.3 million while expenses increased about 12 percent to \$ 3.3 million.
- The general fund reported a year end fund balance of about \$9.7 million, a decrease of about \$94,000 over the 2008 fiscal year.
- The City also ended the year with \$ 10.2 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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>
<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.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Assets.** The City's *combined* net assets increased about \$ 4 million between fiscal years 2008 and 2009. (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
	2008	2009	2008	2009	2008	2009	2008-2009
Current and other assets	\$ 38.4	\$ 39.2	\$ 20.4	\$ 20.8	\$ 58.8	\$ 60.0	2.0%
Capital assets	5.8	5.7	29.4	31.6	35.2	37.3	6.0%
<b>Total assets</b>	<b>44.2</b>	<b>44.9</b>	<b>49.8</b>	<b>52.4</b>	<b>94.0</b>	<b>97.3</b>	<b>3.5%</b>
Long-term debt outstanding	17.5	17.3	21.8	21.5	39.3	38.8	-1.3%
Other liabilities	1.1	1.1	1.3	1.2	2.4	2.3	-4.2%
<b>Total liabilities</b>	<b>18.6</b>	<b>18.4</b>	<b>23.1</b>	<b>22.7</b>	<b>41.7</b>	<b>41.1</b>	<b>-1.4%</b>
<b>Net assets</b>							
Invested in capital assets	(7.5)	(7.3)	16.9	19.6	9.4	12.3	30.9%
Restricted	26.9	27.8	6.2	4.3	33.1	32.1	-3.0%
Unrestricted	6.2	6.1	3.6	5.8	9.8	11.9	21.4%
<b>Total net assets</b>	<b>\$ 25.6</b>	<b>\$ 26.6</b>	<b>\$ 26.7</b>	<b>\$ 29.7</b>	<b>\$ 52.3</b>	<b>\$ 56.3</b>	<b>7.6%</b>

Net assets of the City's governmental activities increased 4 percent to \$ 26.6 million. About 127% of the net assets relating to governmental activities is represented by cash and other assets. The City has \$17.3 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 (27%) of net assets.

The increase in the net assets of the City's governmental activities in fiscal year 2008-2009 was due primarily to the recognition of about 1 million in federal, state and other grant revenues, with a decrease in charges for services, while other revenues and expenses remained relatively stable, with a modest increase in public safety and streets expenditures.

The net assets of our business-type activities increased to \$29.7 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.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

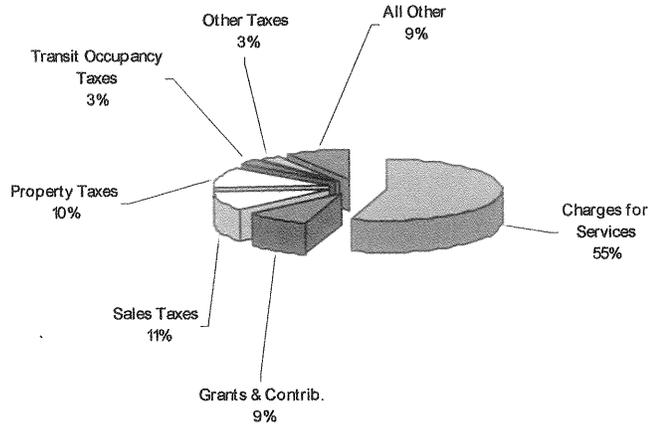
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**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

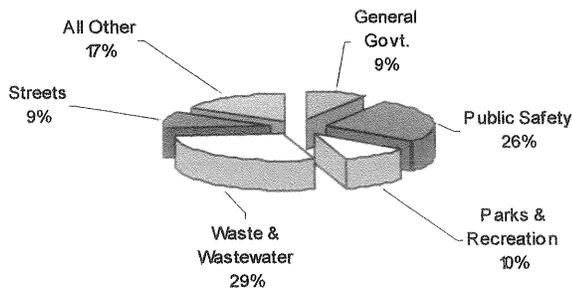
**Changes in net assets.** The City's total revenues decreased 10.4 percent to about \$14.7 million. (See Table A-2.) 27 percent of the City's revenue comes from transient occupancy, property and sales taxes, and other taxes. Another 55 percent comes from fees charged for services, and the remaining 18 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 increased to about \$ 10.7 million in 2009. The City's expenses cover a range of services, with about 29 percent related to business type activities and the remaining 71 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 2009**



**Functional Expenses for 2009**



**Governmental Activities**

Revenues for the City's governmental activities decreased by about \$ 2.4 million in fiscal 2009, primarily as a result of a decrease in grant revenues and charges for services.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

There was a modest increase in City property tax and sales tax revenues while revenues from transit occupancy taxes remained stable, with a slight decrease. Revenues decreased in the Parks and Recreation Department, due to a reduced Excel after school program, but the reduced revenues are matched with corresponding decreases in 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 2008-2009 received \$177,382 in Community Development Block Grant revenues for housing rehabilitation loans and grants.

**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
	2008	2009	2008	2009	2008	2009	2008-2009
<b>Revenues</b>							
Program revenues							
Charges for services	\$2.7	\$2.1	\$5.3	\$6.0	\$8.0	\$8.1	1.3%
Grants and contributions	2.9	1.0	0.3	0.3	3.2	1.3	-59.4%
General revenues						0.0	
Sales taxes	1.5	1.6	0.0	0.0	1.5	1.6	6.7%
Property and other taxes	2.3	2.4	0.0	0.0	2.3	2.4	4.3%
Other	1.4	1.3	0.0	0.0	1.4	1.3	-7.1%
<b>Total revenues</b>	<b>10.8</b>	<b>8.4</b>	<b>5.6</b>	<b>6.3</b>	<b>16.4</b>	<b>14.7</b>	<b>-10.4%</b>
<b>Expenses</b>							
General government	0.9	1.0	0.0	0.0	0.9	1.0	11.1%
Public safety	2.6	2.8	0.0	0.0	2.6	2.8	7.7%
Streets	0.9	1.0	0.0	0.0	0.9	1.0	11.1%
Parks and recreation	1.1	1.1	0.0	0.0	1.1	1.1	0.0%
Sanitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Redevelopment and housing	0.7	0.7	0.0	0.0	0.7	0.7	0.0%
Water	0.0	0.0	1.2	1.3	1.2	1.3	8.3%
Wastewater	0.0	0.0	1.5	1.8	1.5	1.8	20.0%
Transit	0.0	0.0	0.2	0.2	0.2	0.2	0.0%
Other	0.9	0.8	0.0	0.0	0.9	0.8	-11.1%
<b>Total expenses</b>	<b>7.1</b>	<b>7.4</b>	<b>2.9</b>	<b>3.3</b>	<b>10.0</b>	<b>10.7</b>	<b>7.0%</b>
Excess (deficiency) before transfers	3.7	1.0	2.7	3.0	6.4	4.0	-37.5%
Transfers	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Increase (decrease) in net assets</b>	<b>\$3.7</b>	<b>\$1.0</b>	<b>\$2.7</b>	<b>\$3.0</b>	<b>\$6.4</b>	<b>\$4.0</b>	<b>-37.5%</b>
Net Assets, beginning of year	21.9	25.6	24.0	26.7	45.9	52.3	
Net Assets, end of year	<u>25.6</u>	<u>26.6</u>	<u>26.7</u>	<u>29.7</u>	<u>52.3</u>	<u>56.3</u>	

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

Net assets increased more modestly compared to the 2008 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 \$7.4 million, an increase of about \$300,000 compared to fiscal 2008.
- However, the amount that our taxpayers paid for these activities through City taxes was about \$4.3 million. Some of the cost was paid by:
  - Those who directly benefited from the programs (\$ 2 million), or
  - Other governments and organizations that subsidized certain programs with grants and contributions (about \$1 million).
- The City paid for the \$ 4.3 million “public benefit” portion out of the \$5.3 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
	2008	2009	2008-2009
General Government	\$0.9	\$1.0	11.1%
Public Safety	2.6	2.8	7.7%
Streets	0.9	1.0	11.1%
Parks and recreation	1.1	1.1	0.0%
Redevelopment & Housing	0.7	0.7	0.0%
All Other	0.9	0.8	-11.1%
<b>Total</b>	<b>\$7.1</b>	<b>\$7.4</b>	<b>4.2%</b>

The increase in the costs of public safety, in addition to normal cost increases, were also caused by an increase in the City's share of pension payments made to the PERS as well as increased health care costs, and an increase in capital outlay expenditures.

**Business-type Activities**

Revenues of the City's business-type activities increased to \$ 6.3 million. Operating revenues increased about \$700,000, due primarily to approved rate increases to pay for the debt service

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

issued in October 2006. Operating expenses increased by about \$400,000 in fiscal 2009 as a result of normal cost increases.

As the City completed the year, its governmental funds reported a *combined* fund balance of \$27.7million, about \$727,000 more than the last fiscal year.

#### *Major Funds-Governmental*

The City's general fund expenditures exceeded revenues by about \$195,000, primarily due to spending on budgeted capital outlay items. The general fund started the 2009 fiscal year with a fund balance of \$9.8 million.

After operations, the City's general fund ended the year with a \$9.7 million fund balance. Of this amount, about \$5.1million was reserved for advances to other funds, notes receivable and encumbrances leaving really only about \$4.6 million available to start the 2010 fiscal year.

The City's Redevelopment Agency Administration Fund ended 2009 with a \$3.7 million fund balance. During the 2009 fiscal year, this fund received about \$1.2 million in incremental property tax revenues and expended about \$162,000 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 2009 fiscal year, this fund received about \$116,000 in interest revenues, and expended about \$506,000 for debt service.

The City's Redevelopment Agency City Loan Debt Service Fund ended the year with a 6 million dollar fund deficit, a decrease of about \$126,000.

The City's HOME Grant Fund ended 2009 with a \$25 thousand fund balance. There were no expenditure from the fund in 2009, and the fund received about \$1,000 in interest revenues.

#### *Nonmajor Funds- Governmental*

In addition, the City's nonmajor governmental funds ended the 2009 fiscal year with a combined fund balance of about \$16 million. Of this net fund balance, about \$3.3 million is available only for redevelopment housing setaside activities, \$1.9 million is restricted for housing and business revolving loans, \$3.3 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 \$3.8 million can only be used for specific projects or activities.

#### *General Fund Budgetary Highlights*

The City Council approved the fiscal 2009 budget on June 16<sup>th</sup>, 2008. There were no budgetary revisions over the course of the year. Actual general fund expenditures (not including transfers) were \$1,600,252 less than budget amounts. Actual general fund revenues (not including transfers) were \$57,119 more than budget amounts.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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*Business-Type Funds*

The City's water enterprise ended 2009 with an unrestricted cash position of about \$2.1 million and about \$9 million set aside as debt service reserves and for capital projects. This fund also generated about \$939,000 in operating income for the year.

The wastewater enterprise ended 2009 with an unrestricted cash position of about \$3.5 million and about \$4.7 million set aside as debt service reserves and for capital projects. This fund also generated about \$1.7 million in operating income for the year.

The transit fund ended 2009 with about \$49,000 in cash available for operations.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2009, the City had invested \$ 37.3 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 \$ 1.8 million, or 5.1 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
	2008	2009	2008	2009	2008	2009	2008/09
Land	\$1.1	\$1.1	\$0.2	\$0.2	\$1.3	\$1.3	0.0%
Construction in progress	0.1	0.1	15.4	3.4	15.5	3.5	-77.4%
Buildings , structures & systems	2.0	1.9	13.8	27.7	15.8	29.6	87.3%
Machinery and equipment	0.2	0.3	0.1	0.2	0.3	0.5	66.7%
Vehicles	0.2	0.2	0.2	0.1	0.4	0.3	-25.0%
Infrastructure	1.5	1.5	0.0	0.0	1.5	1.5	0.0%
Improvements	0.7	0.6	0.0	0.0	0.7	0.6	-14.3%
<b>Total</b>	<b>\$5.8</b>	<b>\$5.7</b>	<b>\$29.7</b>	<b>\$31.6</b>	<b>\$35.5</b>	<b>\$37.3</b>	<b>5.1%</b>

Assets have been restated net of depreciation.

**This year's major capital assets additions included:**

- This fiscal year, there was a major increase in buildings, structures and systems, as the Wastewater Treatment Plant Expansion was completed and placed into service.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 2009, the City had \$38,745,000 in revenue bonds outstanding. Debt outstanding on those bond issues was reduced by \$470,000 during the fiscal year. The revenue bonds are paid from the water, wastewater, and debt service funds. The City also paid \$42,808 to retire the note payable for the Campton Heights Water System. The balance at year on the note payable was \$47,352.

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 2010 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 2009
- General fund total revenues will remain about the same excluding any one-time grant allocations from other governments.
- Total appropriations for the 2009-2010 fiscal year for all funds is set at \$26.3 million, which is a 12 percent increase compared to the adopted 2008-2009 fiscal year budget.

General fund 2010 budgeted appropriations are set at about \$5.3 million, which is about an 11 percent decrease compared to 2009 appropriations. In fiscal 2010, the City expects that the employer's share of retirement contributions to the PERS will increase by about \$24,000, 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 increase by about \$52,000 in fiscal 2010.

