

CITY OF HUNTINGTON BEACH *California*



Comprehensive Annual Financial Report

*For The Fiscal
Year Ended
June 30, 2020*



CITY OF HUNTINGTON BEACH, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2020**

Prepared by the Finance Department

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INTRODUCTORY SECTION

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**City of Huntington Beach
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020**

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INTRODUCTORY SECTION

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CITY OF HUNTINGTON BEACH

December 16, 2020

Honorable Mayor, City Council and Citizens of the City of Huntington Beach:

In accordance with the requirements of the City Charter, and the City of Huntington Beach's ongoing commitment to transparent financial reporting, I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020.

As required by the City Charter, and to ensure the reliability of the information contained herein, the City of Huntington Beach contracted with the independent auditing firm of Davis Farr LLP. The goal of the audit was to provide reasonable assurance that the City's financial statements are free from material misstatement. In addition, Davis Farr LLP audits the City's major program expenditures of federal grants for compliance with Title 2 of the United States Code of Federal Regulations Part 200 (Uniform Guidance). The report of the Single Audit is published separately from this CAFR and may be obtained upon request from the City's Finance Department.

This report consists of management's representations concerning the City's finances. As such, management assumes full responsibility for the completeness and accuracy of the information presented in this document and that it is reported in a manner that fairly presents the financial position and operations of the various funds of the City. To provide a reasonable basis for making these representations, and assurance that the financial statements will be free from material misstatement, management has established a comprehensive internal control framework that is designed to both protect the government's assets from theft, loss, or misuse and to compile sufficient reliable information for financial statement conformity with GAAP. As the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

We are pleased to report that Davis Farr LLP granted the City an unmodified (clean) opinion for the financial statements of the City for the year ended June 30, 2020. The auditor's opinion can be found in the Financial Section of this report. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of a Management Discussion and Analysis (MD&A). This transmittal letter is designed to complement and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

Profile of the City of Huntington Beach

The City of Huntington Beach is home to a thriving beach community, located on the Orange County coast, 35 miles south of Los Angeles and 90 miles north of San Diego. With a population of 200,748 residents, it is known as Surf City due to its abundance of beaches; the year-round sunny and warm Mediterranean climate; and its casual lifestyle. With over 10 miles of coastline and iconic pier spanning 1,856 foot in length- the longest pier on the West Coast- Huntington Beach plays host to over 16 million visitors annually

In addition to its internationally recognized beaches, Huntington Beach was hailed as #1 in the nation for “Quality of City Services” and #18 by WalletHub in their “Best-Run City in America poll,” (June 2020), as well as one of the top ten “Happiest Cities” in the U.S. (March 2020). The City was also ranked #25 and #29 in California and the U.S., respectively, for “Providing Homeowners with an Excellent Return on Investment” by LendEDU (May 2020). Demographically, the City benefits from higher education levels, median incomes, and home values as compared with the State. The City boasts an annual median household income of \$91,318, 51% higher than the United States, 28% higher than the State of California, and 6% higher than Orange County.

Founded in the late 1880s, Huntington Beach was incorporated as a Charter City in 1909. Huntington Beach has a Council/Manager form of government wherein seven City Council members are elected to four-year terms, and the Mayor is filled on a rotating basis from the incumbent Council Members. The City Attorney, City Clerk and City Treasurer positions are also elected and serve four-year terms. The City of Huntington Beach is a full-service city including police, fire, public works, and other key functional departments with a dedicated and talented team of over 900 full-time equivalent employees.

In 2011, the unincorporated oceanfront community of Sunset Beach was officially annexed by the City of Huntington Beach. Sunset Beach is a small beachfront community with approximately 1,000 residents and 1.5 square miles of land. Beachfront properties with high property values make this community a valuable addition to the City. Sunset Beach features one of the widest and most pristine beaches in Southern California and is home to the historic Sunset Beach Arts Festival.

Economic Condition and Outlook

Similar to other cities throughout the nation, the novel coronavirus (COVID-19) pandemic has created financial uncertainty that will impact the City’s financial standing. State and County Shelter-in-Place measures have successfully slowed the spread of the virus and prevented local hospitals from being overwhelmed, but the efforts have also caused unprecedented changes to everyday life. Economic engines are struggling in response to Shelter-in-Place Orders – the unemployment rate remains high, the stock market has experienced extraordinary volatility, and the City has had to restrict certain business activities that were previously allowed to resume. While we are still in the process of understanding the long-term impacts as projections change daily, there is no question that there has and will continue to be economic challenges due to COVID-19.

The motto for Huntington Beach’s FY 2020/21 Adopted Budget is “OneHB,” reflecting the City’s commitment to facing the unprecedented challenges created by the COVID-19 pandemic guided by the following principles:

- To stay committed to being One Team: working together to serve the people of Huntington Beach exceptionally to inspire pride in the community.
- Work to have One Focus: to stay fanatical about achieving municipal excellence by being active caretakers of our unique, people-centric HB culture.
- Continue to pursue One Goal: to ensure that HB continually improves its standing as a premier coastal community as measured through the health of our people, our organization, our infrastructure, and our community.

The City's FY 2020/21 adopted budget is balanced. Property tax values are expected to rise slightly, but are offset by substantial projected declines in Sales Tax and Transient Occupancy Tax as a result of the COVID-19 pandemic. As part of the FY 2020/21 budget balancing measures, City Council approved the implementation of a Separation Incentive Program (SIP) to reduce the size of the City's current workforce. 97 employees opted to participate in the SIP, which, coupled with Citywide reorganization plans, achieved the projected cost savings required to remain balanced for FY 2020/21. The City's reorganization plans include the following:

- Combining the Human Resources and Information Services departments into a single Administrative Services department;
- Merging the Community Services and Library departments into one operation;
- Instituting a large-scale reorganization in the Public Works department; and,
- Making additional operational adjustments in the Community Development, Finance, and Fire departments.

While the City is well positioned to respond to the economic crisis created by COVID-19 without compromising services or losing focus on priority initiatives, the long term impacts of COVID-19 have yet to be fully realized and it is clear that economic conditions and outcomes will need to be closely monitored.

Property Tax

The City of Huntington Beach's assessed valuations are very strong, reflecting both new development and increased property values. The City's FY 2020/21 assessed property value grew 5.3% to \$46.1 billion. This solid performance, coupled with steady year-over-year growth, reflects a stable property tax base that can weather steep declines in real estate markets. Over 60% of parcels have an assessed valuation (AV) base year prior to 2004, representing a significant amount of untapped AV. For FY 2019/20, secured property tax revenue collections totaled \$58.3 million. For FY 20/21, secured property taxes are estimated at \$62.0 million, reflecting a 6.3 percent increase.

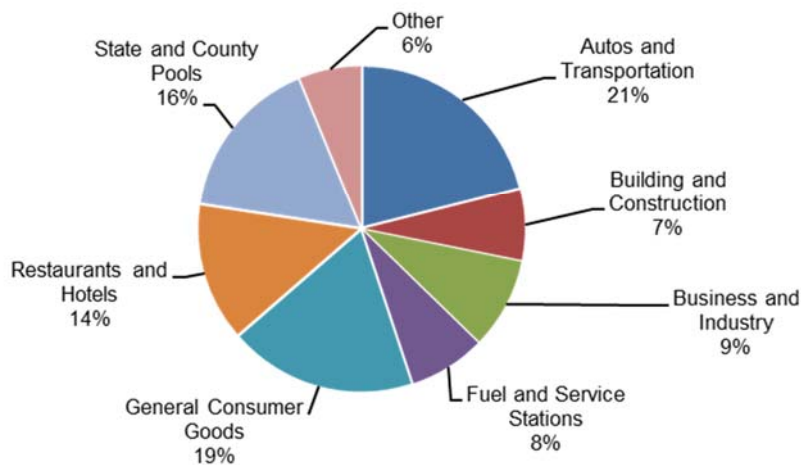
**City of Huntington Beach
Total Assessed Valuation
Fiscal Years 2011/12 - 2020/21
(in billions)**



Sales Tax

Huntington Beach’s business community is well-diversified with no single industry or business dominating the local economy. Local businesses include aerospace and high technology, petroleum, manufacturing, computer hardware and software, financial and business services, hotel and tourism, automobile services, large-scale retailers, and surf apparel. The City’s diverse sales tax base makes it a stable source of revenue and mitigates the impact of industry-specific downturns as shown below.

**City of Huntington Beach
Composition of Sales Tax Revenue
Fiscal Year 2019/20**



City of Huntington Beach Historical Sales Tax Revenue

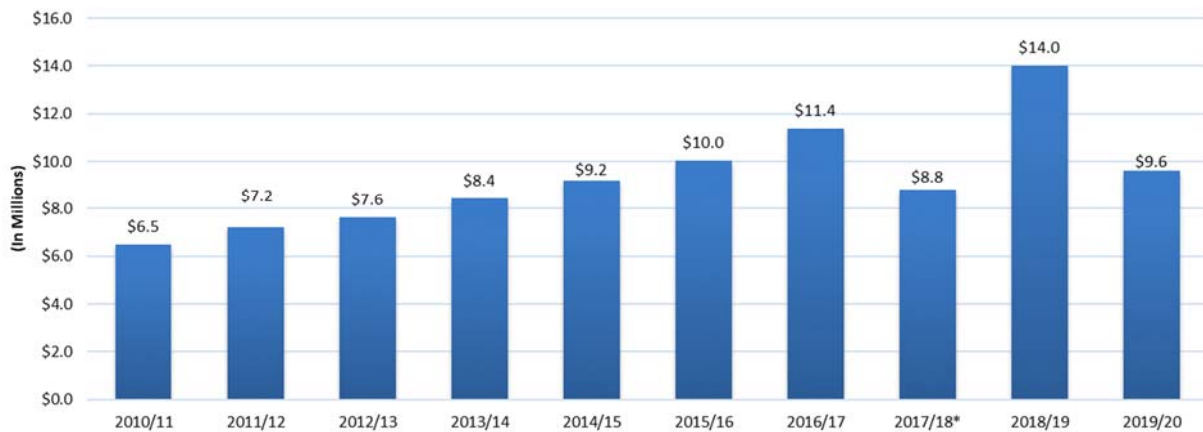


*Fiscal Year 2017/18 reflects nine months of data only due to the change in the City's fiscal year

Transient Occupancy Tax (TOT)

Transient Occupancy Tax (TOT), a 10 percent tax applied to hotel stays within the City remains strong as Huntington Beach remains a prime tourist destination and the hotel industry continues to thrive. The City collected \$9.6M in TOT revenues during FY 2019/20, with the \$4.4M decline due to the impact of Shelter-in-Place orders to combat the COVID-19 virus on business and leisure travel.

City of Huntington Beach Transient Occupancy Tax Revenue



*Fiscal Year 2017/18 reflects nine months of data only due to the change in the City's fiscal year

Budget Development and Monitoring

The budget is prepared under the supervision of the City Manager and transmitted to the City Council for deliberation at least 30 days prior to the end of the fiscal year. Pursuant to the City's Charter, the City Council must adopt the annual budget by June 30th and may amend it or revise it at any time at a properly noticed meeting. Budgetary control is at the Department level within each fund and a Department Head, with the Chief Financial Officer's approval, may transfer funds within like categories (operating and capital expenditures) of the same Department. The transfer of funds for salaries and benefits requires additional approval by the City Manager or his designee.

Cash Management Policies and Practices

Surplus cash is invested by the elected City Treasurer, in investments allowed by the City's Investment Policy. The Investment Policy is adopted annually by the City Council after approval by the Investment Advisory Board. It outlines guidelines to meet the daily cash flow needs of the City, maximize the efficiency of the City's cash management system, and identifies prudent investment vehicles for cash balances. The rate of return earned for the year ended June 30, 2020 was 2.11 percent. The City Treasurer, as required by California Government Code 53601, has prepared an annual Statement of Investment Policy which allows the City to meet current obligations while earning a market rate of return. Further information regarding the City's cash and investments can be found in Note 2 of the financial statements.

Long-Term Financial Planning

The Strategic Plan provides the framework for the goals and objectives of the City for the next three years. The City Council has five Strategic Plan goals:

- Improve quality of life;
- Enhance and maintain infrastructure;
- Strengthen long-term economic and financial sustainability;
- Enhance and modernize public safety service delivery; and,
- Enhance and maintain high quality City services.

The Plan drives both short and long-term budgetary decisions and the daily operations of the City by ensuring everyone is consistently working to achieve the goals outlined in the Plan. To meet the goal of strengthening economic and financial sustainability, the City has implemented plans to reduce its unfunded liabilities by prepaying its obligations.

The City's CalPERS costs are expected to total \$45.8 million in FY 2020/21. This reflects a \$2.5 million, or 5.8 percent increase to last year's Adopted Budget. The City's unfunded pension liability is currently \$436.0 million, representing a 68.2 percent funded status.

The FY 2020/21 Adopted Budget does include a \$1 million contribution to the Section 115 Trust, funded by one-time savings from the previous year. The City Council adopted a Pension Rate Stabilization Plan, otherwise known as a Section 115 Trust, to provide an additional alternative investment vehicle to CalPERS, providing the ability to select a portfolio based on the City's own distant risk tolerance, and the desire to achieve a one-for-one reduction in its liabilities.

On November 18, 2019, City Council authorized staff to move forward with preparing for the potential issuance of a Pension Obligation Bond to "refinance" the City's unfunded pension liability through the approval of a resolution. Shortly after Council's authorization, the documents were submitted to the Orange County Superior Court to begin the judicial validation process which was finalized on May 18, 2020. The City is continuously monitoring the interest rate and current economic climate to ensure that moving forward with the issuance of Pension Obligation Bonds is timed correctly and will be beneficial for the City in the long run. Concurrently, the City is in the process of developing a formal Unfunded Pension Liability payoff policy to plan for any additional unfunded pension liabilities that may arise through changes in the discount rate and other actuarial assumptions used by CalPERS.

Paying down these liabilities, controlling the City's pension costs through various mechanisms including the issuance of Pension Obligation Bonds, funding a Section 115 trust, and creating an Unfunded Pension Liability Policy helps build capacity to manage future pension cost increases. While the impact of higher CalPERS costs will not be entirely mitigated, this proactive strategy has placed Huntington Beach in a stronger financial position than many other cities.

Awards and Acknowledgements

The City of Huntington Beach has once again received the "Certificate of Achievement for Excellence in Financial Reporting" award bestowed by the Government Finance Officers' Association (GFOA) of the United States and Canada for the 34th consecutive year. Receipt of the award requires government entities to publish transparent, easily readable and efficiently organized Comprehensive Annual Financial Reports, conforming to program, accounting, and legal standards.

The Certificate of Achievement earned for the fiscal year ended June 30, 2020, is valid for one year only. The City believes that this Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement Program requirements and will be submitted to the GFOA for its consideration for another award.

I wish to thank the City Council, City Manager, and City Departments for their continued diligence in their role as fiscal stewards for the City of Huntington Beach. Without their leadership and support, the favorable financial results contained in this report would not have been possible. I would also like to thank the Finance Commission, a seven member body appointed by the City Council, which has been instrumental in helping the City maintain its long term goal of financial sustainability.

The preparation of this report would also not have been possible without the professional dedicated staff of the Finance Department. Specifically, I would like to thank Sunny Rief, Anna Garan, Rae Bowman, Ian Wuh, Ming Zhai, Leslie Zimmer, and Thuy Vi for their hard work and dedication.

Respectfully,

A handwritten signature in blue ink, appearing to read "Dahle Bulosan".

Dahle Bulosan
Chief Financial Officer

City of Huntington Beach

City Council

Kim Carr, Mayor
Tito Ortiz, Mayor Pro Tem

Barbara Delgleize, Councilmember
Dan Kalmick, Councilmember
Natalie Moser, Councilmember
Erik Peterson, Councilmember
Mike Posey, Councilmember

Executive Team

Oliver Chi, City Manager
Travis Hopkins, Assistant City Manager

Elected Department Heads

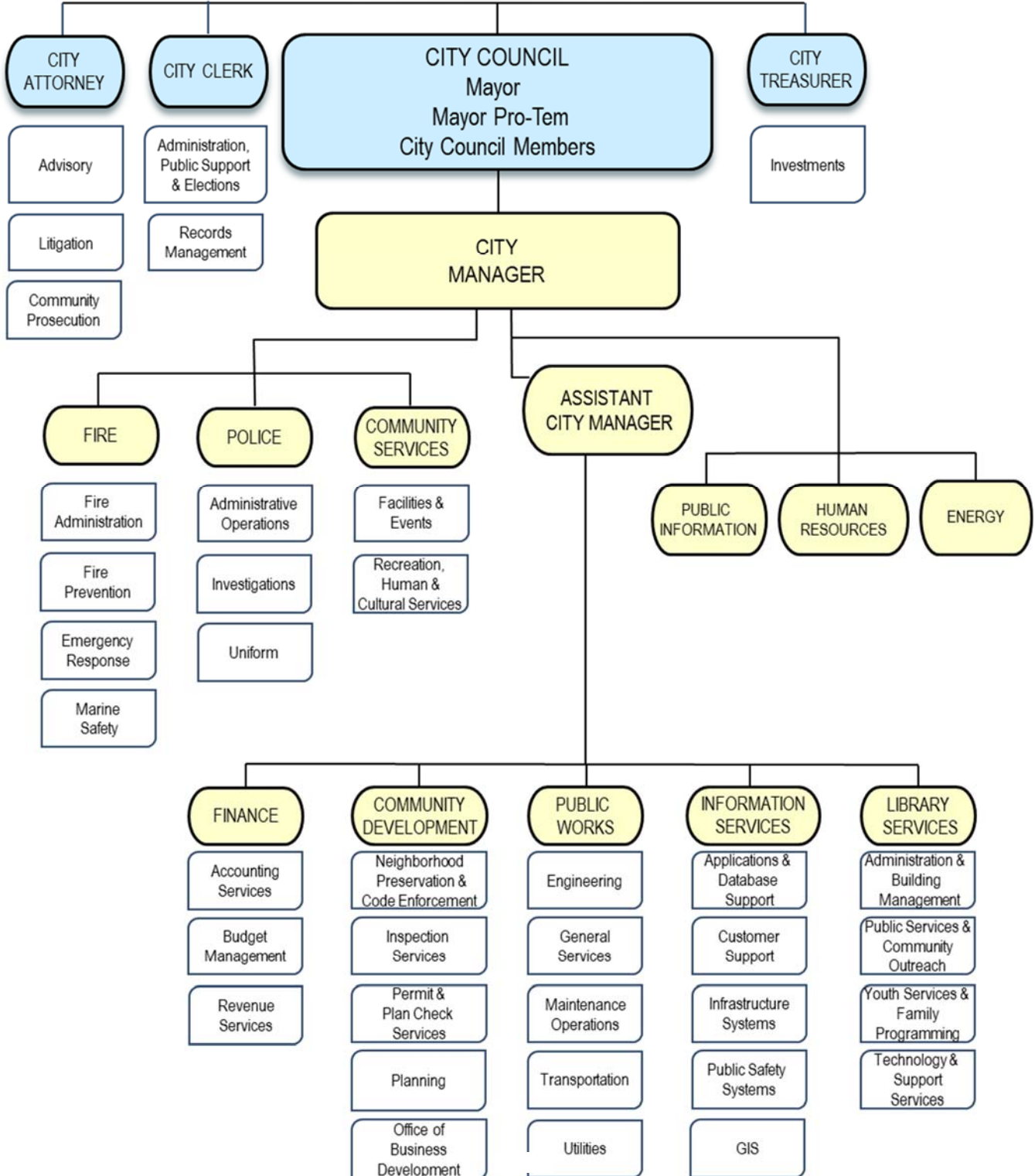
Alisa Cutchen, City Treasurer
Robin Estanislau, City Clerk
Michael Gates, City Attorney