### **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, 2009**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 20,321,150	\$ 5,701,239	\$ 26,022,389
Net receivables	830,944	579,948	1,410,892
Prepayments	34,704	17,615	52,319
Inventory	12,241	86,997	99,238
Total current assets	<u>21,199,039</u>	<u>6,385,799</u>	<u>27,584,838</u>
Noncurrent assets:			
Restricted cash and cash equivalents	6,573,311	13,901,305	20,474,616
Receivables-long term	9,247,635	-	9,247,635
Lease receivable-long term	1,584,382	-	1,584,382
Bond issuance costs	581,178	570,149	1,151,327
Capital assets not being depreciated	1,150,301	3,519,660	4,669,961
Capital assets being depreciated, net	4,589,146	28,068,970	32,658,116
Total noncurrent assets	<u>23,725,953</u>	<u>46,060,084</u>	<u>69,786,037</u>
Total assets	<u>\$ 44,924,992</u>	<u>\$ 52,445,883</u>	<u>\$ 97,370,875</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 386,202	\$ 179,596	\$ 565,798
Accrued liabilities	157,408	76,850	234,258
Compensated absences	35,702	4,204	39,906
Deposits	119,551	50,770	170,321
Accrued interest payable	143,029	245,491	388,520
Bonds, certificates, and notes	285,000	377,352	662,352
Total current liabilities	<u>1,126,892</u>	<u>934,263</u>	<u>2,061,155</u>
Noncurrent liabilities:			
Compensated absences	162,104	19,089	181,193
Bonds, certificates, and notes	16,990,000	21,140,000	38,130,000
Premium from sale of bonds, net	72,655	609,740	682,395
Total noncurrent liabilities	<u>17,224,759</u>	<u>21,768,829</u>	<u>38,993,588</u>
Total liabilities	<u>18,351,651</u>	<u>22,703,092</u>	<u>41,054,743</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	(7,336,646)	19,589,157	12,252,511
Restricted for:			
Debt service	4,291,329	1,410,308	5,701,637
Capital projects	-	2,758,073	2,758,073
Economic development and other purposes	23,531,773	175,478	23,707,251
Unrestricted	6,086,885	5,809,775	11,896,660
Total net assets	<u>26,573,341</u>	<u>29,742,791</u>	<u>56,316,132</u>
Total liabilities and net assets	<u>\$ 44,924,992</u>	<u>\$ 52,445,883</u>	<u>\$ 97,370,875</u>

See accompanying notes to the basic financial statements

**CITY OF FORTUNA**  
**Statement of Activities**  
**For The Fiscal Year Ended June 30, 2009**

Functions/Programs City government	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services		City Government		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government	\$ 959,461	\$ 38,676	\$ -	\$ (920,785)	\$ -	\$ (920,785)
Public safety	2,783,771	341,207	-	(2,272,758)	-	(2,272,758)
Streets	953,443	131,849	442,851	(182,017)	-	(182,017)
Parks and recreation	1,109,081	579,336	-	(518,677)	-	(518,677)
Sanitation	53,029	34,421	-	(13,608)	-	(13,608)
Redevelopment and housing	731,262	953,869	-	404,528	-	404,528
Interest on long-term debt	790,193	-	-	(790,193)	-	(790,193)
Total governmental activities	7,380,240	2,079,358	442,851	(4,293,510)	-	(4,293,510)
Business-Type Activities:						
Water	1,301,830	2,324,727	30,014	-	1,052,911	1,052,911
Wastewater	1,781,644	3,629,310	72,785	-	1,985,451	1,985,451
Transit	199,999	11,843	-	-	(3,001)	(3,001)
Total business-type activities	3,283,473	5,965,880	102,799	-	3,035,361	3,035,361
Total City government	\$ 10,663,713	\$ 8,045,238	\$ 545,650	(4,293,510)	3,035,361	(1,258,149)
General revenues and transfers:						
Taxes:						
Property taxes				361,047	-	361,047
Incremental property taxes				1,164,282	-	1,164,282
Sales taxes				1,592,423	-	1,592,423
Transient occupancy taxes				447,337	-	447,337
Other taxes				435,311	-	435,311
Other general revenues:						
Motor vehicle in lieu fees not restricted to a specific program				974,570	-	974,570
Unrestricted investment earnings				195,433	-	195,433
Other general revenues				88,169	-	88,169
Transfers				9,155	(9,155)	-
Total general revenues and transfers				5,267,727	(9,155)	5,258,572
Change in net assets				974,217	3,026,206	4,000,423
Net assets, beginning				25,599,124	26,716,585	52,315,709
Net assets, ending				\$ 26,573,341	\$ 29,742,791	\$ 56,316,132

See accompanying notes to the basic financial statements

**CITY OF FORTUNA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	General Fund	Redevelopment Agency Administration	Redevelopment Agency Bond Debt Service	Redevelopment Agency City Loan Debt Service	HOME Grants	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 4,381,635	\$ 3,721,361	\$ 4,202,029	\$ -	\$ 24,856	\$ 14,564,580	\$ 26,894,461
Accounts receivable	20,878	1,300	-	-	-	28,196	50,374
Taxes receivable	387,972	6,378	-	-	-	2,126	396,476
Due from other governments	-	-	-	-	-	231,353	231,353
Accrued interest receivable	152,741	-	-	-	-	-	152,741
Inventory	12,241	-	-	-	-	-	12,241
Prepayments	27,927	-	-	-	-	6,777	34,704
Due from other funds	122,160	32,508	-	-	-	147,117	301,785
Advances to other funds	5,077,241	-	-	-	-	942,281	6,019,522
Notes receivable	76,320	-	-	-	7,518,152	1,653,163	9,247,635
Lease receivable	-	-	-	-	-	1,584,382	1,584,382
Land held for resale	-	-	-	-	-	593,084	593,084
<b>Total assets</b>	<b>\$ 10,259,115</b>	<b>\$ 3,761,547</b>	<b>\$ 4,202,029</b>	<b>\$ -</b>	<b>\$ 7,543,008</b>	<b>\$ 19,753,059</b>	<b>\$ 45,518,758</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 168,372	\$ 32,747	\$ -	\$ -	\$ -	\$ 185,083	\$ 386,202
Accrued liabilities	133,617	3,163	-	-	-	20,628	157,408
Compensated absences	35,702	-	-	-	-	-	35,702
Deposits	119,551	-	-	-	-	-	119,551
Due to other funds	-	-	-	-	-	301,785	301,785
Advances from other funds	-	-	-	6,019,522	-	-	6,019,522
Deferred revenue	76,816	-	-	-	7,518,152	3,237,545	10,832,513
<b>Total liabilities</b>	<b>534,058</b>	<b>35,910</b>	<b>-</b>	<b>6,019,522</b>	<b>7,518,152</b>	<b>3,745,041</b>	<b>17,852,683</b>
<b>Fund balances:</b>							
Reserved	5,117,409	-	-	-	-	1,535,365	6,652,774
Unreserved, designated for:							
Other purposes	612,492	-	-	-	-	-	612,492
Unreserved, undesignated	3,995,156	3,725,637	4,202,029	-	-	-	11,922,822
Unreserved reported in nonmajor:							
Debt service funds	-	-	-	(6,019,522)	-	371,280	(5,648,242)
Capital project funds	-	-	-	-	-	3,753,560	3,753,560
Special revenue funds	-	-	-	-	24,856	10,347,813	10,372,669
<b>Total fund balances</b>	<b>9,725,057</b>	<b>3,725,637</b>	<b>4,202,029</b>	<b>(6,019,522)</b>	<b>24,856</b>	<b>16,008,018</b>	<b>27,666,075</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,259,115</b>	<b>\$ 3,761,547</b>	<b>\$ 4,202,029</b>	<b>\$ -</b>	<b>\$ 7,543,008</b>	<b>\$ 19,753,059</b>	<b>\$ 45,518,758</b>
<b>Total Governmental Fund Balances</b>							<b>\$ 27,666,075</b>
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>							
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds							5,146,363
Bond issuance costs are not current financial resources and are not reported as fund assets							581,178
Long-term receivables used in governmental activities are not current financial resources and are therefore are deferred in the funds							10,832,513
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							(17,652,788)
<b>Net Assets of Governmental Activities</b>							<b>\$ 26,573,341</b>

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, 2009**

	General Fund	Redevelopment Agency Administration	Redevelopment Agency Bond Debt Service	Redevelopment Agency City Loan Debt Service	HOME Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 361,047	\$ 1,164,282	\$ -	\$ -	\$ -	\$ -	\$ 1,525,329
Sales taxes	1,592,423	-	-	-	-	-	1,592,423
Other taxes	882,648	-	-	-	-	-	882,648
Special assessments	-	-	-	-	-	52,579	52,579
Licenses and permits	111,012	-	-	-	-	-	111,012
Fines and forfeits	78,544	-	-	-	-	-	78,544
Intergovernmental	990,585	-	-	-	-	834,186	1,824,771
Interest and rents	194,792	90,064	116,010	-	603	279,468	680,937
Charges for services	786,528	1,300	-	-	-	95,325	883,153
Miscellaneous	154,794	-	-	-	-	529,364	684,158
<b>Total revenues</b>	<b>5,152,373</b>	<b>1,255,646</b>	<b>116,010</b>	<b>-</b>	<b>603</b>	<b>1,790,922</b>	<b>8,315,554</b>
<b>EXPENDITURES</b>							
Current:							
General government	940,018	-	-	-	-	-	940,018
Public safety	2,740,550	-	-	-	-	-	2,740,550
Highway and streets	380,473	-	-	-	-	373,585	754,058
Parks and recreation	964,151	-	-	-	-	-	964,151
Health and welfare	-	-	-	-	-	53,029	53,029
Economic development and and redevelopment	-	162,034	-	-	-	316,415	478,449
Capital outlay	322,646	-	-	-	-	174,808	497,454
Debt service:							
Principal	-	-	33,750	-	-	191,250	225,000
Interest	-	-	472,536	126,321	-	345,607	944,464
<b>Total expenditures</b>	<b>5,347,838</b>	<b>162,034</b>	<b>506,286</b>	<b>126,321</b>	<b>-</b>	<b>1,454,694</b>	<b>7,597,173</b>
Excess (deficiency) of revenues over expenditures	(195,465)	1,093,612	(390,276)	(126,321)	603	336,228	718,381
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	103,134	-	390,276	-	-	954,884	1,448,294
Transfers out	(1,289)	(682,636)	-	-	-	(755,214)	(1,439,139)
<b>Total other financing sources (uses)</b>	<b>101,845</b>	<b>(682,636)</b>	<b>390,276</b>	<b>-</b>	<b>-</b>	<b>199,670</b>	<b>9,155</b>
<b>Net change in fund balances</b>	<b>(93,620)</b>	<b>410,976</b>	<b>-</b>	<b>(126,321)</b>	<b>603</b>	<b>535,898</b>	<b>727,536</b>
Fund balances, July 1	9,818,677	3,314,661	4,202,029	(5,893,201)	24,253	15,472,120	26,938,539
Fund balances, June 30	<u>\$ 9,725,057</u>	<u>\$ 3,725,637</u>	<u>\$ 4,202,029</u>	<u>\$ (6,019,522)</u>	<u>\$ 24,856</u>	<u>\$ 16,008,018</u>	<u>\$ 27,666,075</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, 2009**

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 727,536</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 (\$373,640) exceed depreciation (\$ 425,592) in the current period.	
	(51,952)
Repayments of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net assets.	225,000
Amortization of bond issuance costs are not a use of current financial resources and are not reported in the funds	(20,215)
Amortization of premiums from the sale of bonds do not provide current financial resources and are not reported in the funds	3,561
Governmental funds report interest expenditures when due, but these costs are accrued as an expense in the statement of net assets	2,250
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.	(16,711)
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	75,000
Interest earned on long-term receivables, payable at maturity, are not current financial resources and are deferred in the funds	206,753
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>(177,005)</u>
Net differences	<u>246,681</u>
Change in Net Assets of Governmental Activities	<u>\$ 974,217</u>

See accompanying notes to the basic financial statements

**CITY OF FORTUNA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

	Enterprise Funds			Totals
	Water	Wastewater	Nonmajor Transit Fund	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,115,904	\$ 3,536,160	\$ 49,175	\$ 5,701,239
Receivables(net)	223,844	356,104	-	579,948
Inventory	86,997	-	-	86,997
Prepayments	-	17,615	-	17,615
<b>Total current assets</b>	<b>2,426,745</b>	<b>3,909,879</b>	<b>49,175</b>	<b>6,385,799</b>
Noncurrent assets:				
Other assets:				
Restricted cash and cash equivalents	9,153,265	4,748,040	-	13,901,305
Bond issuance costs, net	239,052	331,097	-	570,149
<b>Total other noncurrent assets</b>	<b>9,392,317</b>	<b>5,079,137</b>	<b>-</b>	<b>14,471,454</b>
Capital assets:				
Capital assets not being depreciated:				
Land	26,996	126,695	-	153,691
Construction in progress	2,780,922	585,047	-	3,365,969
<b>Total capital assets not being depreciated</b>	<b>2,807,918</b>	<b>711,742</b>	<b>-</b>	<b>3,519,660</b>
Capital assets being depreciated				
Collection system	-	7,256,959	-	7,256,959
Pumping system	-	926,318	-	926,318
Treatment plant	-	21,295,517	-	21,295,517
Distribution and treatment system	7,845,897	-	-	7,845,897
Equipment	442,515	497,535	-	940,050
Vehicles	253,193	386,471	145,548	785,212
Less accumulated depreciation	(3,751,758)	(7,114,952)	(114,273)	(10,980,983)
<b>Total capital assets being depreciated</b>	<b>4,789,847</b>	<b>23,247,848</b>	<b>31,275</b>	<b>28,068,970</b>
<b>Total noncurrent assets</b>	<b>16,990,082</b>	<b>29,038,727</b>	<b>31,275</b>	<b>46,060,084</b>
<b>Total assets</b>	<b>\$ 19,416,827</b>	<b>\$ 32,948,606</b>	<b>\$ 80,450</b>	<b>\$ 52,445,883</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 130,285	\$ 47,869	\$ 1,442	\$ 179,596
Compensated absences	1,301	2,122	781	4,204
Other current liabilities	31,846	40,681	4,323	76,850
Deposits	50,770	-	-	50,770
Interest	92,457	153,034	-	245,491
Bonds and Notes due within one year	117,352	260,000	-	377,352
<b>Total current liabilities</b>	<b>424,011</b>	<b>503,706</b>	<b>6,546</b>	<b>934,263</b>
Noncurrent liabilities:				
Compensated absences	5,906	9,635	3,548	19,089
Revenue bonds and notes	8,015,000	13,125,000	-	21,140,000
Premium from sale of bonds, net	227,256	382,484	-	609,740
<b>Total noncurrent liabilities</b>	<b>8,248,162</b>	<b>13,517,119</b>	<b>3,548</b>	<b>21,768,829</b>
<b>Total liabilities</b>	<b>8,672,173</b>	<b>14,020,825</b>	<b>10,094</b>	<b>22,703,092</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,028,616	12,529,266	31,275	19,589,157
Restricted	1,601,882	2,741,977	-	4,343,859
Unrestricted	2,114,156	3,656,538	39,081	5,809,775
<b>Total net assets</b>	<b>\$ 10,744,654</b>	<b>\$ 18,927,781</b>	<b>\$ 70,356</b>	<b>\$ 29,742,791</b>

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, 2009**

	Enterprise Funds			
	Water	Wastewater	Nonmajor Transit Fund	Totals
<b>OPERATING REVENUES</b>				
Sales of water	\$ 2,150,966	\$ -	\$ -	\$ 2,150,966
Service fees	-	3,500,324	11,628	3,511,952
Miscellaneous	83,072	17,239	-	100,311
Total operating revenues	<u>2,234,038</u>	<u>3,517,563</u>	<u>11,628</u>	<u>5,763,229</u>
<b>OPERATING EXPENSES</b>				
Employee services	582,618	690,986	85,110	1,358,714
Contract services	-	-	81,628	81,628
Purchased power	153,633	202,800	-	356,433
Supplies and materials	322,540	331,466	19,238	673,244
Depreciation and amortization	235,857	556,392	14,023	806,272
Total operating expenses	<u>1,294,648</u>	<u>1,781,644</u>	<u>199,999</u>	<u>3,276,291</u>
Operating income (loss)	<u>939,390</u>	<u>1,735,919</u>	<u>(188,371)</u>	<u>2,486,938</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Operating subsidies	-	-	185,155	185,155
Forgiveness of fines	-	65,000	-	65,000
Interest and investment revenue	90,689	111,747	215	202,651
Interest expense	(7,182)	-	-	(7,182)
Net nonoperating revenues (expenses)	<u>83,507</u>	<u>176,747</u>	<u>185,370</u>	<u>445,624</u>
Income (loss) before contributions and transfers	<u>1,022,897</u>	<u>1,912,666</u>	<u>(3,001)</u>	<u>2,932,562</u>
Contributions and transfers:				
Capital contributions	30,014	72,785	-	102,799
Transfers in	-	-	120	120
Transfers out	(4,121)	(5,154)	-	(9,275)
Net contributions and transfers	<u>25,893</u>	<u>67,631</u>	<u>120</u>	<u>93,644</u>
Change in net assets	<u>1,048,790</u>	<u>1,980,297</u>	<u>(2,881)</u>	<u>3,026,206</u>
Total net assets, July 1	<u>9,695,864</u>	<u>16,947,484</u>	<u>73,237</u>	<u>26,716,585</u>
Total net assets, June 30	<u>\$ 10,744,654</u>	<u>\$ 18,927,781</u>	<u>\$ 70,356</u>	<u>\$ 29,742,791</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, 2009**

	Enterprise Funds			Totals
	Water	Wastewater	Nonmajor Transit Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 2,090,583	\$ 3,478,129	\$ 11,628	\$ 5,580,340
Payments to suppliers	(524,909)	(556,661)	(100,837)	(1,182,407)
Payments to employees for services	(572,735)	(688,729)	(84,290)	(1,345,754)
Other operating receipts	83,072	17,239	-	100,311
Net cash provided by (used for) operating activities	<u>1,076,011</u>	<u>2,249,978</u>	<u>(173,499)</u>	<u>3,152,490</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating subsidies	-	-	185,155	185,155
Transfers to other funds	(4,121)	(5,154)	120	(9,155)
Net cash provided by noncapital financing activities	<u>(4,121)</u>	<u>(5,154)</u>	<u>185,275</u>	<u>176,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	30,014	72,785	-	102,799
Payments on long-term debt principal	(42,808)	(245,000)	-	(287,808)
Interest paid on long-term debt	(377,011)	(618,260)	-	(995,271)
Purchases of capital assets	(2,053,756)	(175,718)	-	(2,229,474)
Net cash provided by (used for) capital and related financing activities	<u>(2,443,561)</u>	<u>(966,193)</u>	<u>-</u>	<u>(3,409,754)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest receipts	204,184	144,960	215	349,359
Net cash provided by investing activities	<u>204,184</u>	<u>144,960</u>	<u>215</u>	<u>349,359</u>
Net increase (decrease) in cash and cash equivalents	(1,167,487)	1,423,591	11,991	268,095
Balances-beginning of the year	<u>12,436,656</u>	<u>6,860,609</u>	<u>37,184</u>	<u>19,334,449</u>
Balances-end of the year	<u>\$ 11,269,169</u>	<u>\$ 8,284,200</u>	<u>\$ 49,175</u>	<u>\$ 19,602,544</u>

See accompanying notes to the basic financial statements

**CITY OF FORTUNA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

	Enterprise Funds			
	Water	Wastewater	Nonmajor Transit Fund	Totals
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 939,390	\$ 1,735,919	\$ (188,371)	\$ 2,486,938
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	235,857	556,392	14,023	806,272
Change in assets and liabilities:				
Decrease(increase) in accounts receivable	(65,918)	(22,195)	-	(88,113)
Decrease(increase) in inventory	(36,910)	-	-	(36,910)
Decrease(increase) in prepayments	-	(1,115)	-	(1,115)
Increase(decrease) in accounts payable	(11,826)	(18,156)	29	(29,953)
Increase(decrease) in other liabilities	15,418	(867)	820	15,371
 Net cash provided by (used for) operating activities	 <u>\$ 1,076,011</u>	 <u>\$ 2,249,978</u>	 <u>\$ (173,499)</u>	 <u>\$ 3,152,490</u>

**Noncash capital financing activities:**  
None

See accompanying notes to the basic financial statements

**CITY OF FORTUNA**  
**Statement of Fiduciary Net Assets**  
**June 30, 2009**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 87,749
Accounts receivable	<u>1,488</u>
Total assets	<u><u>\$ 89,237</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,893
Deposits	<u>87,344</u>
Total liabilities	<u><u>\$ 89,237</u></u>

See accompanying notes to the basic financial statements

**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**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 11<sup>th</sup> 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, 2009

**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, 2009**

**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, 2009

**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, 2009**

**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 \$5,146,363 difference are as follows:

Capital assets	\$	9,581,877
Less: Accumulated depreciation		<u>(4,435,514)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$	<u>5,146,363</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 \$17,652,788 difference are as follows:

Long-Term Debt Obligations:

Revenue bonds, series 2007	\$	17,275,000
Premium from sale 2007 revenue bonds		72,655
Accrued interest payable		143,029
Unpaid vacation and sick leave		<u>162,104</u>
Net adjustment to decrease fund balance total governmental Funds to arrive at net assets - governmental activities	\$	<u>(17,652,788)</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 \$ 246,681 difference and other significant components of the difference are as follows:

Capital outlay	\$	373,640
Depreciation expense		(425,592)
Repayment of long-term debt principal		225,000
Long-term notes receivable		104,748
Other items		<u>(31,115)</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>246,681</u>

**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**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**

One nonmajor governmental fund exceeded its approved expenditure budgets for the fiscal year ended June 30, 2009. Expenditures budgets (excluding transfers) were exceeded by the CDBG Open Grant fund (\$71,095). These excess expenditures were funded from available resources.

The redevelopment agency city debt service fund had a \$6,019,522 fund deficit. The Agency's debt service 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, 2009:

Demand deposits and savings	\$ 3,922,405
Investments	<u>42,662,349</u>
Total	<u>\$ 46,584,754</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, 2009, \$3,417,590 of the City's bank balances of \$3,917,590 was exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's agent But not in the City's name:	<u>\$3,417,590</u>
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**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**4. Detailed Notes on All Funds (Continued)**

**A. Deposits and Investments(Continued)**

As of June 30, 2009, the City had the following investments:

<u>Type Investment</u>	<u>Average Weighted Maturity</u>	<u>Fair Value</u>
Local Agency Investment Fund	235 Days	\$ 17,387,139
Goldman Sachs Treasury Obligation	14 Days	20,547,220
Humboldt County Treasurer's Pool	830 Days	<u>4,727,990</u>
Total Investments		<u>\$ 42,662,349</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, 2009**

**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	\$ 387,972	\$ 6,378	\$ 2,126	\$ 396,476	\$ -	\$ -
Accounts	20,878	1,300	28,196	50,374	223,844	356,104
Governments	-		231,353	231,353	-	-
Interest	152,741	-	-	152,741	-	-
Subtotal current	561,591	7,678	261,675	830,944	223,844	356,104
Leases	-	-	1,584,382	1,584,382	-	-
Notes receivable	76,320	7,518,152	1,653,163	9,247,635	-	-
Net total receivables	<u>\$ 637,911</u>	<u>\$ 7,525,830</u>	<u>\$ 3,499,220</u>	<u>\$ 11,662,961</u>	<u>\$ 223,844</u>	<u>\$ 356,104</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 \$9,247,635 consists of two notes relating to affordable housing projects for \$7,518,152 and various other notes for \$1,729,483 relating to business development and redevelopment projects. The notes for \$7,518,152 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 \$1,584,382 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, 2009**

**4. Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,047,371	\$ -	\$ -	\$ 1,047,371
Construction in progress	132,128	85,651	(114,849)	102,930
Total capital assets, not being depreciated	<u>1,179,499</u>	<u>85,651</u>	<u>(114,849)</u>	<u>1,150,301</u>
Capital assets, being depreciated:				
Buildings	3,578,225	32,606	-	3,610,831
Improvements	1,297,381	-	-	1,297,381
Equipment	1,162,504	195,255	-	1,357,759
Vehicles	679,031	72,346	-	751,377
Infrastructure - primarily street systems	1,904,681	102,631	-	2,007,312
Total capital assets being depreciated	<u>8,621,822</u>	<u>402,838</u>	<u>-</u>	<u>9,024,660</u>
Less accumulated depreciation for:				
Buildings	(1,548,858)	(129,959)	-	(1,678,817)
Improvements	(605,581)	(44,387)	-	(649,968)
Equipment	(970,802)	(85,941)	-	(1,056,743)
Vehicles	(512,037)	(54,112)	-	(566,149)
Infrastructure	(372,644)	(111,193)	-	(483,837)
Total accumulated depreciation	<u>(4,009,922)</u>	<u>(425,592)</u>	<u>-</u>	<u>(4,435,514)</u>
Total capital assets, being depreciated, net	<u>4,611,900</u>	<u>(22,754)</u>	<u>-</u>	<u>4,589,146</u>
Governmental activities capital assets, net	<u>\$ 5,791,399</u>	<u>\$ 62,897</u>	<u>\$ (114,849)</u>	<u>\$ 5,739,447</u>

**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**4. Detailed Notes on All Funds (Continued)**

**C. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 153,691	\$ -	\$ -	\$ 153,691
Construction in progress	15,003,212	2,790,656	(14,427,899)	3,365,969
Total capital assets, not being depreciated	15,156,903	2,790,656	(14,427,899)	3,519,660
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	14,450,682	-	21,295,517
Water treatment and distribution	7,776,634	69,263	-	7,845,897
Equipment	753,260	186,790	-	940,050
Vehicles	785,212	-	-	785,212
Total capital assets, being depreciated	24,343,218	14,706,735	-	39,049,953
Less accumulated depreciation for:				
Wastewater system	(6,558,560)	(556,392)	-	(7,114,952)
Water system	(3,515,901)	(235,857)	-	(3,751,758)
Transit system	(100,250)	(14,023)	-	(114,273)
Total accumulated depreciation	(10,174,711)	(806,272)	-	(10,980,983)
Total capital assets, being depreciated, net	14,168,507	13,900,463	-	28,068,970
Business-type activities capital assets, net	<u>\$29,325,410</u>	<u>\$16,691,119</u>	<u>\$ (14,427,899)</u>	<u>\$31,588,630</u>

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

Governmental activities:	Amounts
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>
<b>Business-Type Activities:</b>	
Wastewater	\$556,392
Water	235,857
Transit	14,023
Total depreciation expense-business-type activities	<u>\$806,272</u>

**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**4. Detailed Notes on All Funds (Continued)**

**D. Interfund Receivables, Payables, and Transfers**

1. The composition of interfund balances of June 30, 2009, is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due from/to other funds:</b>		
Redevelopment administration	CDBG Open Grants	\$ 32,508
Public infrastructure	CCC project	2,419
General fund	Gas tax 2107.5	2,298
General fund	Gas tax 2105 fund	3,595
General fund	Integrated waste fund	<u>70,194</u>
	Total due to/due from	<u>\$ 111,014</u>
General fund	Grants fund	46,073
CDBG fund	Grants fund	<u>144,698</u>
		<u>\$ 190,771</u>
 <i>Loan to Redevelopment Agency:</i>		
General Fund	Redevelopment City Debt Service	\$ 5,077,241
Drainage Facility	Redevelopment City Debt Service	<u>942,281</u>
	Total loan to redevelopment agency	<u>\$ 6,019,522</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 \$6,019,522 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 \$473,516 from Agency tax increment revenues commencing in fiscal year 2010 and concluding in 2024 using an interest rate of 2.144 as of June 30, 2009. The actual interest to be charged is to be adjusted annually to average rates of return on pooled investments of the City.

During the 2009 fiscal year, the City's Redevelopment Agency added \$126,321 in incurred and unpaid interest to the loan payable to City funds.

**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**4. Detailed Notes on All Funds (Continued)**

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

2. Interfund transfers at June 30, 2009 were as follows:

<u>Transfers out:</u>	<u>Transfer in:</u>				<u>Total Transfers Out All Funds</u>
	<u>Redevelopment Agency Bond Debt Service</u>	<u>Redevelopment Low &amp; Moderate Income Housing</u>	<u>City Loan Debt Service</u>	<u>All Other Funds</u>	
Redevelopment administration	\$ 390,276	\$ 291,071	\$ 1,289	\$ -	\$ 682,636
General fund			1,289		1,289
Grants fund				286,095	286,095
Lease fund			139,912		139,912
Water/wastewater			9,275		9,275
All Other Funds		-		319,932	319,932
<b>Totals</b>	<u>\$390,276</u>	<u>\$ 291,071</u>	<u>\$ 151,765</u>	<u>\$606,027</u>	<u>\$1,439,139</u>

Interfund transfers were made primarily to transfer tax increment revenues to the low and moderate income housing fund of the City's redevelopment agency and to transfers funds to pay debt service on the City and Agency's long-term debt obligations.

**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>			
2010	\$ 47,352	2,640	49,992
<b>Totals</b>	<u>\$ 47,352</u>	<u>\$ 2,640</u>	<u>\$ 49,992</u>

**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**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
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	185,000	345,998	530,998
2015-2019	1,045,000	1,596,788	2,641,788
2020-2024	1,275,000	1,357,679	2,632,679
2025-2029	1,575,000	1,056,934	2,631,934
2030-2034	2,000,000	623,750	2,623,750
2035-2037	1,455,000	111,625	1,566,625
	<u>\$ 8,085,000</u>	<u>\$ 6,536,459</u>	<u>\$ 14,621,459</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 \$14,621,459. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$369,828 and \$1,293,959, 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
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	300,000	564,072	864,072
2015-2019	1,700,000	2,603,910	4,303,910
2020-2024	2,095,000	2,213,210	4,308,210
2025-2029	2,565,000	1,721,171	4,286,171
2030-2034	3,255,000	1,014,875	4,269,875
2035-2037	2,370,000	181,750	2,551,750
	<u>\$ 13,385,000</u>	<u>\$ 10,659,472</u>	<u>\$ 24,044,472</u>

**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**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 \$24,044,472. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$863,261 and \$2,476,843, 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.