Department Directors

Dahle Bulosan, Finance
Sean Crumby, Public Works
Chief Scott Haberle, Fire
Interim Chief Julian Harvey, Police
Ursula Luna-Reynosa, Community Development
Brittany Mello, Administrative Services
Chris Slama, Community Services
Behzad Zamanian, Information Services

City of Huntington Beach Organizational Chart Adopted Budget – FY 2020/21

THE PEOPLE





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Huntington Beach
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

City Council
City of Huntington Beach
Huntington Beach, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Beach, California, as of June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Beach, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison information for the General Fund and each major special revenue fund, schedule of changes in net pension liability and related ratios, schedule of pension contributions, schedule of money market weighted rate of return, schedule of changes in net OPEB liability and related ratios, and schedule of OPEB contributions* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huntington Beach's basic financial statements. The *combining and individual fund financial statements and schedules, the introductory section and the statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual fund financial statements and schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section and the statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of the City of Huntington Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Huntington Beach's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan UP". The signature is written in a cursive, flowing style.

Irvine, California
December 16, 2020

MANAGEMENT DISCUSSION AND ANALYSIS



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

As management of the City of Huntington Beach, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Huntington Beach for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages iii-ix of this report.

Financial Highlights

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

	Total Governmental and Business-Type Activities			
	June 30, 2020	June 30, 2019	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets	\$ 1,210,177	\$ 1,177,879	\$ 32,298	2.7%
Deferred Outflows of Resources	57,761	70,705	(12,944)	-18.3%
Liabilities	571,233	552,239	18,994	3.4%
Deferred Inflows of Resources	14,289	13,401	888	6.6%
Total Net Position	682,416	682,944	(528)	-0.1%
Unrestricted Net Position	(236,041)	(214,275)	(21,766)	10.2%
Long-Term Obligations	538,081	527,500	10,581	2.0%
Program Revenues	146,713	144,865	1,848	1.3%
Taxes	175,663	175,576	87	0.1%
Other General Revenues	9,271	16,027	(6,756)	-42.2%
Expenses	332,174	305,331	26,843	8.8%

- The City of Huntington Beach's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$682,416,000. Total net position decreased by \$528,000 or 0.1 percent and unrestricted net position decreased by \$21,766,000 or 10.2 percent in spite of the growth in assets primarily as a result of the ramp up in liabilities and decrease in deferred outflows of resources related to pension and other postemployment benefits.
- Long-term obligations increased by \$10,581,000 or 2.0 percent. This increase is primarily due to the rise in pension and OPEB liabilities. In addition, a new lease in the amount of \$1,172,000 was approved in fiscal year 2019/20 to finance the fire engine and ambulance replacement.
- Deferred outflows of resources decreased by \$12,944,000 or 18.3 percent due to the actuarially determined amortization of changes in assumptions, differences between expected and actual investment earnings, and differences between expected and actual experience used to determine the City's net pension liability. Deferred inflows of resources increased by \$888,000 or 6.6 percent primarily due to the net difference between the projected and actual earnings on pension plan investments.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

- Program revenues increased by \$1,848,000 or 1.3 percent. The two largest increases are from one-time revenue sources consisting of Hermosa Vista and Huntington Pointe loan repayments amounting to almost \$7,400,000, and affordable housing in-lieu fees of \$2,200,000 paid by the developer to fulfill the affordable housing requirement for the Sea Dance Housing Development. These sizable payments help offset the decline in charges for services that are attributed to the change in water connection and capital surcharge fee calculation which resulted to an overall reduction in water revenue and loss of revenue due to COVID-19. In March 2020, street sweeping citations were halted as part of the HB Ready Response Plan, rent for City-owned concessionaires were temporarily abated and recreational classes were cancelled. Additionally, in April 2020, a payment deferral program for business license renewal payments and transient occupancy taxes covering the period of March 1-July 31, 2020 was established, providing businesses the option to postpone payment of fees and revenues charged and/or collected during this period until June 30, 2021. Moreover, substantial amounts of development impact fees were collected in fiscal year 2018/19 from three large residential development projects. Development impact fees can fluctuate from year to year depending on a number of factors that attract developers to do large projects in the City.

- Expenses increased by \$26,843,000 or 8.8 percent due to the significant increase in pension and workers compensation costs that have been allocated to the various functions. Furthermore, spending on non-capital improvements in Community Development and Public Works increased. Police and Fire also incurred additional labor costs during the height of the pandemic and civil unrest to address the community needs and maintain public safety.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the City's assets, liabilities, deferred outflows and inflows with the difference between them reported as net position. Over time, continued increases or decreases in net position may indicate whether the City's financial condition is improving or deteriorating.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

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

The government-wide financial statements separate functions that are primarily supported by taxes and intergovernmental revenues (governmental activities) from functions that are supported by user fees (business-type activities). Governmental activities include the City Council, City Manager, City Treasurer, City Attorney, City Clerk, Finance, Community Development, Fire, Information Services, Police, Community Services, Library Services, and Public Works departments. Business-type activities include Water, Sewer, Refuse, and Hazmat Services.

The government-wide financial statements include the City and all of its component units that are legally separate but whose activities entirely support the City of Huntington Beach.

The government-wide financial statements can be found on pages 25-26 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains 25 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenue, Expenditures, and Changes in Fund Balances for the General Fund, Grants Special Revenue Fund, and Low and Moderate Income Housing Asset Fund (LMIHAF) Capital Projects Fund all of which are considered to be major funds. Data from the other 22 smaller funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in combining statements elsewhere in this report.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

The City provides an annual appropriated budget for its governmental funds. Budgetary comparison schedules for the General Fund and the major special revenue fund (Grants) are required to be presented and are included on pages 125 and 126 of this report and demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 27 and 29 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds, which are used to account for the same activities as the business-type activities in the government-wide financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer Service, Refuse, and Hazmat Service activities. Internal Service funds are used in accounting as a device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance worker's compensation activities, self-insurance general liability activities, and equipment replacement needs. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provides information for Water, Sewer Service, Refuse, Hazmat Service, Self-Insurance Workers' Compensation, Self-Insurance General Liability, and Equipment Replacement Funds.

The basic proprietary fund financial statements can be found on pages 31-33 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on page 34 of this report.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-120 of this report.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees and General Fund and major special revenue funds budget-to-actual comparisons. Required supplementary information can be found on pages 124-134 of this report.

The combining statements and schedules referred to earlier in connection with other governmental funds is presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 139-146 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. At the end of the current fiscal year, the City reported positive net position balances for both governmental and business-type activities, with total assets plus deferred outflows exceeding liabilities plus deferred inflows by \$682,416,000.

Below is a summary schedule of the City's net position at June 30, 2020 (in thousands):

	June 30, 2020	June 30, 2019	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities				
Current and Other Assets	\$ 253,795	\$ 230,456	\$ 23,339	10.1%
Capital Assets	714,759	708,469	6,290	0.9%
Total Assets	968,554	938,925	29,629	3.2%
Deferred Outflows of Resources	54,499	67,019	(12,520)	-18.7%
Current and Other Liabilities	22,200	15,137	7,063	46.7%
Long-Term Obligations	508,578	498,810	9,768	2.0%
Total Liabilities	530,778	513,947	16,831	3.3%
Deferred Inflows of Resources	13,374	12,649	725	5.7%
Net Position:				
Net Investment in Capital Assets	673,498	664,281	9,217	1.4%
Restricted	79,926	66,089	13,837	20.9%
Unrestricted	(274,523)	(251,022)	(23,501)	-9.4%
Total Net Position	\$ 478,901	\$ 479,348	\$ (447)	-0.1%

	June 30, 2020	June 30, 2019	Amount Increase (Decrease)	Percent Increase (Decrease)
Business-Type Activities				
Current and Other Assets	\$ 98,838	\$ 93,258	\$ 5,580	6.0%
Capital Assets	142,785	145,696	(2,911)	-2.0%
Total Assets	241,623	238,954	2,669	1.1%
Deferred Outflows of Resources	3,262	3,686	(424)	-11.5%
Current and Other Liabilities	10,952	9,602	1,350	14.1%
Long-Term Obligations	29,503	28,690	813	2.8%
Total Liabilities	40,455	38,292	2,163	5.6%
Deferred Inflows of Resources	603	752	(149)	-19.8%
Net Position:				
Net Investment in Capital Assets	142,785	145,696	(2,911)	-2.0%
Restricted	22,248	21,153	1,095	5.2%
Unrestricted	38,482	36,747	1,735	4.7%
Total Net Position	\$ 203,515	\$ 203,596	\$ (81)	0.0%



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

Analysis of the City's Net Position

Current and Other Assets: The increase in current and other assets of \$23,339,000 for governmental activities is mainly due to the increase in cash balance. The City received various Federal, State and County grants to cover emergency operational costs and economic development assistance to businesses impacted by the pandemic. CARES Act Funds of \$6,500,000 were distributed by the County of Orange to the City in June 2020. Nearly \$4,800,000 of the CARES funding was directed to help local small businesses that were negatively impacted by the pandemic and \$1,700,000 was for other COVID-19 emergency costs. As previously mentioned, the developer of Hermosa Vista and Huntington Pointe Apartments repaid approximately \$7,400,000 in loans issued by the City in 2001 and 2003 during FY 2019/20.