From the bond proceeds, the redevelopment agency deposited \$2,525,000 into 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, 2009, there was \$2,611,454 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 dur 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, 2009**

**4. Detailed Notes on All Funds (Continued)**

**E. Long-Term Debt (Continued)**

*2007 Revenue Bonds – Governmental Activities*

Fiscal Years	Principal	Interest	Total
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	350,000	750,980	1,100,980
2015-2019	2,010,000	3,499,758	5,509,758
2020-2024	1,960,000	3,078,415	5,038,415
2025-2029	2,805,000	2,546,269	5,351,269
2030-2034	3,975,000	1,750,452	5,725,452
2035-2039	4,985,000	630,292	5,615,292
	<u>\$ 17,275,000</u>	<u>\$ 15,394,114</u>	<u>\$ 32,669,114</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 \$26,255,178. For the current fiscal year, principal and interest paid by the agency and total tax increment revenues were \$674,699 and \$1,164,282, 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 2009 fiscal year was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due In One Year
<i>Governmental-Type</i>					
2007 Revenue bonds	\$ 17,500,000	\$ -	\$ 225,000	\$ 17,275,000	\$285,000
Compensated absences	145,393	16,711	-	162,104	-
<b>Totals</b>	<u>\$17,645,393</u>	<u>\$ 16,711</u>	<u>\$ 225,000</u>	<u>\$17,437,104</u>	<u>\$ 225,000</u>
<i>Business-Type</i>					
Revenue bonds	\$21,715,000	\$ -	\$ 245,000	\$21,470,000	\$ 330,000
Claims	65,000	-	65,000	-	-
Notes	90,160	-	42,808	47,352	47,352
<b>Totals</b>	<u>\$ 21,870,160</u>	<u>\$ -</u>	<u>\$ 352,808</u>	<u>\$ 21,517,352</u>	<u>\$ 377,352</u>

**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**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 \$40 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 \$300 million per occurrence.

The City paid no material uninsured losses during the 2008-2009 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 6/30/2008	Year Ended 6/30/2009
Unpaid claims, beginning of fiscal year	\$ 65,000	\$ 65,000
Incurred claims (including IBNRs)	-	-
Forgiveness of claims		(65,000)
Claim payments	-	-
Unpaid claims, end of fiscal year	<u>\$ 65,000</u>	<u>\$ -</u>

**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**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 required 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 required to contribute 9.0 percent. The city is required to contribute at an actuarially determined rate. The current rate for regular employees is 12.427 percent of covered payroll and is 18.963 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, 2009**

**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	6/30/07	\$ 237,067	100%	\$ -
	6/30/08	\$ 263,685	100%	\$ -
	6/30/09	\$ 297,333	100%	\$ -
Safety employees	6/30/07	\$ 117,197	100%	\$ -
	6/30/08	\$ 137,276	100%	\$ -
	6/30/09	\$ 152,655	100%	\$ -

**F. Restricted Net Assets and Designated Fund Balances**

*Restricted Net Assets*

The \$ 27,823,102 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 \$4,343,859 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	\$ 12,241	\$ -	\$ -
Prepayments	27,927	-	-
Advances to other funds	5,077,241	-	942,281
Land held for resale	-	-	593,084
<b>Totals</b>	<b>\$ 5,117,409</b>	<b>\$ -</b>	<b>\$ 1,535,365</b>

**CITY OF FORTUNA**  
**Notes to the Basic Financial Statements**  
**June 30, 2009**

**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, 2009, amounts were designated as follows:

<u>Purpose of Designation</u>	<u>General Fund</u>
Development review and planning	\$ -
City-wide traffic	698,049
Home Avenue traffic	(12,486)
Hillside traffic	15,935
Riverlodge operations	(148,413)
Bocce ball court	2,500
Museum	2,393
Youth recreation	8,183
Public safety	<u>46,331</u>
Totals	<u>\$ 612,492</u>

**REQUIRED SUPPLEMENTARY INFORMATION**



**Required Supplementary Information**  
**CITY OF FORTUNA**  
**Budgetary Comparison Schedule - General Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b>Fund Balance, July 1</b>	\$ 9,818,677	\$ 9,818,677	\$ 9,818,677	\$ -
Resources (inflows):				
Property taxes	307,949	307,949	361,047	53,098
Sales taxes	1,519,000	1,519,000	1,592,423	73,423
Other taxes	911,885	911,885	882,648	(29,237)
License permits	87,020	87,020	111,012	23,992
Fines and forfeits	77,550	77,550	78,544	994
Interest and rents	362,204	362,204	194,792	(167,412)
Intergovernmental	994,947	994,947	990,585	(4,362)
Charges for services	751,699	751,699	786,528	34,829
Miscellaneous	83,000	83,000	154,794	71,794
Transfers in	50,000	50,000	103,134	53,134
Amounts available for charges to appropriations	<u>14,963,931</u>	<u>14,963,931</u>	<u>15,074,184</u>	<u>110,253</u>
<b>Charges to appropriations:</b>				
<i>General government:</i>				
City council	46,071	46,071	28,831	17,240
City manager	80,320	80,320	72,515	7,805
Finance	94,936	94,936	97,242	(2,306)
Legal	75,000	75,000	38,035	36,965
Nondepartmental	109,717	109,717	182,791	(73,074)
General building	59,782	59,782	25,638	34,144
Risk management	244,348	244,348	247,996	(3,648)
Public works administration	42,000	42,000	12,020	29,980
Engineering	16,428	16,428	37,789	(21,361)
Planning	73,854	73,854	61,938	11,916
Tourism	142,826	142,826	135,223	7,603
<i>Public safety:</i>				
Police	1,869,694	1,869,694	1,799,326	70,368
Detective	89,191	89,191	98,950	(9,759)
Cal-MMET	88,269	88,269	94,294	(6,025)
Youth	93,240	93,240	88,822	4,418
Community oriented policing	93,321	93,321	89,816	3,505
DUI	-	-	-	-
Office traffic safety	-	-	-	-
K9	16,890	16,890	13,919	2,971
Disasters	5,000	5,000	-	5,000
Animal control	27,135	27,135	17,830	9,305
Building inspections	230,678	230,678	189,545	41,133
Development reviews	530,150	530,150	348,048	182,102
<i>Highways and streets:</i>				
Street maintenance	297,147	297,147	380,473	(83,326)
<i>Parks and Recreation:</i>				
Recreation programs	307,562	307,562	288,765	18,797
Park maintenance	348,756	348,756	340,137	8,619
Library	22,667	22,667	23,126	(459)
Railroad museum	29,108	29,108	13,961	15,147
Riverlodge operations	282,033	282,033	298,162	(16,129)
<i>Capital outlays</i>	1,631,967	1,631,967	322,646	1,309,321
<i>Transfers out</i>	1,289	1,289	1,289	-
Total charges to appropriations	<u>6,949,379</u>	<u>6,949,379</u>	<u>5,349,127</u>	<u>1,600,252</u>
Fund Balance, June 30	<u>\$ 8,014,552</u>	<u>\$ 8,014,552</u>	<u>\$ 9,725,057</u>	<u>\$ 1,710,505</u>

CITY OF FORTUNA

Budgetary Comparison Schedule - General Fund  
Note to RSI  
For the Fiscal Year Ended June 30, 2009

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:	\$ 15,074,184
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	(9,818,677)
Transfers in from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(103,134)</u>
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 5,152,373</u>

**Uses/outflows of resources:**

Actual amounts "total charges to appropriations" from the budgetary comparison schedule	\$ 5,349,127
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,289)
Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 5,347,838</u>

Required Supplementary Information  
**CITY OF FORTUNA**  
 Budgetary Comparison Schedule - Redevelopment Agency Administration Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Fund Balance, July 1</b>	\$ 3,314,661	\$ 3,314,661	\$ 3,314,661	\$ -
Resources (inflows):				
Incremental property taxes	1,087,000	1,087,000	1,164,282	77,282
Charges for services	1,300	1,300	1,300	-
Interest	60,716	60,176	90,064	29,888
Amounts available for charges to appropriations	<u>4,463,677</u>	<u>4,463,137</u>	<u>4,570,307</u>	<u>107,170</u>
<b>Charges to appropriations:</b>				
Community development	228,262	228,262	162,034	66,228
Transfers	692,964	692,964	682,636	10,328
Total charges to appropriations	<u>921,226</u>	<u>921,226</u>	<u>844,670</u>	<u>76,556</u>
Fund Balance, June 30	<u>\$ 3,542,451</u>	<u>\$ 3,541,911</u>	<u>\$ 3,725,637</u>	<u>\$ 183,726</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:	\$ 844,670
Differences-budget to GAAP:	
Transfers out are a budgetary use but are not considered to be expenditures for financial reporting purposes	<u>(682,636)</u>
Total expenditures as reported in the statement of revenues, expenditures , and changes in fund balances	<u>\$ 162,034</u>

Sources of inflows of resources:

Amounts available for charges to appropriations:	\$ 4,570,307
Differences budhet to GAAP:	
Beginning fund balances are a budgetary resources but but are not a current year revenue for financial reporting purposes	<u>(3,314,661)</u>
Total revenues are reported in the statement of revenues, expenditures and changes in fund balances	<u>\$ 1,255,646</u>

Required Supplementary Information  
CITY OF FORTUNA  
Budgetary Comparison Schedule - HOME Grants Special Revenue Fund  
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Fund Balance, July 1</b>	\$ 24,253	\$ 24,253	\$ 24,253	\$ -
Resources (inflows):				
Interest	-	-	603	603
Miscellaneous - loan repayments	-	-	-	-
Amounts available for charges to appropriations	<u>24,253</u>	<u>24,253</u>	<u>24,856</u>	<u>603</u>
<b>Charges to appropriations:</b>				
Community development :				
<i>Loan administration</i>	-	-	-	-
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 24,253</u>	<u>\$ 24,253</u>	<u>\$ 24,856</u>	<u>\$ 603</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:	\$ 24,856
Differences-budget to GAAP:	
Beginning fund balances are financial resources for budgetary purposes, but are not considered as revenues for financial reporting purposes	<u>(24,253)</u>
Total revenues as reported in the statement of revenues, expenditures , and changes in fund balances	<u>\$ 603</u>

**OPTIONAL SUPPLEMENTARY INFORMATION**

***NONMAJOR FUNDS' COMBINING FINANCIAL STATEMENTS AND SCHEDULES***



CITY OF FORTUNA  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2009

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	
<b>Assets</b>													
Cash and investments	\$ -	\$ 103,568	\$ 610,976	\$ 1,180,047	\$ -	\$ -	\$ 588,414	\$ 1,572	\$ 2,708,344	\$ 160,462	\$ 875,662	\$ 3,308,114	\$ 668,260
Receivables:													
Accounts	-	4,377	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	14,707	3,000	22,875	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-	2,126	-	-	-	-
Notes receivable, long-term	-	-	-	40,346	-	-	-	-	258,903	1,140,822	6,287	-	17,457
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	942,281	-	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-	593,084	-	-	-	-
<b>Total assets</b>	\$ -	\$ 107,945	\$ 1,553,257	\$ 1,220,393	\$ 14,707	\$ 3,000	\$ 611,289	\$ 1,572	\$ 3,562,457	\$ 1,301,284	\$ 881,949	\$ 3,308,114	\$ 685,717
<b>Liabilities and Fund Balances</b>													
Liabilities:													
Accounts payable	\$ 437	\$ -	\$ 20,890	\$ 23,731	\$ 4,334	\$ -	\$ -	\$ -	\$ 1,033	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	1,581	1,170	-	-	4,135	41	-	-	-	-	-	-	-
Due to other funds	70,194	-	-	-	3,595	2,298	-	-	-	-	-	-	-
Deferred revenue	-	-	-	40,346	-	-	-	-	258,903	1,140,822	6,287	-	17,457
<b>Total liabilities</b>	72,212	1,170	20,890	64,077	12,064	2,339	-	1,572	259,936	1,140,822	6,287	-	17,457
Fund balances:													
Reserved	-	-	942,281	-	-	-	-	-	593,084	-	-	-	-
Unreserved:													
Undesignated	(72,212)	106,775	590,146	1,156,316	2,643	661	611,289	-	2,709,437	160,462	875,662	3,308,114	668,260
<b>Total fund balances</b>	(72,212)	106,775	1,532,427	1,156,316	2,643	661	611,289	-	3,302,521	160,462	875,662	3,308,114	668,260
<b>Total liabilities and fund balances</b>	\$ -	\$ 107,945	\$ 1,553,257	\$ 1,220,393	\$ 14,707	\$ 3,000	\$ 611,289	\$ 1,572	\$ 3,562,457	\$ 1,301,284	\$ 881,949	\$ 3,308,114	\$ 685,717

**CITY OF FORTUNA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2009**

	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
<b>Assets</b>											
Cash and investments	\$ 207,465	\$ 87	\$ -	\$ -	\$ 252,487	\$ 29,493	\$ 89,300	\$ 89,945	\$ 3,690,384	\$ -	\$ 14,564,580
Receivables:											
Accounts	-	-	13,710	190,771	-	-	-	-	-	10,109	28,196
Intergovernmental	-	-	-	-	-	-	-	-	-	-	231,353
Taxes	-	-	-	-	-	-	-	-	-	-	2,126
Notes receivable, long-term	189,348	-	144,698	-	-	-	-	2,419	-	-	1,653,163
Due from other funds	-	-	-	-	-	-	-	-	-	-	147,117
Advances to other funds	-	-	-	-	-	-	-	-	-	-	942,281
Lease receivable	-	-	-	-	1,584,382	-	-	-	-	-	1,584,382
Prepayments	-	-	6,777	-	-	-	-	-	-	-	6,777
Land held for resale	-	-	-	-	-	-	-	-	-	-	593,084
<b>Total assets</b>	<b>\$ 396,813</b>	<b>\$ 87</b>	<b>\$ 165,185</b>	<b>\$ 190,771</b>	<b>\$ 1,836,869</b>	<b>\$ 29,493</b>	<b>\$ 89,300</b>	<b>\$ 92,364</b>	<b>\$ 3,690,384</b>	<b>\$ 10,109</b>	<b>\$ 19,753,059</b>
<b>Liabilities and Fund Balances</b>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 106,121	\$ -	\$ -	\$ -	\$ -	\$ 27,025	\$ -	\$ -	\$ 185,083
Accrued liabilities	-	-	3,848	-	-	-	-	9,853	-	-	20,628
Due to other funds	-	-	32,508	190,771	-	-	-	-	-	2,419	301,785
Deferred revenue	189,348	-	-	-	1,584,382	-	-	-	-	-	3,237,545
<b>Total liabilities</b>	<b>189,348</b>	<b>-</b>	<b>142,477</b>	<b>190,771</b>	<b>1,584,382</b>	<b>-</b>	<b>-</b>	<b>36,878</b>	<b>-</b>	<b>2,419</b>	<b>3,745,041</b>
Fund balances:											
Reserved	-	-	-	-	-	-	-	-	-	-	1,535,365
Unreserved:											
Undesignated	207,465	87	22,708	-	252,487	29,493	89,300	55,486	3,690,384	7,690	14,472,653
<b>Total fund balances</b>	<b>207,465</b>	<b>87</b>	<b>22,708</b>	<b>-</b>	<b>252,487</b>	<b>29,493</b>	<b>89,300</b>	<b>55,486</b>	<b>3,690,384</b>	<b>7,690</b>	<b>16,008,018</b>
<b>Total liabilities and fund balances</b>	<b>\$ 396,813</b>	<b>\$ 87</b>	<b>\$ 165,185</b>	<b>\$ 190,771</b>	<b>\$ 1,836,869</b>	<b>\$ 29,493</b>	<b>\$ 89,300</b>	<b>\$ 92,364</b>	<b>\$ 3,690,384</b>	<b>\$ 10,109</b>	<b>\$ 19,753,059</b>

**CITY OF FORTUNA**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

	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	CDBG Business
<b>Revenues:</b>												
Intergovernmental Charges for services	19,755	-	\$ 32,914	\$ 194,991	\$ 193,726	\$ 3,000	\$ 146,265	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	42,656	-	-	-	-	-	52,579	-	-	-	-
Interest	-	2,220	32,744	23,795	-	-	14,573	525	48,200	2,827	18,876	14,461
Miscellaneous	14,666	3,350	200	61,766	-	-	1,461	-	14,902	160,072	12,761	5,201
<b>Total revenues</b>	<b>34,421</b>	<b>48,226</b>	<b>65,858</b>	<b>280,552</b>	<b>193,726</b>	<b>3,000</b>	<b>162,299</b>	<b>53,104</b>	<b>63,102</b>	<b>162,899</b>	<b>31,637</b>	<b>71,919</b>
<b>Expenditures:</b>												
<b>Current:</b>												
Highways and streets	-	48,781	-	77,841	192,163	2,339	52,461	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	53,104	-	-	-	-
Redevelopment and housing	-	-	-	-	-	-	-	-	12,118	-	-	-
Sanitation and recycling	53,029	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	20,830	50,103	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	11,250	-	-	-
Principal	-	-	-	-	-	-	-	-	157,425	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>53,029</b>	<b>48,781</b>	<b>20,830</b>	<b>127,944</b>	<b>192,163</b>	<b>2,339</b>	<b>52,461</b>	<b>53,104</b>	<b>180,793</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(18,608)</b>	<b>(555)</b>	<b>45,028</b>	<b>152,608</b>	<b>1,563</b>	<b>661</b>	<b>109,838</b>	<b>-</b>	<b>(117,691)</b>	<b>162,899</b>	<b>31,637</b>	<b>71,919</b>
<b>Other Financing Sources (Uses)</b>												
Transfers in	5,459	-	-	89,403	-	-	-	-	291,071	-	-	-
Transfers out	-	-	-	-	-	-	(89,403)	-	-	(156,000)	-	-
<b>Total other financing sources (uses)</b>	<b>5,459</b>	<b>-</b>	<b>-</b>	<b>89,403</b>	<b>-</b>	<b>-</b>	<b>(89,403)</b>	<b>-</b>	<b>291,071</b>	<b>(156,000)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(13,149)</b>	<b>(555)</b>	<b>45,028</b>	<b>242,011</b>	<b>1,563</b>	<b>661</b>	<b>20,435</b>	<b>-</b>	<b>173,380</b>	<b>6,899</b>	<b>31,637</b>	<b>71,919</b>
<b>Fund balances, July 1</b>	<b>(59,063)</b>	<b>107,330</b>	<b>1,487,399</b>	<b>914,305</b>	<b>1,080</b>	<b>-</b>	<b>590,854</b>	<b>-</b>	<b>3,129,141</b>	<b>153,563</b>	<b>844,025</b>	<b>3,236,195</b>
<b>Fund balances, June 30</b>	<b>\$ (72,212)</b>	<b>\$ 106,775</b>	<b>\$ 1,532,427</b>	<b>\$ 1,156,316</b>	<b>\$ 2,643</b>	<b>\$ 661</b>	<b>\$ 611,289</b>	<b>\$ -</b>	<b>\$ 3,302,521</b>	<b>\$ 160,462</b>	<b>\$ 875,662</b>	<b>\$ 3,308,114</b>

**CITY OF FORTUNA**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

	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
<b>Revenues:</b>											
Intergovernmental	\$ -	\$ -	\$ -	\$ 286,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,109	\$ 834,186
Charges for services	-	-	-	-	-	-	-	-	-	-	95,325
Special assessments	-	-	-	-	-	-	-	-	-	-	52,579
Interest	4,500	2	195	-	4,012	641	35,443	4,407	-	128	279,468
Miscellaneous	4,298	-	2,637	-	245,000	-	-	3,050	-	-	529,364
<b>Total revenues</b>	<b>8,798</b>	<b>2</b>	<b>2,832</b>	<b>286,095</b>	<b>249,012</b>	<b>641</b>	<b>35,443</b>	<b>7,457</b>	<b>-</b>	<b>10,237</b>	<b>1,790,922</b>
<b>Expenditures:</b>											
<b>Current:</b>											
Highways and streets	-	-	-	-	-	-	-	-	-	-	373,585
Economic development	-	-	-	-	-	-	-	-	-	10,109	63,213
Redevelopment and housing	1,500	-	239,584	-	-	-	-	-	-	-	293,202
Sanitation and recycling	-	-	-	-	-	-	-	-	-	-	53,029
Capital outlay	-	-	-	-	-	-	-	103,875	-	-	174,808
Debt service:	-	-	-	-	-	-	180,000	-	-	-	191,250
Principal	-	-	-	-	-	-	188,182	-	-	-	345,607
Interest	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,500</b>	<b>-</b>	<b>239,584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>368,182</b>	<b>103,875</b>	<b>-</b>	<b>10,109</b>	<b>1,454,694</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>7,298</b>	<b>2</b>	<b>(236,752)</b>	<b>286,095</b>	<b>249,012</b>	<b>641</b>	<b>(332,739)</b>	<b>(96,416)</b>	<b>-</b>	<b>128</b>	<b>336,228</b>
<b>Other Financing Sources (Uses)</b>											
Transfers in	-	-	333,382	-	-	-	151,765	83,804	-	-	954,884
Transfers out	-	-	(83,804)	(286,095)	(139,912)	-	-	-	-	-	(755,214)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>249,578</b>	<b>(286,095)</b>	<b>(139,912)</b>	<b>-</b>	<b>151,765</b>	<b>83,804</b>	<b>-</b>	<b>-</b>	<b>199,670</b>
<b>Net change in fund balances</b>	<b>7,298</b>	<b>2</b>	<b>12,826</b>	<b>-</b>	<b>109,100</b>	<b>641</b>	<b>(180,974)</b>	<b>(12,614)</b>	<b>-</b>	<b>128</b>	<b>535,898</b>
<b>Fund balances, July 1</b>	<b>200,167</b>	<b>85</b>	<b>9,882</b>	<b>-</b>	<b>143,387</b>	<b>28,852</b>	<b>270,274</b>	<b>68,100</b>	<b>3,690,384</b>	<b>7,562</b>	<b>15,472,120</b>
<b>Fund balances, June 30</b>	<b>\$ 207,465</b>	<b>\$ 87</b>	<b>\$ 22,708</b>	<b>\$ -</b>	<b>\$ 252,487</b>	<b>\$ 29,493</b>	<b>\$ 89,300</b>	<b>\$ 55,486</b>	<b>\$ 3,690,384</b>	<b>\$ 7,690</b>	<b>\$ 16,008,018</b>

**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, 2009**

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Transfer station fees	\$ 21,000	\$ 21,000	\$ 19,755	\$ (1,245)
Miscellaneous	14,000	14,000	14,666	666
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>34,421</u>	<u>(579)</u>
Expenditures:				
Current:				
Sanitation:				
Recycling	63,826	63,826	53,029	10,797
Capital outlay	-	-	-	-
Total expenditures	<u>63,826</u>	<u>63,826</u>	<u>53,029</u>	<u>10,797</u>
Excess(deficiency) of revenues over expenditures	<u>(28,826)</u>	<u>(28,826)</u>	<u>(18,608)</u>	<u>10,218</u>
Other Financing Source				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,459</u>	<u>459</u>
Net change in fund balances	<u>(23,826)</u>	<u>(23,826)</u>	<u>(13,149)</u>	
Fund balance, July 1	<u>(59,063)</u>	<u>(59,063)</u>	<u>(59,063)</u>	<u>-</u>
Fund balance, June 30	<u>\$ (82,889)</u>	<u>\$ (82,889)</u>	<u>\$ (72,212)</u>	<u>\$ 10,677</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, 2009**

	<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	\$ 42,000	\$ 42,000	\$ 42,656	\$ 656
Interest	\$ 1,560	\$ 1,560	\$ 2,220	\$ 660
Miscellaneous	-	-	3,350	3,350
Total revenues	<u>43,560</u>	<u>43,560</u>	<u>48,226</u>	<u>4,666</u>
Expenditures:				
Current:				
Highways and streets:				
Storm drain maintenance	58,086	58,086	48,781	9,305
Capital outlay	-	-	-	-
Total expenditures	<u>58,086</u>	<u>58,086</u>	<u>48,781</u>	<u>9,305</u>
Excess (deficiency) of revenues over expenditures	<u>(14,526)</u>	<u>(14,526)</u>	<u>(555)</u>	<u>13,971</u>
Net change in fund balances	(14,526)	(14,526)	(555)	13,971
Fund balance, July 1	<u>107,330</u>	<u>107,330</u>	<u>107,330</u>	<u>-</u>
Fund balance, June 30	<u>\$ 92,804</u>	<u>\$ 92,804</u>	<u>\$ 106,775</u>	<u>\$ 13,971</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, 2009**

	<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	\$ 50,000	\$ 50,000	\$ 32,914	\$ (17,086)
Interest	51,764	51,764	32,744	(19,020)
Miscellaneous	-	-	200	200
Total revenues	<u>101,764</u>	<u>101,764</u>	<u>65,858</u>	<u>(35,906)</u>
Expenditures:				
Capital outlay:				
Storm drain improvements	<u>620,000</u>	<u>620,000</u>	<u>20,830</u>	<u>599,170</u>
Total expenditures	<u>620,000</u>	<u>620,000</u>	<u>20,830</u>	<u>599,170</u>
Excess(deficiency) of revenues over expenditures	<u>(518,236)</u>	<u>(518,236)</u>	<u>45,028</u>	<u>563,264</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(518,236)	(518,236)	45,028	563,264
Fund balance, July 1	<u>1,487,399</u>	<u>1,487,399</u>	<u>1,487,399</u>	<u>-</u>
Fund balance, June 30	<u>\$ 969,163</u>	<u>\$ 969,163</u>	<u>\$ 1,532,427</u>	<u>\$ 563,264</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, 2009**

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
TDA allocation-streets and bike	\$ 194,991	\$ 194,991	\$ 194,991	\$ -
Interest	17,590	17,590	23,795	6,205
Miscellaneous	5,286	5,286	61,766	56,480
Total revenues	<u>217,867</u>	<u>217,867</u>	<u>280,552</u>	<u>62,685</u>
Expenditures:				
Highways and streets:				
Maintenance	-	-	77,841	(77,841)
Capital outlay	490,000	490,000	50,103	439,897
Total expenditures	<u>490,000</u>	<u>490,000</u>	<u>127,944</u>	<u>362,056</u>
Excess(deficiency) of revenues over expenditures	<u>(272,133)</u>	<u>(272,133)</u>	<u>152,608</u>	<u>424,741</u>
Other financing Sources(Uses)				
Transfers in	-	-	89,403	89,403
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>89,403</u>	<u>89,403</u>
Net change in fund balances	(272,133)	(272,133)	242,011	514,144
Fund balance, July 1	<u>914,305</u>	<u>914,305</u>	<u>914,305</u>	<u>-</u>
Fund balance, June 30	<u>\$ 642,172</u>	<u>\$ 642,172</u>	<u>\$ 1,156,316</u>	<u>\$ 514,144</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
State allocations:				
Gas tax 2105	\$ 68,600	\$ 68,600	\$ 61,045	\$ (7,555)
Gas tax 2106	56,200	56,200	51,434	(4,766)
Gas tax 2107	91,100	91,100	81,247	(9,853)
Interest	795	795	-	(795)
Miscellaneous	-	-	-	-
Total revenues	<u>216,695</u>	<u>216,695</u>	<u>193,726</u>	<u>(22,969)</u>
Expenditures:				
Current:				
Highways and streets:				
Traffic control	229,471	229,471	192,163	37,308
Capital outlay:				
Equipment	11,000	11,000	-	11,000
Total expenditures	<u>240,471</u>	<u>240,471</u>	<u>192,163</u>	<u>48,308</u>
Excess(deficiency) of revenues over expenditures	(23,776)	(23,776)	1,563	25,339
Other Financing Sources				
Transfers in	-	-	-	-
Net change in fund balances	(23,776)	(23,776)	1,563	25,339
Fund balance, July 1	<u>1,080</u>	<u>1,080</u>	<u>1,080</u>	<u>-</u>
Fund balance, June 30	<u>\$ (22,696)</u>	<u>\$ (22,696)</u>	<u>\$ 2,643</u>	<u>\$ 25,339</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, 2009**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental- Gas tax 2107.5	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Interest income	-	-	-	-
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Expenditures:				
Current:				
Highways and streets	<u>5,253</u>	<u>5,253</u>	<u>2,339</u>	<u>2,914</u>
Total expenditures	<u>5,253</u>	<u>5,253</u>	<u>2,339</u>	<u>2,914</u>
Excess(deficiency) of revenues over expenditures	<u>(2,253)</u>	<u>(2,253)</u>	<u>661</u>	<u>2,914</u>
Other Financing Sources				
Transfers in	-	-	-	-
Net change in fund balances	(2,253)	(2,253)	661	2,914
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ (2,253)</u>	<u>\$ (2,253)</u>	<u>\$ 661</u>	<u>\$ 2,914</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 156,385	\$ 156,385	\$ 146,265	\$ (10,120)
Interest	12,820	12,820	14,573	1,753
Miscellaneous	582	582	1,461	879
Total revenues	<u>169,787</u>	<u>169,787</u>	<u>162,299</u>	<u>(7,488)</u>
Expenditures:				
Current:				-
Other street purposes	<u>53,000</u>	<u>53,000</u>	<u>52,461</u>	<u>539</u>
Total expenditures	<u>53,000</u>	<u>53,000</u>	<u>52,461</u>	<u>539</u>
Excess(deficiency) of revenues over expenditures	<u>116,787</u>	<u>116,787</u>	<u>109,838</u>	<u>(6,949)</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(89,403)</u>	<u>(89,403)</u>
Net change in fund balances	116,787	116,787	20,435	(96,352)
Fund balance, July 1	<u>590,854</u>	<u>590,854</u>	<u>590,854</u>	<u>-</u>
Fund balance, June 30	<u>\$ 707,641</u>	<u>\$ 707,641</u>	<u>\$ 611,289</u>	<u>\$ (96,352)</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, 2009**