The increase in current and other assets of \$5,580,000 for business-type activities is due to an increase in cash balance. A large portion of the increase came from the revenue generated by the Water fund in excess of actual expenses paid in the fiscal year. In addition to the timing of payment of expenses, some planned improvement projects were postponed as a result of the pandemic.

Current and Other Liabilities: Current and other liabilities for governmental activities increased by \$7,063,000 and increased by \$1,350,000 for business-type activities due to normal fluctuations in the accounts payable and payroll cycles. For governmental activities, the majority of the increase is related to CARES Act Funds received towards the end of the fiscal year that was recorded as unearned revenue.

Deferred Outflows and Inflows of Resources: The decrease in deferred outflows of resources of \$12,520,000 and \$424,000 for governmental activities and business-type activities, respectively, and the increase in deferred inflows of resources of \$725,000 for governmental activities and decrease of \$149,000 for business-type activities, respectively, are mainly due to the actuarially determined amortization of changes in assumptions, differences between projected and actual earnings on pension plan investments, and differences between expected and actual experience used to determine the net pension and other postemployment benefits liabilities. See Notes 6, 7, and 8 for additional information.

Long-Term Obligations: Long-term obligations for governmental activities increased by \$9,768,000 primarily due to an increase in the City's workers' compensation claims and pension liabilities. Long-term obligations for business-type activities increased by \$813,000 due to increases in compensated absences and net pension liabilities.

Net Investment in Capital Assets: The largest portion of the City's net position reflects investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, these assets



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. Net position invested in capital assets net of related debt from governmental activities increased \$9,217,000 or 1.4 percent, primarily due to residential street improvements. Net position invested in capital assets net of related debt from business-type activities decreased \$2,911,000 or 2.0 percent primarily due to normal year to year depreciation.

Restricted Net Position: An additional portion of the City's net position is subject to external (legally imposed or statutory) restrictions (\$79,926,000 for governmental activities, and \$22,248,000 for business-type activities). These amounts represent 16.7 percent and 10.9 percent of net position for governmental activities and business-type activities, respectively. Restricted net position from governmental activities increased \$13,837,000 or 20.9 percent. The increase is largely due to the addition of the Pension Liability and Surf City "3" Funds, and increase in restricted net position in the LMIHAF, Infrastructure and Lease Capital Projects Funds. Restricted net position from business-type activities increased by \$1,095,000 or 5.2 percent primarily due to an increase in restricted Water Master Plan funds available for capital projects as funds are spent.

Unrestricted Net Position: The unrestricted net position (negative \$274,523,000 for governmental activities and \$38,482,000 for business-type activities) represent negative 57.3 percent and 18.9 percent, respectively, of net position for governmental activities and business-type activities. Unrestricted net position for governmental activities decreased \$23,501,000 largely due to an increase in net pension and other postemployment benefits liabilities and decrease in deferred outflows of resources which are also related to pension and OPEB. Unrestricted net position for business-type activities increased by \$1,735,000 or 4.7 percent during the year due to the net income from Sewer and Hazmat service operations in fiscal year 2019/20.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

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

Governmental Activities				
	June 30, 2020	June 30, 2019	Amount Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Program Revenues:				
Charges for Current Services	\$ 59,819	\$ 61,736	\$ (1,917)	-3.1%
Operating Grants and Contributions	8,141	6,644	1,497	22.5%
Capital Grants and Contributions	14,483	8,361	6,122	73.2%
Total Program Revenues	82,443	76,741	5,702	7.4%
General Revenues:				
Property Taxes	94,263	89,124	5,139	5.8%
Sales Taxes	44,616	47,437	(2,821)	-5.9%
Utility Taxes	18,149	18,788	(639)	-3.4%
Franchise Taxes	7,872	6,225	1,647	26.5%
Transient Occupancy Tax	10,763	14,002	(3,239)	-23.1%
Use of Money and Property	3,208	8,746	(5,538)	-63.3%
From Other Agencies - Unrestricted	3,317	4,046	(729)	-18.0%
Total General Revenues	182,188	188,368	(6,180)	-3.3%
Total Revenues	264,631	265,109	(478)	-0.2%
Expenses:				
City Council	405	360	45	12.5%
City Manager	3,328	4,501	(1,173)	-26.1%
City Treasurer	317	246	71	28.9%
City Attorney	3,136	2,886	250	8.7%
City Clerk	949	976	(27)	-2.8%
Finance	6,661	6,245	416	6.7%
Human Resources	-	6,261	(6,261)	-100.0%
Community Development	15,722	6,144	9,578	155.9%
Fire	62,840	56,494	6,346	11.2%
Information Services	8,643	7,530	1,113	14.8%
Police	97,204	87,355	9,849	11.3%
Community Services	12,539	13,369	(830)	-6.2%
Library Services	5,776	5,206	570	10.9%
Public Works	45,834	40,803	5,031	12.3%
Interest on Long-Term Debt	1,686	1,823	(137)	-7.5%
Total Expenses	265,040	240,199	24,841	10.3%
Change in Net Position Before Transfers	(409)	24,910		
Transfers	(38)	(37)		
Change in Net Position	(447)	24,873		
Net Position - Beginning of Year	479,348	454,475		
Net Position - End of Year	\$ 478,901	\$ 479,348		



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

The cost of all governmental activities this year was \$265,040,000. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was \$182,597,000, because costs of \$59,819,000 were paid by those who directly benefited from the programs, or by other governments and organizations that subsidized certain programs with operating grants and contributions of \$8,141,000, and capital grants and contributions of \$14,483,000. Overall, the City's governmental program revenues were \$82,443,000. The City paid for the remaining "public benefit" portion of governmental activities with \$182,188,000 in taxes and general revenue (some of which may only be used for certain programs) and with other revenues, such as interest and general entitlements.

Charges for current services decreased \$1,917,000 or 3.1 percent. As noted in the financial highlights section, the absence of one-time revenue sources from large development projects and City's responses to help mitigate the risks posed by COVID-19 negatively impacted the City's parking-related revenue and recreational fees which caused the Charges for Current Services to drop. The one-time affordable housing in-lieu fee and PCTA settlement payment received in fiscal year 2019/20 partially offset the loss in revenue.

Operating Grants and Contributions increased by \$1,497,000 or 22.5 percent and Capital Grants and Contributions have increased by \$6,122,000 or 73.2 percent, respectively, primarily due to the Hermosa Vista and Huntington Pointe loan repayments of almost \$7,400,000.

Program expenses increased by \$24,841,000 or 10.3 percent due to the rise in pension and workers compensation costs coupled with the increase in spending on Police, Community Development, Fire, and Public Works. Due to COVID-19 and a number of protests that occurred in the latter part of the fiscal year, additional Police and Fire related expenses were incurred. There were also several non-capital improvements that caused the Community Development and Public Works expenses to increase.

Total resources available during the year to finance governmental operations were \$743,979,000 consisting of net position at July 1, 2019 of \$479,348,000, program revenues of \$82,443,000, and general revenues of \$182,188,000. Total expenses for governmental activities during the year were \$265,040,000 plus transfers of \$38,000. Thus, net position decreased by \$477,000 or 0.1 percent, to \$478,901,000.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

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

	Business-Type Activities			
	June 30, 2020	June 30, 2019	Amount Increase (Decrease)	Percent Increase (Decrease)
Program Revenues:				
Charges for Current Services	\$ 64,270	\$ 68,124	\$ (3,854)	-5.7%
Total Program Revenues	64,270	68,124	(3,854)	-5.7%
Use of Money and Property	2,746	3,235	(489)	-15.1%
Total Revenues	67,016	71,359	(4,343)	-6.1%
Expenses:				
Water Utility	44,463	43,405	1,058	2.4%
Sewer Service	9,828	9,442	386	4.1%
Refuse Collection	12,609	12,051	558	4.6%
Hazmat Service	235	234	1	0.4%
Total Expenses	67,135	65,132	2,003	3.1%
Increase (Decrease) in Net Position Before Transfers	(119)	6,227		
Transfers	38	37		
Total Change In Net Position	(81)	6,264		
Net Position - Beginning of Year	203,596	197,332		
Net Position - End of Year	\$ 203,515	\$ 203,596		

The City's net position from business-type activities decreased by \$119,000 before transfers. The formula to calculate the water connections and capital surcharge fees were changed in July 2019 that ultimately led to lower revenues.

The cost of all business-type activities this year was \$67,135,000. As shown in the Statement of Activities, the amount paid by users of the systems was \$64,270,000, other revenue was \$2,746,000, and transfers were \$38,000. Beginning net position was \$203,596,000 and ending net position was \$203,515,000, a decrease of \$81,000 which is less than a tenth of a percentage. Of the ending net position amount, \$142,785,000, or 70.2 percent, was invested in capital assets, \$22,248,000 or 10.9 percent was restricted for expenses for the Water Master Plan, and \$38,482,000, or 18.9 percent was unrestricted.