	<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	\$ 54,350	\$ 54,350	\$ 52,579	\$ (1,771)
Interest	750	750	525	(225)
Total revenues	<u>55,100</u>	<u>55,100</u>	<u>53,104</u>	<u>(1,996)</u>
Expenditures:				
Current:				
Economic development	<u>55,100</u>	<u>55,100</u>	<u>53,104</u>	<u>1,996</u>
Total expenditures	<u>55,100</u>	<u>55,100</u>	<u>53,104</u>	<u>1,996</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**  
**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, 2009**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 28,965	\$ 28,965	\$ 48,200	\$ 19,235
Miscellaneous	1,500	1,500	14,902	13,402
Total revenues	<u>30,465</u>	<u>30,465</u>	<u>63,102</u>	<u>32,637</u>
Expenditures:				
Current:				
Redevelopment and housing:				
Rehabilitation loans	3,027,559	3,027,559	-	3,027,559
Administration	7,953	7,953	12,118	(4,165)
Debt service:				
Principal	11,250	11,250	11,250	-
Interest	157,425	157,425	157,425	-
Total expenditures	<u>3,204,187</u>	<u>3,204,187</u>	<u>180,793</u>	<u>3,023,394</u>
Excess(deficiency) of revenues over expenditures	<u>(3,173,722)</u>	<u>(3,173,722)</u>	<u>(117,691)</u>	<u>3,056,031</u>
Other financing sources (uses):				
Transfers in	277,190	277,190	291,071	13,881
Transfers out	-	-	-	-
Total other financing sources(uses)	<u>277,190</u>	<u>277,190</u>	<u>291,071</u>	<u>13,881</u>
Net changes in fund balances	(2,896,532)	(2,896,532)	173,380	3,069,912
Fund balance, July 1	<u>3,129,141</u>	<u>3,129,141</u>	<u>3,129,141</u>	<u>-</u>
Fund balance, June 30	<u>\$ 232,609</u>	<u>\$ 232,609</u>	<u>\$ 3,302,521</u>	<u>\$ 3,069,912</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, 2009**

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 1,540	\$ 1,540	\$ 2,827	\$ 1,287
InterestMiscellaneous	1,865	1,865	160,072	158,207
<b>Total revenues</b>	<u>3,405</u>	<u>3,405</u>	<u>162,899</u>	<u>159,494</u>
Expenditures:				
Current				
Redevelopment and housing:				
Administration	-	-	-	-
Housing project loans	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures	<u>3,405</u>	<u>3,405</u>	<u>162,899</u>	<u>159,494</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(156,000)	(156,000)
<b>Total other financing sources(uses)</b>	<u>-</u>	<u>-</u>	<u>(156,000)</u>	<u>(156,000)</u>
<b>Net changes in fund balances</b>	<u>3,405</u>	<u>3,405</u>	<u>6,899</u>	<u>3,494</u>
Fund balance, July 1	<u>153,563</u>	<u>153,563</u>	<u>153,563</u>	<u>-</u>
<b>Fund balance, June 30</b>	<u>\$ 156,968</u>	<u>\$ 156,968</u>	<u>\$ 160,462</u>	<u>\$ 3,494</u>

**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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 6,500	\$ 6,500	\$ 18,876	\$ 12,376
Miscellaneous	13,047	13,047	12,761	(286)
Total revenues	<u>19,547</u>	<u>19,547</u>	<u>31,637</u>	<u>12,090</u>
Expenditures:				
Current:				
Redevelopment and housing:				
Economic development loans	867,063	867,063	-	867,063
Total expenditures	<u>867,063</u>	<u>867,063</u>	<u>-</u>	<u>867,063</u>
Excess(deficiency) of revenues over expenditures	<u>(847,516)</u>	<u>(847,516)</u>	<u>31,637</u>	<u>879,153</u>
Other Financing Use:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(847,516)	(847,516)	31,637	879,153
Fund balance, July 1	<u>844,025</u>	<u>844,025</u>	<u>844,025</u>	<u>-</u>
Fund balance, June 30	<u>\$ (3,491)</u>	<u>\$ (3,491)</u>	<u>\$ 875,662</u>	<u>\$ 879,153</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, 2009**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 60,761	\$ 60,761	\$ 71,919	\$ 11,158
Total revenues	<u>60,761</u>	<u>60,761</u>	<u>71,919</u>	<u>11,158</u>
Expenditures:				
Current:				
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures	<u>60,761</u>	<u>60,761</u>	<u>71,919</u>	<u>11,158</u>
Transfers out	<u>(117,811)</u>	<u>(117,811)</u>	<u>-</u>	<u>117,811</u>
Net changes in fund balances	(57,050)	(57,050)	71,919	128,969
Fund balance, July 1	<u>3,236,195</u>	<u>3,236,195</u>	<u>3,236,195</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,179,145</u>	<u>\$ 3,179,145</u>	<u>\$ 3,308,114</u>	<u>\$ 128,969</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, 2009**

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 6,500	\$ 6,500	\$ 14,461	\$ 7,961
Miscellaneous	5,183	5,183	5,201	18
Total revenues	<u>11,683</u>	<u>11,683</u>	<u>19,662</u>	<u>7,979</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>11,683</u>	<u>11,683</u>	<u>19,662</u>	<u>7,979</u>
Other financing sources:				
Transfers in	-	-	-	-
Transfers out	<u>(38,851)</u>	<u>(38,851)</u>	<u>-</u>	<u>38,851</u>
Total other financing sources(uses)	<u>(38,851)</u>	<u>(38,851)</u>	<u>-</u>	<u>38,851</u>
Net change in fund balances	(27,168)	(27,168)	19,662	46,830
Fund balance, July 1	<u>648,598</u>	<u>648,598</u>	<u>648,598</u>	<u>-</u>
Fund balance, June 30	<u>\$ 621,430</u>	<u>\$ 621,430</u>	<u>\$ 668,260</u>	<u>\$ 46,830</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	\$ 2,011	\$ 2,011	\$ 4,500	\$ 2,489
Miscellaneous	5,928	5,928	4,298	(1,630)
Total revenues	<u>7,939</u>	<u>7,939</u>	<u>8,798</u>	<u>859</u>
Expenditures:				
Current:				
Redevelopment and housing:				
Housing project loans	209,044	209,044	1,500	207,544
Total expenditures	<u>209,044</u>	<u>209,044</u>	<u>1,500</u>	<u>207,544</u>
Excess(deficiency) of revenues over expenditures	<u>(201,105)</u>	<u>(201,105)</u>	<u>7,298</u>	<u>208,403</u>
Net change in fund balances	(201,105)	(201,105)	7,298	208,403
Fund balance, July 1	<u>200,167</u>	<u>200,167</u>	<u>200,167</u>	<u>-</u>
Fund balance, June 30	<u>\$ (938)</u>	<u>\$ (938)</u>	<u>\$ 207,465</u>	<u>\$ 208,403</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, 2009

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 2	\$ 2
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures	-	-	2	2
Fund balance, July 1	<u>85</u>	<u>85</u>	<u>85</u>	<u>-</u>
Fund balance, June 30	<u>\$ 85</u>	<u>\$ 85</u>	<u>\$ 87</u>	<u>\$ 2</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, 2009

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
CDBG pass through grants	\$ -	\$ -	\$ -	\$ -
Interest	-	-	195	195
Miscellaneous	-	-	2,637	2,637
Total revenues	<u>-</u>	<u>-</u>	<u>2,832</u>	<u>2,832</u>
Expenditures:				
Current:				
Redevelopment and housing:				
Housing loans	93,863	93,863	150,158	(56,295)
Program administration	32,000	32,000	22,914	9,086
Program delivery	10,870	10,870	29,049	(18,179)
Senior services	31,756	31,756	37,463	(5,707)
Total expenditures	<u>168,489</u>	<u>168,489</u>	<u>239,584</u>	<u>(71,095)</u>
Excess(deficiency) of revenues over expenditures	<u>(168,489)</u>	<u>(168,489)</u>	<u>(236,752)</u>	<u>(68,263)</u>
Other financing sources:				
Transfers out	(125,000)	(125,000)	(83,804)	41,196
Transfers in	<u>276,584</u>	<u>276,584</u>	<u>333,382</u>	<u>56,798</u>
Totals	<u>151,584</u>	<u>151,584</u>	<u>249,578</u>	<u>97,994</u>
Net change in fund balances	(16,905)	(16,905)	12,826	29,731
Fund balance, July 1	<u>9,882</u>	<u>9,882</u>	<u>9,882</u>	<u>-</u>
Fund balance, June 30	<u>\$ (7,023)</u>	<u>\$ (7,023)</u>	<u>\$ 22,708</u>	<u>\$ 29,731</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, 2009

	<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	-	-	99,134	99,134
Other grants	-	-	4,579	4,579
CDBG grants	-	-	177,382	177,382
Playground grant	-	-	-	-
ABC grant	-	-	-	-
Cal-MMET grant	45,000	45,000	-	(45,000)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>286,095</u>	<u>236,095</u>
Expenditures:				
Current:				
Redevelopment and housing Housing loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures	<u>50,000</u>	<u>50,000</u>	<u>286,095</u>	<u>236,095</u>
Other financing sources(uses):				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(286,095)</u>	<u>(236,095)</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**  
**Lease Payment Debt Service Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Lease payments	245,000	245,000	245,000	-
Interest	4,500	4,500	4,012	(488)
<b>Total revenues</b>	<u>249,500</u>	<u>249,500</u>	<u>249,012</u>	<u>(488)</u>
Expenditures:				
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures	<u>249,500</u>	<u>249,500</u>	<u>249,012</u>	<u>(488)</u>
Other financing sources (uses)				
Transfers out	(140,409)	(140,409)	(139,912)	497
<b>Total other financing sources(uses)</b>	<u>(140,409)</u>	<u>(140,409)</u>	<u>(139,912)</u>	<u>497</u>
<b>Net change in fund balances</b>	<b>109,091</b>	<b>109,091</b>	<b>109,100</b>	<b>9</b>
Fund balance, July 1	<u>143,387</u>	<u>143,387</u>	<u>143,387</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 252,478</u></u>	<u><u>\$ 252,478</u></u>	<u><u>\$ 252,487</u></u>	<u><u>\$ 9</u></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, 2009**

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 641	\$ 641
Total revenues	-	-	641	641
Expenditures:				
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess(deficiency) of revenues over expenditures	-	-	641	641
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	641	641
Fund balance, July 1	28,852	28,852	28,852	-
Fund balance, June 30	<u>\$ 28,852</u>	<u>\$ 28,852</u>	<u>\$ 29,493</u>	<u>\$ 641</u>

**CITY OF FORTUNA**  
**City Bond Debt Service Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 35,443	\$ 35,443
Total revenues	-	-	35,443	35,443
Expenditures:				
Debt service:				
Principal	-	180,000	180,000	-
Interest	-	188,181	188,182	(1)
Total expenditures	-	368,181	368,182	(1)
Excess(deficiency) of revenues over expenditures	-	(368,181)	(332,739)	35,442
Other financing sources:				
Transfers in	-	151,765	151,765	-
Total other financing sources (uses)	-	151,765	151,765	-
Net change in fund balances	-	(216,416)	(180,974)	35,442
Fund balance, July 1	270,274	270,274	270,274	-
Fund balance, June 30	<u>\$ 270,274</u>	<u>\$ 53,858</u>	<u>\$ 89,300</u>	<u>\$ 35,442</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, 2009**

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 4,407	\$ 4,407
Miscellaneous	5,189	5,189	3,050	(2,139)
Total revenues	<u>5,189</u>	<u>5,189</u>	<u>7,457</u>	<u>2,268</u>
Expenditures:				
Capital outlay:				
Projects	248,000	248,000	103,875	144,125
Total expenditures	<u>248,000</u>	<u>248,000</u>	<u>103,875</u>	<u>144,125</u>
Excess(deficiency) of revenues over expenditures	<u>(242,811)</u>	<u>(242,811)</u>	<u>(96,418)</u>	<u>146,393</u>
Other financing sources:				
Transfers in	242,811	242,811	83,804	(159,007)
Net change in fund balances	-	-	(12,614)	(12,614)
Fund balance, July 1	<u>68,100</u>	<u>68,100</u>	<u>68,100</u>	<u>-</u>
Fund balance, June 30	<u>\$ 68,100</u>	<u>\$ 68,100</u>	<u>\$ 55,486</u>	<u>\$ (12,614)</u>

CITY OF FORTUNA  
2007 Bond Capital Projects Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Capital outlay:				
Projects	-	-	-	-
Total expenditures	-	-	-	-
Excess(deficiency) of revenues over expenditures	-	-	-	-
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, July 1	<u>3,690,384</u>	<u>3,690,384</u>	<u>3,690,384</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,690,384</u>	<u>\$ 3,690,384</u>	<u>\$ 3,690,384</u>	<u>\$ -</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, 2009

	<u>Budgeted Amounts</u>			Variance With final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 16,150	\$ 16,150	\$ 10,109	\$ (6,041)
Interest	-	-	128	128
Miscellaneous	-	-	-	-
Total revenues	<u>16,150</u>	<u>16,150</u>	<u>10,237</u>	<u>(5,913)</u>
Expenditures:				
Current:				
Economic development:				
Insurance and taxes	<u>16,150</u>	<u>16,150</u>	<u>10,109</u>	<u>6,041</u>
Total expenditures	<u>16,150</u>	<u>16,150</u>	<u>10,109</u>	<u>6,041</u>
Excess(deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>128</u>	<u>128</u>
Net change in fund balances	-	-	128	128
Fund balance, July 1	<u>7,562</u>	<u>7,562</u>	<u>7,562</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 7,562</u></u>	<u><u>\$ 7,562</u></u>	<u><u>\$ 7,690</u></u>	<u><u>\$ 128</u></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.

<b>Financial Trends</b>	<b>Schedules 1-4</b>
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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.

<b>Revenue Capacity</b>	<b>Schedules 5-8</b>
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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.

<b>Debt Capacity</b>	<b>Schedules 9-13</b>
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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.

<b>Demographic and Economic Information</b>	<b>Schedules 14-15</b>
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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.

<b>Operating Information</b>	<b>Schedules 16-18</b>
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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	2009
<b>Governmental activities:</b>						
Invested in capital assets, net of related debt	\$ 1,226,738	\$ 1,419,321	\$ 1,581,792	\$ 1,821,091	\$ (7,493,040)	\$ (7,336,646)
Restricted	9,256,792	11,668,561	12,693,202	15,908,465	26,899,519	27,823,102
Unrestricted	2,240,080	3,137,536	2,843,036	4,165,357	6,192,645	6,086,885
<b>Total governmental activities net assets</b>	<b>\$ 12,723,610</b>	<b>\$ 16,225,418</b>	<b>\$ 17,118,030</b>	<b>\$ 21,894,913</b>	<b>\$ 25,599,124</b>	<b>\$ 26,573,341</b>
<b>Business-type activities:</b>						
Invested in capital assets, net of related debt	\$ 14,989,034	\$ 16,350,258	\$ 17,304,740	\$ 16,407,275	\$ 16,893,024	\$ 19,589,157
Restricted	1,430,013	1,769,626	1,040,437	2,427,423	6,240,702	4,343,859
Unrestricted	4,138,449	3,330,608	4,044,904	5,158,345	3,582,859	5,809,775
<b>Total business-type activities</b>	<b>\$ 20,557,496</b>	<b>\$ 21,450,492</b>	<b>\$ 22,390,081</b>	<b>\$ 23,993,043</b>	<b>\$ 26,716,585</b>	<b>\$ 29,742,791</b>
<b>Primary government (City wide totals)</b>						
Invested in capital assets, net of related debt	\$ 16,215,772	\$ 17,769,579	\$ 18,886,532	\$ 18,228,366	\$ 9,399,984	\$ 12,252,511
Restricted	10,686,805	13,438,187	13,733,639	18,335,888	33,140,221	32,166,961
Unrestricted	6,378,529	6,468,144	6,887,940	9,323,702	9,775,504	11,896,660
<b>Total primary government net assets</b>	<b>\$ 33,281,106</b>	<b>\$ 37,675,910</b>	<b>\$ 39,508,111</b>	<b>\$ 45,887,956</b>	<b>\$ 52,315,709</b>	<b>\$ 56,316,132</b>

**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 Six Fiscal Years  
(Accrual Basis of Accounting)

For The Fiscal Years Ended June 30

	2004	2005	2006	2007	2008	2009
<b>Expenses:</b>						
<b>Governmental activities:</b>						
General government	\$ 791,392	\$ 853,480	\$ 831,874	\$ 844,481	\$ 893,768	\$ 959,461
Public safety	1,715,611	2,097,961	2,610,994	2,683,990	2,636,548	2,763,771
Streets	723,531	655,536	759,820	857,535	895,761	953,443
Parks and recreation	908,897	910,534	926,591	951,990	1,116,131	1,109,081
Sanitation	16,406	69,616	163,617	64,185	63,986	53,029
Redevelopment and housing	250,020	179,073	626,080	1,476,328	659,606	731,262
Interest on long-term debt	1,355,628	621,381	579,218	668,406	873,534	790,193
<b>Total governmental activities expenses</b>	<b>5,761,485</b>	<b>5,387,561</b>	<b>6,498,194</b>	<b>7,546,305</b>	<b>7,139,334</b>	<b>7,380,240</b>
<b>Business-type activities:</b>						
Water	1,012,067	990,556	1,017,149	1,095,433	1,192,297	1,301,830
Wastewater	1,138,106	1,282,054	1,281,612	1,439,596	1,547,148	1,781,644
Transit	168,669	172,544	189,890	199,388	203,697	199,999
<b>Total business-type activities expenses</b>	<b>2,318,842</b>	<b>2,445,154</b>	<b>2,488,651</b>	<b>2,734,417</b>	<b>2,943,142</b>	<b>3,283,473</b>
<b>Total City government expenses</b>	<b>\$ 8,080,327</b>	<b>\$ 7,832,735</b>	<b>\$ 8,986,845</b>	<b>\$ 10,280,722</b>	<b>\$ 10,082,476</b>	<b>\$ 10,663,713</b>
<b>Program Revenues:</b>						
<b>Governmental activities:</b>						
Charges for services:						
General government	\$ 120,967	\$ 25,470	\$ 35,847	\$ 30,930	\$ 30,875	\$ 38,676
Public safety	453,015	509,023	416,707	489,242	388,319	341,207
Streets	314,141	207,145	203,927	279,010	243,128	131,849
Parks and recreation	502,491	549,542	556,292	580,748	709,743	579,336
Sanitation	19,926	29,632	27,883	20,826	39,853	34,421
Redevelopment and housing	352,027	483,124	524,473	1,041,124	1,324,472	953,869
Operating grants and contributions	453,125	628,482	811,189	930,531	1,082,365	564,521
Capital grants and contributions	2,082,317	2,332,921	485,566	3,885,906	1,865,766	442,851
<b>Total governmental activities program revenues</b>	<b>4,298,009</b>	<b>4,765,339</b>	<b>3,061,884</b>	<b>7,258,317</b>	<b>5,684,521</b>	<b>3,086,730</b>
<b>Business-type activities:</b>						
Charges for services:						
Water	1,624,406	1,430,841	1,494,673	1,650,954	1,850,825	2,324,727
Wastewater	1,545,977	1,524,648	1,554,790	2,298,016	3,468,226	3,629,310
Transit	10,526	9,634	9,643	10,707	13,672	11,843
Operating grants and contributions	138,403	143,581	161,965	173,381	178,239	250,155
Capital grants and contributions	714,250	241,841	219,433	225,766	168,039	102,799
<b>Total business-type activities program revenues</b>	<b>4,033,562</b>	<b>3,350,545</b>	<b>3,440,504</b>	<b>4,358,831</b>	<b>5,679,001</b>	<b>6,318,834</b>
<b>Total City government program revenues</b>	<b>\$ 8,331,571</b>	<b>\$ 8,115,884</b>	<b>\$ 6,502,388</b>	<b>\$ 11,617,148</b>	<b>\$ 11,363,522</b>	<b>\$ 9,405,564</b>

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

For The Fiscal Years Ended June 30

	2004	2005	2006	2007	2008	2009
<b>Net(Expense)Revenue:</b>						
Governmental activities	\$ (1,463,476)	\$ (622,242)	\$ (3,436,310)	\$ (287,988)	\$ (1,454,813)	\$ (4,293,510)
Business-type activities	1,714,720	905,391	951,853	1,624,414	2,735,859	3,035,361
Total City government	\$ 251,244	\$ 283,149	\$ (2,484,457)	\$ 1,336,426	\$ 1,281,046	\$ (1,258,149)
<b>General Revenues and Other Changes in In Net Assets:</b>						
Governmental activities:						
Taxes:						
Property taxes	\$ 235,841	\$ 259,886	\$ 310,342	\$ 343,408	\$ 349,486	\$ 361,047
Incremental property taxes	620,253	681,169	809,616	1,011,169	1,064,985	1,164,282
Sales taxes	1,281,183	1,362,098	1,372,614	1,480,367	1,534,032	1,592,423
Transit occupancy taxes	386,430	392,845	405,347	469,567	473,376	447,337
Other taxes	287,009	306,290	313,242	374,640	346,639	435,311
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	974,570
Unrestricted investment earnings	533,276	180,081	246,580	373,055	344,607	195,433
Other general revenues	78,806	80,156	89,734	99,972	103,236	88,169
Transfers	1,874,530	12,395	12,264	21,452	12,317	9,155
Total governmental activities	5,815,357	4,124,050	4,328,922	5,064,871	5,159,024	5,267,727
Business-type activities						
Investment earnings	-	-	-	-	-	-
Transfers	(1,874,530)	(12,395)	(12,264)	(21,452)	(12,317)	(9,155)
Total business-type activities	(1,874,530)	(12,395)	(12,264)	(21,452)	(12,317)	(9,155)
Total City government	\$ 3,940,827	\$ 4,111,655	\$ 4,316,658	\$ 5,043,419	\$ 5,146,707	\$ 5,258,572
<b>Change in net assets:</b>						
Governmental activities	\$ 4,351,881	\$ 3,501,808	\$ 892,612	\$ 4,776,883	\$ 3,704,211	\$ 974,217
Business-type activities	(159,810)	892,996	939,589	1,602,962	2,723,542	3,026,206
Total City government	\$ 4,192,071	\$ 4,394,804	\$ 1,832,201	\$ 6,379,845	\$ 6,427,753	\$ 4,000,423

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 Six 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
2009	\$ 5,117,409	\$ 4,607,648	\$ 9,725,057	\$ 1,535,365	\$ (1,446,213)	\$ 3,753,560	\$ 14,098,306	\$ 17,941,018
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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues:</b>										
Taxes	\$ 2,216	\$ 2,181	\$ 2,362	\$ 2,540	2,810	\$ 3,002	\$ 3,211	\$ 3,679	\$ 3,769	\$ 4,000
Licenses and permits	215	273	232	225	240	197	155	173	104	111
Fines and forfeits	38	36	34	43	59	91	93	98	92	79
Charges for services	322	502	592	777	887	1,007	945	1,059	1,142	883
Special assessments					45	48	50	51	54	53
Intergovernmental	1,176	1,742	1,265	1,803	2,904	3,520	1,899	5,460	2,650	1,825
Investment earnings	878	1,033	1,122	1,124	742	388	519	915	1,066	681
Other revenues	291	376	607	223	831	959	936	1,302	918	684
<b>Total revenues</b>	<b>5,136</b>	<b>6,143</b>	<b>6,214</b>	<b>6,735</b>	<b>8,518</b>	<b>9,212</b>	<b>7,808</b>	<b>12,737</b>	<b>9,795</b>	<b>8,316</b>
<b>Expenditures:</b>										
General government	436	419	482	678	715	702	684	704	799	940
Public safety	1,196	1,293	1,487	1,587	1,657	2,010	2,565	2,652	2,605	2,741
Parks and recreation	512	541	573	736	738	814	856	931	1,005	964
Highways and streets	1,369	1,021	502	1,182	515	479	545	663	739	754
Health and welfare	39	110	264	7	16	70	164	50	64	53
Economic development and redevelopment	155	136	187	151	2,094	2,520	600	4,131	953	478
Capital outlay	709	812	962	240	986	618	505	504	679	498
Debt service:										
Payment to escrow agent									484	-
Costs of issuance									606	-
Principal	99	156	110	121	132	138	148	159	-	225
Interest	788	951	1,209	1,293	1,385	515	606	695	911	944
<b>Total expenditures</b>	<b>5,303</b>	<b>5,439</b>	<b>5,776</b>	<b>5,995</b>	<b>8,238</b>	<b>7,866</b>	<b>6,673</b>	<b>10,489</b>	<b>8,845</b>	<b>7,597</b>
Excess of revenues over(under) expenditures	(167)	704	438	740	280	1,346	1,135	2,248	950	719
<b>Other Financing Sources(Uses)</b>										
Proceeds from borrowing	1,001	3,751	1,061	1,012	1,012	-	-	-	17,577	-
Payment to escrow agent									(2,803)	-
Gain on sale of land for resale	24	-	-	-	-	-	-	-	-	-
Purchase of land for resale	-	-	-	-	-	-	-	-	-	-
Transfers in	1,152	1,888	1,354	1,260	6,026	2,479	1,032	1,166	16,895	1,448
Transfers out	(1,220)	(1,879)	(1,342)	(1,248)	(4,151)	(2,466)	(1,020)	(1,145)	(16,884)	(1,439)
<b>Total other financing sources(uses)</b>	<b>957</b>	<b>3,760</b>	<b>1,073</b>	<b>1,024</b>	<b>1,875</b>	<b>13</b>	<b>12</b>	<b>21</b>	<b>14,785</b>	<b>9</b>
<b>Net change in fund balances</b>	<b>\$ 790</b>	<b>4,464</b>	<b>1,511</b>	<b>1,764</b>	<b>2,155</b>	<b>1,359</b>	<b>\$ 1,147</b>	<b>\$ 2,269</b>	<b>\$ 15,735</b>	<b>\$ 728</b>
Debt service as a percentage of noncapital expenditures	19.31%	23.92%	27.40%	24.57%	20.92%	9.01%	12.22%	8.55%	24.50%	16.47%

**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			
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%
2008-2009	797,594	37,622	835,216	1.00%	2,047,731	40.79%

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)**

10 Year Detail of Rates producing Revenue for City and Associated Redevelopment Agency

Fiscal Year	City General Fund Rates			RDA Incremental Rate		Total Direct Rate
	City Share of 1% Levy per Prop 13	Debt Rates	Total City Rates	Prop. 13 + applicable voter approved debt*		
1999-2000	0.07327%	0.00%	0.07327%	1.00%	0.17330%	
2000-2001	0.07327%	0.00%	0.07327%	1.00%	0.17002%	
2001-2002	0.07327%	0.00%	0.07327%	1.00%	0.19337%	
2002-2003	0.07327%	0.00%	0.07327%	1.00%	0.21101%	
2003-2004	0.07327%	0.00%	0.07327%	1.00%	0.21556%	
2004-2005	0.07327%	0.00%	0.07327%	1.00%	0.22057%	
2005-2006	0.07327%	0.00%	0.07327%	1.00%	0.22899%	
2006-2007	0.07327%	0.00%	0.07327%	1.00%	0.23565%	
2007-2008	0.07327%	0.00%	0.07327%	1.00%	0.23571%	
2008-2009	0.07327%	0.00%	0.07327%	1.00%	0.24037%	

Continued

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

	10 Year Detail of all Taxpayer Rates for largest General Fund Tax Rate Area 005-0000 (direct rate agencies in bold)									
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
<b>City of Fortuna Tax And Fine Trust</b>	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
<b>General</b>	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
Robiner Community Park & Recreation Dist.	0.00201	0.00201	0.00201	0.00201	0.00201	0.00201	0.00201	0.00201	0.00201	0.00201
<b>Total Prop. 13 Rate</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>
CR 2005 Go Bond	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01300	0.01000	0.01500	0.01200
Fortuna High Go Bonds 2000	0.00000	0.01100	0.01000	0.00800	0.01000	0.00700	0.00700	0.00500	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	0.02600	0.02500
<b>Total Voter Approved Rate</b>	<b>0.00000</b>	<b>0.01100</b>	<b>0.01000</b>	<b>0.00800</b>	<b>0.01000</b>	<b>0.00700</b>	<b>0.02000</b>	<b>0.01500</b>	<b>0.04600</b>	<b>0.04200</b>
<b>Total Tax Rate</b>	<b>1.00000</b>	<b>1.01100</b>	<b>1.01000</b>	<b>1.00800</b>	<b>1.01000</b>	<b>1.00700</b>	<b>1.02000</b>	<b>1.01500</b>	<b>1.04600</b>	<b>1.04200</b>

**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 that address adopted prior to 1999 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 1999/00 - 2008/09 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)

2008-2009		1999-2000		Percentage of	
Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Total City Taxable Assessed Value
Dominic C. Gagliardi Trust	\$ 6,444	Pacific Lumber Company	\$ 24,597	1	5.68%
Peterson Tractor Company	5,302	Humboldt Publishing Company	7,001	2	1.62%
Safeway Inc.	5,233	Dominic C. Gagliardi Trust	5,419	3	1.25%
Fortuna Loop Inc.	4,714	Fortuna Communications Corp.	3,436	4	0.79%
Fortuna Assisted Living Inc.	4,595	Safeway Stores Inc.	2,965	5	0.68%
Carl Marchetti Jr. Trust	4,485	Carl Marchetti Jr. Trust	2,752	6	0.63%
Patrick O'Dell	4,400	Lewis Logging Inc.	2,647	7	0.61%
Fortuna Cottages LLC	4,227	Royal Crest Investors	2,368	8	0.55%
Reality Income Corporation	3,680	Chiman Patel	2,134	9	0.49%
J.H. Fothergill Trust	3,371	Wendt Construction Company Inc.	2,022	10	0.47%
Total	\$ 46,451	Total	\$ 55,341		12.77%

Source: HdL Coren & Cone

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

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied For The Fiscal Year</u>	<u>Collected Within The Fiscal Year of The Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
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%
2009	1,525,329	\$ 1,525,329	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>
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
2009	159,242,300	8.25%	1.00%	1,592,423

**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

The total sales tax rate rose from 7.25% to 8.25% on April 1, 2009.