Transfers in for business-type activities were \$38,000 for the current year and \$37,000 for the prior year.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

Financial Analysis of the City's Major Governmental Funds

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

GOVERNMENTAL FUNDS				
	June 30, 2020	June 30, 2019	Amount Increase (Decrease)	Percent Increase (Decrease)
Total Fund Equity:				
General Fund	\$ 80,088	\$ 79,013	\$ 1,075	1.4%
Grants Special Revenue Fund	4,561	6,069	(1,508)	-24.8%
LMIHAF Capital Projects Fund	9,485	5,541	3,944	71.2%
Total Fund Equity	\$ 94,134	\$ 90,623	\$ 3,511	3.9%

The General Fund Balance increased by \$1,075,000. The increase in total expenditures was minimal and the amount transferred out of the fund was lower in fiscal year 2019/20. However, California's stay-at-home orders, decisions to temporarily close businesses, CDTFA's sales tax deferral program and payment deadline extensions, City's TOT deferral program and the general economic uncertainty caused by the pandemic tampered the growth experienced in the first 3 quarters of the fiscal year and resulted in a loss of sales tax, transient occupancy tax, utility users tax, parking revenues, and concessionaire revenues.

The Grants Special Revenue Fund Balance decreased by \$1,508,000 primarily due to the increase in COVID-19 related expenditures that is anticipated to be reimbursed with CARES Act and FEMA Disaster Relief funds, and other capital projects that have not been reimbursed by the granting agencies. The bulk of the capital project expenditure increase is related to the Atlanta Avenue Widening Project and various traffic signal projects throughout the City including the Bolsa Chica/Pearce Traffic Signal Project, Gothard/Center Signal Modification Project and Gothard/Slater Signal Modification Project.

The LMIHAF Capital Projects Fund Balance increased by \$3,944,000 as a result of repayments received from loans issued by the City for down payment assistance and the acquisition and construction of developments for low and moderate-income residents.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

Financial Analysis of the City's Major Proprietary Funds

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

Enterprise Funds				
	June 30, 2020	June 30, 2019	Amount Increase (Decrease)	Percent Increase (Decrease)
Net Position:				
Water Fund	\$ 125,233	\$ 127,391	\$ (2,158)	-1.7%
Sewer Fund	78,275	76,266	2,009	2.6%
Refuse Fund	(83)	(105)	22	21.0%
Hazmat Service Fund	90	44	46	104.5%
Total Net Position	\$ 203,515	\$ 203,596	\$ (81)	0.0%
Unrestricted Net Position:				
Water Fund	\$ 11,125	\$ 11,528	\$ (403)	-3.5%
Sewer Fund	27,506	25,457	2,049	8.0%
Refuse Fund	(239)	(282)	43	15.2%
Hazmat Service Fund	90	44	46	104.5%
Total Unrestricted Net Position	\$ 38,482	\$ 36,747	\$ 1,735	4.7%

The Water Fund total net position decreased by \$2,158,000 due to lower revenues recognized in fiscal year 2019/20 which also caused the unrestricted net position to decline by \$403,000. The Sewer Fund net position increased by \$2,009,000 and unrestricted net position increased by \$2,049,000 due to planned sewer projects being deferred to the following year. In addition, all enterprise funds with the exception of the Water Fund generated revenues that exceeded the expenses incurred for the current fiscal year.

Long-Term Obligations

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

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Governmental Activities:				
Revenue Bonds	\$ 39,150	\$ -	\$ (3,485)	\$ 35,665
Compensated Absences	11,295	5,294	(3,956)	12,633
Claims Payable	35,026	13,068	(10,939)	37,155
Pollution Remediation	2,000	-	-	2,000
LED Lighting Phase I	656	-	(110)	546
I-Bank CLEEN Loan	2,454	-	(283)	2,171
CEC Loan	2,818	-	(230)	2,588
Leases Payable	5,083	1,172	(1,014)	5,241
Total Long-Term Obligations - Governmental Activities	98,482	19,534	(20,017)	97,999
Business-Type Activities:				
Compensated Absences	1,416	590	(391)	1,615
Business-Type Activities:	1,416	590	(391)	1,615
Total Long-Term Obligations	\$ 99,898	\$ 20,124	\$ (20,408)	\$ 99,614



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

Additional information on the City's long-term debt is shown in Note 11 to the financial statements. The City of Huntington Beach is legally restricted to issuing general obligation bonds to 12 percent of its assessed valuation. Since the City has no general obligation bonds outstanding, the limit does not apply. The City's total long-term obligations decreased slightly by \$284,000 or 0.3 percent from the prior fiscal year as debt service payment were partially offset by a new lease in the amount of \$1,172,000 that was approved to finance the purchase of a fire engine and ambulance replacement.

The City continues to maintain strong credit ratings on all of its debt issues. Most notably, on August 27, 2014 Fitch Ratings issued an AAA Implied General Obligation Bond rating to the City of Huntington Beach and that same rating was most recently reaffirmed in July 2020. Additionally, in April 2019, the 1999 RDA bonds received a credit ratings increase from Moody's Investor Service of two tiers, from A2 to Aa3.

The following are the ratings as determined by Moody's Investors Service and Standard and Poor's as of June 30, 2020.

<u>Debt Instrument</u>	<u>Moody's</u>	<u>S & P</u>
1999 Tax Allocation Refunding Bonds	Aa3	AA-
2002 Tax Allocation Refunding Bonds	N/A	AA-
2010 Lease Revenue Bonds, Series A	Aa2	AA
2011 Lease Revenue Bonds, Series A	Aa2	AA
2014 Lease Revenue Bonds, Series A	N/A	AA

Capital Assets

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. The City has elected to use the "Basic Approach" as defined by GASB Statement No. 34 for infrastructure reporting. The following infrastructure networks are recorded as capital assets in the government-wide financial statements:

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



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

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

	June 30, 2020	June 30, 2019	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities:				
Land	\$ 362,069	\$ 362,534	\$ (465)	-0.1%
Buildings	126,779	128,628	(1,849)	-1.4%
Machinery and Equipment	13,962	13,267	695	5.2%
Construction in Progress	7,515	7,631	(116)	-1.5%
Infrastructure	204,434	196,409	8,025	4.1%
Total Governmental Activities	714,759	708,469	6,290	0.9%
Business-Type Activities:				
Land	3,907	3,907	-	0.0%
Buildings	68,359	63,356	5,003	7.9%
Machinery and Equipment	7,025	7,776	(751)	-9.7%
Construction in Progress	442	5,701	(5,259)	-92.2%
Infrastructure	63,052	64,956	(1,904)	-2.9%
Total Business-Type Activities	142,785	145,696	(2,911)	-2.0%
Total Capital Assets	\$ 857,544	\$ 854,165	\$ 3,379	0.4%

Capital assets from governmental activities increased \$6,290,000 or 0.9 percent. This increase is largely due to street replacement infrastructure costs. Capital assets from business-type activities decreased \$2,911,000 or 2.0 percent largely due to regular depreciation for the year. Further information on the City's capital assets can be found in Note 12 of the financial statements.

General Fund Budgetary Highlights

Changes to Original Budget

Comparing the FY 2019/20 General Fund Original (i.e. Adopted) Budget expenditures amount of \$213,270,000 to the final budgeted amount of \$219,038,000 shows a net increase of \$5,768,000, or 2.7 percent. This overall increase was largely the result of budget carryovers from the previous year.

Final budgeted revenues for the General Fund decreased \$5,207,000 or 2.3 percent from the original (adopted) budget for the fiscal year ended June 30, 2020. The change from original to final budget occurred primarily as a result of adjustments made to budgeted property tax, other taxes, fines, forfeitures and penalties, charges for current services and other revenues.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

Variance with Final Budget

General Fund actual revenues were less than the final budget by \$388,000 for the fiscal year ended June 30, 2020.

General Fund expenditures were \$3,402,000 less than the final budget. The favorable budget variance is due in large part to the following:

- The Community Services and Library Services Departments realized \$914,000 in savings primarily due to a reduction in city-provided services impacted by the COVID-19 pandemic.
- The Public Works and Community Development Departments realized \$1,532,000 in savings primarily due to differences in the projected versus actual timing of design, construction, and maintenance contracts for projects, as well as the deferral of various building and planning contracts.

Analysis of City's Other Major Governmental Funds

Grants Special Revenue Fund

The fund balance in the Grant Special Revenue Fund decreased by \$1,508,000. Significant grant expenditures in the current year were for Community Development Block Grant, HOME Grant, street improvement and traffic signal grants and projects, and COVID-19 related expenditures that will either be reimbursed by FEMA and/or funded with CARES Act Funds from the State.

LMIHAF Capital Projects Fund

The fund balance in the LMIHAF Capital Projects Fund increased by \$3,944,000 as a result of repayments received for loans issued by the City for down payment assistance and the acquisition and construction of developments for low and moderate-income residents.

Economic Factors and Next Year's Budget

The Adopted FY 2020/21 Budget is structurally balanced, totaling \$359.0 million in All Funds. This reflects a \$22.0 million, or 5.8 percent decrease from the FY 2019/20 Adopted All Funds Budget of \$381.0 million. The largest All Funds decreases are attributed to the Retirement Supplemental Fund (\$3.1 million), Hotel/Motel Business Improvement District (BID) (\$1.1 million), Water Master Plan Fund (\$1.6 million), and RORF Fund (\$1.4 million).