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

2008-2009		1999-2000	
Business Name	Business Category	Business Name	Business Category
Beverage Plus Foods	Grocery Stores Liquor	Beverage Plus Foods	Grocery Stores Liquor
C Crane Company	Electrical Equipment	Burger King	Restaurants No Alcohol
Eel River Brewing	Restaurants Beer and Wine	C Crane Company	Electrical Equipment
Eel River Hydroponics	Garden/Agricultural Supplies	Coast To Coast	Hardware Stores
Eel Valley TV & Appliance	Appliance Stores	Dennys Restaurant	Restaurants Liquor
Forbusco Lumber	Lumber/Building Materials	Forbusco Lumber	Lumber/Building Materials
Fortuna Ace Hardware & Garden	Hardware Stores	Fortuna Chevron	Service Stations
Fortuna Chevron	Service Stations	Fortuna Gas 4 Less	Service Stations
Fortuna Gas 4 Less	Service Stations	Fortuna Glass	Paint/Glass/Wallpaper
Fortuna Motors	New Motor Vehicle Dealers	Fortuna Motors	New Motor Vehicle Dealers
Gary Crivellos Cars	Used Auto Dealers	Gary Crivellos Cars	Used Auto Dealers
Hummel Tire and Wheel	Automotive Supply Stores	Johnson & Carter	Petroleum Prod/Equip
Kragen Auto Parts	Automotive Supply Stores	L & M Renner	Petroleum Prod/Equip
L & M Renner	Petroleum Prod/Equipment	Les Schwab Tire Centers	Automotive Supply Stores
Les Schwab Tire Centers	Automotive Supply Stores	Lows Furniture Company	Home Furnishings
McDonalds	Restaurants No Alcohol	McDonalds	Restaurants No Alcohol
Mercer Fraser	Contractors	Mercer Fraser	Contractors
Peterson Tractor	Farm/Construction Equipment	Rays Food Place	Grocery Stores Liquor
Rays Food Place	Grocery Stores Liquor	Rite Aid	Drug Stores
Rite Aid	Drug Stores	Rohnerville 76	Service Stations
Rohnerville 76	Service Stations	Safeway Store	Grocery Stores Liquor
Safeway Store	Grocery Stores Liquor	Sequoia Gas	Fuel/Ice Dealers
Village Sport & Cycle	Sporting Goods/Bike Stores	Timberland Chev Geo Pontiac Olds	New Motor Vehicle Dealers
Walgreens	Drug Stores	Village Sport & Cycle	Sporting Goods/Bike Stores
Wildwood Saw & Workwear	Hardware Stores	Western Auto Associate Store	General Merchandise
Percent of Fiscal Year Total Paid By Top 25 Accounts = 70.80%		Percent of Fiscal Year Total Paid By Top 25 Accounts = 69.33%	

Period: April 2008 - March 2009

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

Period: April 1999 - March 2000

**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>
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
2009	\$ 4,473,370	10.00%	447,337

**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

2009	2008	2007	2006
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 Travel Inn	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

2005	2004	2003	2002
Best Western Motel	Best Western Motel	Best Western Motel	Best Western Motel
Comfort Inn	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

2001	2000
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
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
2009	22.20	1,364.00	36.02	8.00

**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
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
2009	\$ 1,556,172	4949	\$ 700,031	542	\$ 2,256,203	5491

**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
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
2009	\$ 2,672,790	4697	\$ 821,763	494	\$ 3,494,553	5191

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			Total City Debt	Total City Debt Per Capita	Total City Debt as Percentage of Personal Income	Population	Per Capita Personal Income
	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Revenue Bonds	Capital Lease Obligations	Loans					
2000	-	1,310	361	-	2,570	314	5,422	\$ 530	2.28%	10,225	23,236
2001	-	1,285	351	-	2,500	294	5,262	\$ 496	2.06%	10,609	24,075
2002	-	1,260	341	-	2,425	273	5,094	\$ 474	1.96%	10,742	24,219
2003	-	1,230	331	-	2,345	250	4,911	\$ 451	1.81%	10,880	24,959
2004	-	1,200	319	-	2,255	224	4,711	\$ 425	1.62%	11,075	26,224
2005	-	1,170	307	-	2,160	195	4,500	\$ 400	1.46%	11,250	27,441
2006	-	1,135	294	-	2,060	164	4,273	\$ 378	1.31%	11,314	28,885
2007	-	1,100	280	-	1,950	129	25,364	\$ 381	7.84%	11,207	28,885 *
2008	-	-	-	17,500	-	90	39,305	\$ 376	11.95%	11,374	28,885 *
2009	-	-	-	17,275	-	47	38,792	\$ 376	11.83%	11,351	28,885 *

\*2007, 2008 & 2009 per capita personal income not final - 2006 used in calculation

**Schedule 10  
City of Fortuna  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Revenue Bonds	Tax Allocation Bonds	Total		
2000	-	-	1,310,000	1,310,000	0.31%	128.12
2001	-	-	1,285,000	1,285,000	0.28%	121.12
2002	-	-	1,260,000	1,260,000	0.27%	117.30
2003	-	-	1,230,000	1,230,000	0.25%	113.05
2004	-	-	1,200,000	1,200,000	0.22%	108.35
2005	-	-	1,170,000	1,170,000	0.20%	104.00
2006	-	-	1,135,000	1,135,000	0.17%	100.32
2007	-	-	1,100,000	1,100,000	0.15%	98.15
2008	-	13,280,000	-	13,280,000	1.70%	1,167.58
2009	-	13,235,000	-	13,235,000	1.58%	1,165.98

Note: See schedule 5 for total assessed values of property.

**Schedule 11**  
**City of Fortuna**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2009**

CITY OF FORTUNA

2008-09 Assessed Valuation: \$835,216,122  
 Redevelopment Incremental Valuation: 148,638,897  
 Adjusted Assessed Valuation: \$686,577,225

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/09	% Applicable (1)	City's Share of Debt 6/30/09
Redwoods Joint Community College District	\$31,540,000	5.010%	\$1,580,154
Fortuna Union High School District	11,290,000	43.698	563,704
Fortuna Union School District	3,899,984	69.726	2,719,303
Humboldt Bay Harbor Recreation and Conservation District	2,690,000	7.178	193,088
City of Fortuna 1915 Act Bonds	299,250	100.	<u>299,250</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$5,355,499</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Humboldt County Certificates of Participation	\$13,940,000	7.178%	\$1,000,613
Humboldt County Board of Education Certificates of Participation	935,000	7.178	67,114
Redwoods Joint Community College District Certificates of Participation	625,800	5.010	31,353
<b>City of Fortuna General Fund Obligations</b>	<b>4,040,000</b>	<b>100.</b>	<b><u>4,040,000</u></b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$5,139,080</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$10,494,579 (2)</b>

(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 2008-09 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 0.64%

Ratios to Adjusted Assessed Valuation:

**Combined Direct Debt (\$4,040,000) ..... 0.59%**

Combined Total Debt ..... 1.53%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0

AB:(\$425)

Source: California Municipal Statistics, Inc.

**Schedule 12  
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
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%
2009	\$ 125,282,418	-	0%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 835,216,122
Debt limit (15% of assessed value)	125,282,418
Less debt applicable to limit:	
General obligation bonds	-
Total debt applicable to limit	-
Legal debt margin	<u>\$ 125,282,418</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 13  
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	
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	56,240	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
2009	2,324,727	30,014	1,058,791	1,295,950	-	-	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
2009	2,324,727	30,014	1,058,791	1,295,950	-	369,829	3.50

	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
2009	3,629,310	72,785	1,225,252	2,476,843	245,000	618,260	2.87

	RDA Tax Allocation Bonds			
	Property Tax Increment	Debt Service		
		Principal	Interest	Coverage
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
2009	1,164,282	-	-	n/a

	RDA Revenue Bonds			
	Property Tax Increment	Debt Service		
		Principal	Interest	Coverage
2008	1,064,985	-	317,164	3.36
2009	1,164,282	45,000	629,699	1.73

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 14  
City of Fortuna  
Demographic and Economic Statistics  
For The Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population</u> <sup>1</sup>	<u>Personal Income</u>	<u>Per Capita<sup>2</sup> Personal Income</u>	<u>Unemployment Rate</u> <sup>2</sup>
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 *	7.20%
2009	11,351	327,873,635	28,885 *	7.20% **

1 Source: California Department of Finance

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

\* 2007, 2008 & 2009 per capita personal income not final - 2006 used in calculation

\*\* 2009 annual unemployment rate not final - 2008 used in calculation

Schedule 15  
 City of Fortuna  
 Principal Employers (Ten Largest)  
 (In Alphabetical Order)

Fiscal Year Ended June 30, 2009

Fiscal Year Ended June 30, 2008

Fiscal Year Ended June 30, 2007

Fiscal Year Ended June 30, 2006

Employer	Employer	Employer	Employer
City of Fortuna	City of Fortuna	City of Fortuna	City of Fortuna
Eel River Disposal	Eel River Disposal	Eel River Disposal	Eel River Disposal
Fortuna Motors	Fortuna Motors	Fortuna Motors	Fortuna Motors
Fortuna Union Elementary School District			
Fortuna Union High School District			
Redwood Memorial Hospital	Redwood Memorial Hospital	Redwood Memorial Hospital	Redwood Memorial Hospital
Rohnerville School District	Rohnerville School District	Rohnerville School District	Rohnerville School District
Safeway	Safeway	Safeway	Safeway
St. Luke's Health Care			
Wendt Construction	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 16  
City of Fortuna  
Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government:										
City Manager	3	3	3	4	3	3	3	3	4	4
Finance	5	5	5	4	4	4	4	4	4	4
Police	21	22	23	23	21	23	23	24	24	24
Community Development	4	4	4	4	5	6	6	6	6	6.75
Public Works/Environmental Services	17	19	19	21	24	23	24	24	25	28
Parks and Recreation	4	4	5	5	6	6	6	7	7	7
River Lodge Conference Center	-	-	-	-	3	2	2	3	2	2
Transit	-	-	-	-	2	2	2	2	2	2
Totals	54	57	59	61	68	69	70	73	74	77.75

**Schedule 17  
City of Fortuna  
Operating Indicators by Function/Program  
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<sup>1</sup>										
Police:										
Physical arrest	798	744	1,027	1,034	1,002	1,074	1,046	1,180	1,240	1,142
Traffic violations	269	255	966	781	757	860	1,132	899	950	841
Planning:										
Building permits issued	267	241	317	283	388	338	308	317	279	265
Public works:										
Miles streets resurfaced	1.50	0.25	0.50	0.75	1.00	0.50	1.50	0.50	0.33	0.50
Riverlodge/Monday Club Community Events Held	211	215	250	312	300	313	354	410	410	382
Parks and Recreation:										
Recreation Program Admissions <sup>2</sup>	19,697	17,770	25,570	29,719	37,869	41,104	40,810	47,368	36,791	6,861
Water:										
Number new connections	65	114	83	92	53	130	86	86	80	20
Daily average water production in MGD	1.30	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.30	1.20
Daily average water consumption in MGD	1.30	1.40	1.30	1.30	1.40	1.30	1.30	1.40	1.30	1.20
Wastewater:										
Number new connections	55	92	95	109	63	121	81	89	68	24
Daily average treatment in millions gallons(MGD)	1.10	1.10	1.10	1.30	1.20	1.30	1.30	1.20	1.20	1.00

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

2 Beginning in 2009, the Excel Program is no longer admistered through the City's Parks and Recreation Department

**Schedule 18  
City of Fortuna  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	8	9	9	11	12	12	13
<b>Public Works:</b>										
Miles of streets	49	52	52	52	52	52	52	53	54	54
Streetlights	not available	600	600	605	610	615	620	620	623	623
Traffic signals	3	3	3	3	3	4	4	4	5	5
<b>Riverlodge/Monday Club</b>										
Community centers	2	2	2	2	2	2	2	2	2	2
<b>Parks and Recreation:</b>										
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
<b>Water:</b>										
Miles of mains										
Number connections	4,747	4,861	4,944	5,036	5,089	5,219	5,305	5,391	5,471	5,491
Maximum plant capacity in millions gallons	2.10	2.10	2.10	2.70	3.00	3.00	3.00	3.00	3.10	3.10
<b>Wastewater:</b>										
Miles of sewers	37	38	38	38	38	42	42	42	42	42
Number connections	4,449	4,541	4,636	4,745	4,808	4,929	5,010	5,099	5,167	5,191
Maximum plant capacity in millions gallons	1.20	1.20	1.20	1.20	1.20	1.20	1.50	1.50	7.00	7.00