The General Fund, which provides the majority of public services to the community, totals \$216.9 million, reflecting a \$14.7 million, or 6.4 percent decrease from the FY 2019/20



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

budget of \$231.6 million in response to the anticipated impact of the COVID-19 pandemic. The largest budget revenue decline is in Transient Occupancy Tax, which is anticipated to decrease \$7.4 million or 51.8 percent. Sales tax revenue, the second largest revenue category for the City, was budgeted at \$39.2 million, a decrease of 4.8 percent from the FY 2019/20 Adopted Budget. The Adopted General Fund Budget for next year has no reliance on one-time revenues to fund ongoing operations, which is critical to maintaining the City's financial viability and success. Major highlights are as follows:

Public Safety: Funding for Public Safety represents 60 cents for every dollar spent in the General fund. With over half of the General Fund Budget committed to the Police and Fire Departments, the City has dedicated the greatest share of its resources, or \$129.6 million to these core services.

In the Police Department, the budget adds \$1.6 million in equipment replacement including replacement of 11 police vehicles. The CIP includes \$300,000 for the Police Department South substation renovation.

In the Fire Department, the Adopted Budget adds \$452,000 in equipment replacement including replacement of an ambulance, lifeguard rescue boats, and breathing air compressors. The General Fund CIP includes \$820,000 for modifications to the Heil Fire Station apparatus bay entry and Lake Fire Station renovation.

An Existential Threat: Pension Cost Increases: In December 2016, the CalPERS Board of Administration voted to lower the annual expected rate of return for the over \$300 billion Statewide portfolio from the existing rate of 7.5 percent to 7.0 percent. While this is a practical and financially sound response to the mounting pressure that PERS' investment projections have gone largely unmet for years, this change will regrettably be fully borne by cities and counties throughout the State, not by CalPERS itself.

For the City of Huntington Beach, the increased pension costs have been significant. In FY 2020/21, CalPERS costs are about \$41.7 million in the General Fund. It is anticipated the City will incur an additional \$10.0 million per year in pension costs by FY 2024/25, bringing the City's total CalPERS pension costs to approximately \$55.8 million. While the City Council and staff work diligently to mitigate the effects, these dramatic cost increases have real world impacts. They limit the City's ability to invest in its infrastructure, enhance services, and restore service level reductions made during the Great Recession.

The FY 2020/21 Adopted Budget is balanced. However, due to the continuing economic downturn resulting from the COVID-19 pandemic, significant budget reductions were made to minimize impacts to fund balance. This fiscally conservative approach to developing the FY 2020/21 budget seeks to implement the City Council's priorities and strategic goals,



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2020

and continues to fund the most critical operations to meet the needs of our residents and businesses; while also adapting to a new reality of constrained revenues.

General Fund Revenue

General Fund revenue is projected to be \$216.9 million, a \$13.9 million or 6.0 percent decrease from the FY 2019/20 Adopted Budget resulting from the COVID-19 stay-at-home and social distancing public health orders.

- Property Taxes are estimated at \$94.4 million, reflecting an increase of 5.2 percent due to the low interest rates leading to accelerated growth in assessed valuations.
- Sales Tax revenues are projected to be \$39.2 million, a decrease of 4.8 percent from fiscal year 2019/20. The decrease is due to mandated stay-at-home orders, which severely reduced consumer activity.
- Transient Occupancy Taxes are anticipated to reach \$6.9 million, a 51.7 percent decrease due to decline in occupancy in Huntington Beach hotels in the early part of the fiscal year due to travel restrictions as a result of COVID-19 pandemic.
- Utility Users' Taxes, budgeted at \$16.6 million, is decreasing by 7.3 percent due to the long term trends towards energy conservation and bundled telecommunication packages.

Contacting the City's Financial Management Team

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

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BASIC FINANCIAL STATEMENTS

CITY OF HUNTINGTON BEACH
STATEMENT OF NET POSITION
JUNE 30, 2020
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 211,878	\$ 90,140	\$ 302,018
Cash and Investments with Fiscal Agent	5,815	-	5,815
Receivables, Net	33,712	5,947	39,659
Advances to Successor Agency	1,363	-	1,363
Inventories	-	1,433	1,433
Prepays	770	-	770
Joint Venture	257	1,318	1,575
Subtotal	253,795	98,838	352,633
Capital Assets:			
Non-Depreciable	369,584	4,349	373,933
Depreciable, Net	345,175	138,436	483,611
Total Capital Assets	714,759	142,785	857,544
Total Assets	968,554	241,623	1,210,177
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	51,659	2,925	54,584
Deferred Outflows Related to Other Postemployment Benefits	2,840	337	3,177
Total Deferred Outflows of Resources	54,499	3,262	57,761
LIABILITIES			
Current Liabilities:			
Accounts Payable	6,510	8,611	15,121
Accrued Payroll	5,666	548	6,214
Unearned Revenue	7,095	-	7,095
Accrued Interest Payable	568	-	568
Deposits	2,361	1,793	4,154
Subtotal	22,200	10,952	33,152
Long-Term Obligations:			
Long-Term Obligations Due Within One Year	17,763	440	18,203
Long-Term Obligations Due in More than One Year	80,236	1,175	81,411
Net Pension Liability	407,316	27,499	434,815
Net Other Postemployment Benefits Liability	3,263	389	3,652
Total Long-Term Obligations	508,578	29,503	538,081
Total Liabilities	530,778	40,455	571,233
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	10,758	603	11,361
Deferred Inflows Related to Other Postemployment Benefits	2,616	312	2,928
Total Deferred Inflow of Resources	13,374	915	14,289
NET POSITION			
Net Investment in Capital Assets	673,498	142,785	816,283
Restricted for:			
Debt Service	16,986	-	16,986
Capital Projects	11,761	22,248	34,009
Public Works and Community Services Projects	51,179	-	51,179
Total Restricted Net Position	79,926	22,248	102,174
Unrestricted	(274,523)	38,482	(236,041)
Total Net Position	\$ 478,901	\$ 203,515	\$ 682,416

See Notes to Financial Statements

**CITY OF HUNTINGTON BEACH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Current Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
City Council	\$ 405	\$ 177	\$ -	\$ -	\$ (228)	\$ -	\$ (228)
City Manager	3,328	5,315	40	17	2,044	-	2,044
City Treasurer	317	163	-	-	(154)	-	(154)
City Attorney	3,136	7	-	-	(3,129)	-	(3,129)
City Clerk	949	220	-	-	(729)	-	(729)
Finance	6,661	3,302	-	-	(3,359)	-	(3,359)
Community Development	15,722	10,037	3,826	5,477	3,618	-	3,618
Fire	62,840	10,122	80	-	(52,638)	-	(52,638)
Information Services	8,643	636	-	-	(8,007)	-	(8,007)
Police	97,204	5,329	1,689	-	(90,186)	-	(90,186)
Community Services	12,539	17,631	373	-	5,465	-	5,465
Library Services	5,776	266	167	-	(5,343)	-	(5,343)
Public Works	45,834	6,614	1,966	8,989	(28,265)	-	(28,265)
Interest on Long-Term Debt	1,686	-	-	-	(1,686)	-	(1,686)
Total Governmental Activities	265,040	59,819	8,141	14,483	(182,597)	-	(182,597)
Business-type Activities:							
Water Utility	44,463	40,518	-	-	-	(3,945)	(3,945)
Sewer Service	9,828	10,900	-	-	-	1,072	1,072
Refuse Collection	12,609	12,573	-	-	-	(36)	(36)
Hazmat Service	235	279	-	-	-	44	44
Total Business-Type Activities	67,135	64,270	-	-	-	(2,865)	(2,865)
Total Governmental and Business Type Activities	\$ 332,175	\$ 124,089	\$ 8,141	\$ 14,483	\$ (182,597)	\$ (2,865)	\$ (185,462)
General Revenues:							
Taxes:							
Property Taxes					94,263	-	94,263
Sales Taxes					44,616	-	44,616
Utility Taxes					18,149	-	18,149
Franchise Taxes					7,872	-	7,872
Transient Occupancy Tax					10,763	-	10,763
Total Taxes					175,663	-	175,663
Other:							
Use of Money and Property					3,208	2,746	5,954
From Other Agencies - Unrestricted					3,317	-	3,317
Total General Revenues					182,188	2,746	184,934
Transfers					(38)	38	-
Total General Revenues and Transfers					182,150	2,784	184,934
Change in Net Position					(447)	(81)	(528)
Net Position - Beginning of Year					479,348	203,596	682,944
Net Position - End of Year					\$ 478,901	\$ 203,515	\$ 682,416

**CITY OF HUNTINGTON BEACH
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020
(In Thousands)**

	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Other Governmental Funds	Total
ASSETS					
Cash and Investments	\$ 76,184	\$ 11,543	\$ 8,130	\$ 77,095	\$ 172,952
Cash and Investments with Fiscal Agent	-	30	-	5,785	5,815
Taxes Receivable	11,350	-	-	1,098	12,448
Other Receivables, Net	7,523	4,266	9,036	305	21,130
Advances to Successor Agency	-	-	1,363	-	1,363
Prepays	120	-	50	-	170
TOTAL ASSETS	\$ 95,177	\$ 15,839	\$ 18,579	\$ 84,283	\$ 213,878
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 3,888	\$ 720	\$ 78	\$ 1,286	\$ 5,972
Accrued Payroll	5,389	186	8	60	5,643
Unearned Revenue	626	6,469	-	-	7,095
Deposits Payable	2,360	1	-	-	2,361
Total Liabilities	12,263	7,376	86	1,346	21,071
Deferred Inflows of Resources:					
Unavailable Revenue	2,826	3,902	9,008	-	15,736
Total Deferred Inflows of Resources	2,826	3,902	9,008	-	15,736
Fund Balances:					
Nonspendable					
Prepays	120	-	50	-	170
Restricted					
Underground Utilities	364	-	-	-	364
Restitution	282	-	-	-	282
Senior Center Donations	180	-	-	-	180
Section 115 Trust	7,503	-	-	-	7,503
Pollution Remediation	-	-	-	355	355
Debt Service	-	-	-	16,986	16,986
Highways, Streets and Transportation	-	-	-	14,049	14,049
Low Income Housing	-	-	9,435	2,350	11,785
Air Quality	-	-	-	1,262	1,262
Other Capital Projects	-	-	-	20,752	20,752
Other Purposes	991	4,561	-	1,921	7,473
Committed					
Economic Uncertainties	25,010	-	-	-	25,010
Parks	-	-	-	1,951	1,951
Other Capital Projects	-	-	-	19,784	19,784
Assigned					
Capital Improvement Reserve	8,046	-	-	3,527	11,573
Equipment Replacement	8,295	-	-	-	8,295
General Plan Maintenance	791	-	-	-	791
General Liability Plan Migration	2,801	-	-	-	2,801
Cityview Replacement	1,028	-	-	-	1,028
Section 115 Trust	2,500	-	-	-	2,500
Triple Flip	896	-	-	-	896
Strategic Initiatives	16,536	-	-	-	16,536
Housing Agreement	101	-	-	-	101
Year-End Fair Value	1,983	-	-	-	1,983
Other Purposes	2,661	-	-	-	2,661
TOTAL FUND BALANCES	80,088	4,561	9,485	82,937	177,071
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	\$ 95,177	\$ 15,839	\$ 18,579	\$ 84,283	\$ 213,878

See Notes to Financial Statements

CITY OF HUNTINGTON BEACH
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020
(In Thousands)

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

Total Fund Balances Governmental Funds	\$	177,071
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Net capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. Amounts exclude net Capital Assets of the Internal Service Funds.

Capital Assets	1,077,066	
Accumulated Depreciation	(366,365)	
Total Capital Assets	710,701	710,701

Joint Venture		257
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Internal Services funds are used by management to charge the cost of various city activities to individual governmental and business-like funds. The assets and liabilities of the Internal Service fund must be added to the Statement of Net Position.		4,727
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Revenues that are measurable but not available are not recognized as revenue in governmental funds. Such amounts are recorded as unavailable revenue under the modified accrual basis of accounting.		15,736
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Deferred outflows related to pensions		51,518
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Deferred outflows related to Other Postemployment Benefits (OPEB)		2,824
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Governmental funds report all pension contributions as expenditures; however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		(405,988)
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Deferred inflows related to pensions		(10,729)
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Deferred inflows related to Other Postemployment Benefits (OPEB)		(2,602)
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Governmental funds report all OPEB contributions as expenditures; however, in the statement of net position, the excess of the total OPEB liability over the plan fiduciary net position is reported as a net pension liability.		(3,246)
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Other long-term liabilities are not due in the current period and, therefore, are not recorded in the governmental funds.

Accrued Interest Payable		(568)
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Long-term Liabilities, including bonds and certificates of participation payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Amounts exclude Long-Term Obligation of the Internal Service Fund.

Long-Term Obligations Due in One Year		(8,849)
Long-Term Obligations Due in More than One Year		(51,951)

Net Position of Governmental Activities	\$	478,901
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CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Other Governmental Funds	Total
REVENUES					
Property Taxes	\$ 87,497	\$ -	\$ -	\$ 6,766	\$ 94,263
Sales Taxes	41,063	-	-	3,553	44,616
Utility Taxes	18,149	-	-	-	18,149
Other Taxes	17,499	-	-	7,079	24,578
Licenses and Permits	8,368	-	-	2,898	11,266
Fines and Forfeitures	3,403	-	-	-	3,403
From Use of Money and Property	17,510	2,508	5,688	2,157	27,863
Intergovernmental	4,102	5,292	-	1,915	11,309
Charges for Current Services	25,501	-	-	4,022	29,523
Other	2,395	989	-	1,865	5,249
Total Revenues	225,487	8,789	5,688	30,255	270,219
EXPENDITURES					
Current:					
City Council	394	-	-	-	394
City Manager	4,045	11	-	286	4,342
City Treasurer	297	-	-	-	297
City Attorney	2,898	-	-	-	2,898
City Clerk	874	12	-	-	886
Finance	6,174	5	-	21	6,200
Community Development	9,184	1,859	1,339	2,310	14,692
Fire	55,030	1,447	-	-	56,477
Information Services	7,812	105	-	556	8,473
Police	85,993	1,689	-	-	87,682
Community Services	9,064	809	-	4,556	14,429
Library Services	4,752	290	-	157	5,199
Public Works	27,264	3,927	-	16,464	47,655
Debt Service:					
Principal	1,637	-	-	3,485	5,122
Interest	218	-	-	1,530	1,748
Total Expenditures	215,636	10,154	1,339	29,365	256,494
Excess (Deficiency) Of Revenues Over (Under) Expenditures	9,851	(1,365)	4,349	890	13,725
OTHER FINANCING SOURCES (USES)					
Transfers In	172	36	-	9,801	10,009
Issuance of Long-Term Debt	-	-	-	1,172	1,172
Transfers Out	(8,948)	(179)	(405)	(515)	(10,047)
Total Other Financing Sources (Uses)	(8,776)	(143)	(405)	10,458	1,134
Net Change In Fund Balances	1,075	(1,508)	3,944	11,348	14,859
Fund Balances - Beginning Of Year	79,013	6,069	5,541	71,589	162,212
Fund Balances - End Of Year	\$ 80,088	\$ 4,561	\$ 9,485	\$ 82,937	\$ 177,071

See Notes to Financial Statements

**CITY OF HUNTINGTON BEACH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

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

Net Changes in Fund Balances - Total Governmental funds	\$ 14,859
<p>Capital Expenditures - Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciable Assets Purchased	21,527
Non-Depreciable Assets Purchased	2,423
Non-Depreciable Assets Disposition	(2,331)
Capital Asset Dispositions	(3,117)
Capital Asset Depreciation	(14,096)
Joint Venture	(2,455)
<p>Accrual of Revenues - Certain revenues in the Statement of Activities do not meet the "availability" criteria for revenue recognition in the governmental funds and are not reported in the governmental funds as revenue.</p>	
Current Year Grant and Other Revenue Accrual	2,922
Prior Year Grant and Other Revenue Accrual	(2,289)
<p>Repayments on long-term receivables provide current financial resources to governmental funds, while loans provided consume the current financial resources of governmental funds. These transactions, however, have no effect on net position.</p>	
	1,371
<p>Pension expenses reported in the statement of activities includes the change in the net pension liability and related changes in pension amounts for deferred outflows and deferred inflows of resources.</p>	
	(23,875)
<p>Other Postemployment Benefits Payments - Expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (expenses).</p>	
	435
<p>Internal service funds are used by management to charge the costs of certain activities, such as self insurance workers' compensation charges. The net revenue of this internal service fund is reported as governmental activities.</p>	
	1,516
<p>Liabilities not liquidated with current resources - Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Current Year Interest Accrual	(568)
Prior Year Interest Accrual	630
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
	5,122
<p>The issuance of long-term debt provides current financial resources to governmental funds.</p>	
	(1,172)
<p>The repayment of some expenses such as compensated absences, claims, and pension expenses, reported in the Statement of Activities, do not require the use of current resources, and therefore are not reported as expenditures in the governmental funds.</p>	
	(1,349)
Change in Net Position of Governmental Activities	\$ (447)

**CITY OF HUNTINGTON BEACH
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Funds
ASSETS						
Current Assets:						
Cash and Investments	\$ 32,517	\$ 34,415	\$ 483	\$ 477	\$ 67,892	\$ 38,926
Restricted Cash and Investments	22,248	-	-	-	22,248	-
Other Receivables, Net	2,129	513	383	8	3,033	134
Prepays	-	-	-	-	-	600
Joint Ventures	1,318	-	-	-	1,318	-
Inventories	1,433	-	-	-	1,433	-
Unbilled Receivables	1,868	476	570	-	2,914	-
Total Current Assets	61,513	35,404	1,436	485	98,838	39,660
Capital Assets:						
Land	3,907	-	-	-	3,907	-
Buildings and Improvements	57,299	42,784	-	-	100,083	-
Machinery and Equipment	16,362	4,081	215	-	20,658	4,871
Infrastructure	101,865	44,096	-	-	145,961	-
Construction in Progress	15	427	-	-	442	-
Less Accumulated Depreciation	(87,588)	(40,619)	(59)	-	(128,266)	(813)
Total Capital Assets	91,860	50,769	156	-	142,785	4,058
Total Assets	153,373	86,173	1,592	485	241,623	43,718
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows Related to Pensions	2,047	766	68	44	2,925	141
Deferred Outflows Related to Other Postemployment Benefits	243	83	8	3	337	16
Total Deferred Outflows of Resources	2,290	849	76	47	3,262	157
LIABILITIES						
Current Liabilities:						
Accounts Payable	6,938	664	1,009	-	8,611	538
Accrued Payroll	370	157	11	10	548	23
Deposits Payable	1,793	-	-	-	1,793	-
Current Portion of Claims Payable	-	-	-	-	-	8,902
Current Portion of Compensated Absences	315	108	16	1	440	12
Total Current Liabilities	9,416	929	1,036	11	11,392	9,475
Non-Current Liabilities:						
Compensated Absences	840	288	44	3	1,175	32
Net Pension Liability	19,249	7,199	639	412	27,499	1,328
Net Other Postemployment Benefits Liability	279	96	10	4	389	17
Claims Payable	-	-	-	-	-	28,253
Total Non-Current Liabilities	20,368	7,583	693	419	29,063	29,630
Total Liabilities	29,784	8,512	1,729	430	40,455	39,105
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows Related to Pensions	422	158	14	9	603	29
Deferred Inflows Related to Other Postemployment Benefits	224	77	8	3	312	14
Deferred Inflows Related to Pensions	646	235	22	12	915	43
Total Deferred Inflows of Resources	646	235	22	12	915	43
NET POSITION						
Investment in Capital Assets	91,860	50,769	156	-	142,785	4,058
Restricted for:						
Capital Projects	22,248	-	-	-	22,248	-
Unrestricted	11,125	27,506	(239)	90	38,482	669
Total Net Position	\$ 125,233	\$ 78,275	\$ (83)	\$ 90	\$ 203,515	\$ 4,727

CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Funds
OPERATING REVENUES						
Sales	\$ 37,205	\$ -	\$ -	\$ -	\$ 37,205	\$ -
Fees and Charges for Service	-	10,867	12,488	279	23,634	16,815
Other	3,313	33	85	-	3,431	75
Total Operating Revenues	40,518	10,900	12,573	279	64,270	16,890
OPERATING EXPENSES						
Water Purchases	16,389	-	-	-	16,389	-
Supplies and Operations	10,676	7,742	12,588	235	31,241	4,856
Engineering	2,205	-	-	-	2,205	-
Production and Distribution	7,706	-	-	-	7,706	-
Maintenance	217	-	-	-	217	-
Water Meters	2,228	-	-	-	2,228	-
Water Quality	890	-	-	-	890	-
Water Use Efficiency	242	-	-	-	242	-
Claims and Judgments	-	-	-	-	-	11,044
Depreciation	3,910	2,086	21	-	6,017	518
Total Operating Expenses	44,463	9,828	12,609	235	67,135	16,418
Operating Income (Loss)	(3,945)	1,072	(36)	44	(2,865)	472
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	1,787	937	7	15	2,746	1,044
Income (Loss) Before Transfers	(2,158)	2,009	(29)	59	(119)	1,516
TRANSFERS						
Transfers In	-	-	51	-	51	-
Transfers Out	-	-	-	(13)	(13)	-
Total Transfers	-	-	51	(13)	38	-
Change in Net Position	(2,158)	2,009	22	46	(81)	1,516
Net Position - Beginning Of Year	127,391	76,266	(105)	44	203,596	3,211
Net Position - End Of Year	\$ 125,233	\$ 78,275	\$ (83)	\$ 90	\$ 203,515	\$ 4,727

**CITY OF HUNTINGTON BEACH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers and Users	\$ 42,776	\$ 10,954	\$ 12,582	\$ 279	\$ 66,591	\$ 16,922
Cash Paid to Employees for Services	(9,591)	(3,646)	(303)	(207)	(13,747)	(681)
Cash Paid to Suppliers of Goods and Services	(28,041)	(3,997)	(12,167)	(10)	(44,215)	(12,183)
Net Cash and Investment Provided by Operating Activities	5,144	3,311	112	62	8,629	4,058
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In	-	-	51	-	51	-
Transfers Out	-	-	-	(13)	(13)	-
Net Cash and Investments Provided (Used) by Noncapital Financing Activities	-	-	51	(13)	38	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Capital Assets	(1,060)	(2,046)	-	-	(3,106)	(2,402)
Net Cash and Investments Used by Capital and Related Financing Activities	(1,060)	(2,046)	-	-	(3,106)	(2,402)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	1,787	937	7	15	2,746	1,044
Net Cash and Investments Provided by Investing Activities	1,787	937	7	15	2,746	1,044
Net Increase (Decrease) in Cash and Investments	5,871	2,202	170	64	8,307	2,700
Cash and Investments - Beginning of Year	48,894	32,213	313	413	81,833	36,226
Cash and Investments - End of Year	\$ 54,765	\$ 34,415	\$ 483	\$ 477	\$ 90,140	\$ 38,926

**RECONCILIATION OF OPERATING
INCOME (LOSS) TO NET CASH AND INVESTMENTS
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (3,945)	\$ 1,072	\$ (36)	\$ 44	\$ (2,865)	\$ 472
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Investments Provided (Used) by Operating Activities						
Depreciation	3,910	2,086	21	-	6,017	518
(Increase) Decrease in Other Receivables, Net	2,245	39	55	-	2,339	32
(Increase) in Unbilled Receivables	(109)	15	(46)	-	(140)	-
Decrease in Prepays	-	-	-	-	-	818
(Increase) in Joint Ventures	543	-	-	-	543	-
Decrease in Inventory	(15)	-	-	-	(15)	-
Increase (Decrease) in Accounts Payable	1,326	(333)	85	-	1,078	41
Increase (Decrease) in Accrued Payroll	93	51	3	3	150	3
Increase in Deposits Payable	122	-	-	-	122	-
(Decrease) in Claims Payable	-	-	-	-	-	2,129
Increase (Decrease) in Compensated Absences	133	66	1	(1)	199	(11)
Decrease in Deferred Pension Outflow	330	123	11	8	472	24
(Decrease) in Deferred Pension Inflow	(104)	(39)	(3)	(3)	(149)	(8)
Increase in Net Pension Liability	652	243	22	11	928	44
(Increase) in Deferred Other Postemployment Benefits Outflow	(35)	(12)	(1)	-	(48)	(3)
Increase in Deferred Other Postemployment Benefits Inflow	224	77	8	3	312	14
(Decrease) in Net Other Postemployment Benefits Liability	(226)	(77)	(8)	(3)	(314)	(15)
Net Cash and Investments Provided by Operating Activities	\$ 5,144	\$ 3,311	\$ 112	\$ 62	\$ 8,629	\$ 4,058

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

There were no noncash investing, capital, or financing activities during the year ended June 30, 2020.

CITY OF HUNTINGTON BEACH
STATEMENT OF FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020
(In Thousands)

	Total Agency Funds	Pension Trust Fund - Retirement Supplemental Fund	Huntington Beach Redevelopment Successor Agency Private Purpose Trust
ASSETS			
Cash and Investments	\$ 9,808	\$ 505	\$ 7,625
Cash and Investments with Fiscal Agent	3,449	-	2,569
Mutual Funds	-	57,300	-
Money Market Funds	-	1,716	-
Accounts Receivable, Net	557	1	32
Total Assets	\$ 13,814	\$ 59,522	\$ 10,226
LIABILITIES			
Accounts Payable	\$ 1,096	\$ -	\$ 476
Accrued Payroll	9	-	5
Due to Bondholders	6,116	-	-
Advances from City of Huntington Beach	-	-	1,363
Held for Others	6,593	-	-
Long-Term Obligations			
Long-Term Obligations Due Within One Year	-	-	3,959
Long-Term Obligations Due in More than One Year	-	-	29,857
Total Liabilities	\$ 13,814	\$ -	\$ 35,660
NET POSITION			
Restricted for Pension Benefits		\$ 59,522	
Held in Trust For Other Purposes			\$ (25,434)

CITY OF HUNTINGTON BEACH
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Pension Trust Fund - Retirement Supplemental Fund	Huntington Beach Redevelopment Successor Agency Private Purpose Trust
ADDITIONS		
Employer Contributions	\$ 3,995	\$ -
Property Taxes	-	5,233
Total Additions Before Investment Income	3,995	5,233
Investment Income:		
Investment Income	2,229	242
Less Investment Expense	(116)	-
Net Investment Income	2,113	242
Total Additions	6,108	5,475
DEDUCTIONS		
Benefits	5,012	-
Administrative Costs	444	-
Economic Development	-	153
Interest and Fiscal Agency Expenses	-	2,019
Total Deductions	5,456	2,172
Change in Net Position	652	3,303
Net Position - Beginning of Year	58,870	(28,737)
Net Position - End of Year	\$ 59,522	\$ (25,434)

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**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

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City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The City of Huntington Beach is the primary government. It was incorporated in 1909 as a charter, full-service city. The form of government is Council-Manager. Component units are legally separate organizations for which the City Council is financially accountable, or organizations that if excluded from the accompanying financial statements, would make them misleading. The component units described below are blended (presented as if they are part of the primary government) or presented as a fiduciary trust fund with the primary government for financial reporting purposes. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. A legally separate, tax exempt organization should be reported as a blended component unit of the City if all of the following criteria are met:

1. The governing board is substantively the same as the primary government and there is a financial benefit or burden relationship between the primary government and the component unit;
2. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it; and
3. The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government.

Based on the application of the criteria listed above, the following component units have been included.

Huntington Beach Housing Authority

The Housing Authority (the Authority) was established in March 2011 pursuant to Housing Authority Laws of California to provide rental assistance programs to low-income families and senior citizens, and to operate a Housing Rehabilitation Loan Program and other approved programs. The Authority is governed by a commission of seven members comprised of the City Council, which appoints management and has full accountability for the Authority's fiscal affairs. The Authority's financial data and transactions are included within the capital projects Low and Moderate Income Housing Asset Fund (LMIHAF). On January 9, 2012, the City adopted a resolution designating the Housing Authority of the City of Huntington Beach to serve as the Housing Successor Agency. The Housing Successor Agency's financial data and transactions are included within the LMIHAF Capital Projects Fund. There is no separate Component Unit Financial Report (CUFR) prepared for the Authority.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

b. Government-wide Financial Statements

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



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Financial Statement Classification

In the government-wide financial statements, net position is classified in the following categories:

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

Restricted Net Position – This category presents restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The government-wide Statement of Net Position reports \$79,926,000 of governmental activities restricted net position, of which \$42,686,000 is restricted by enabling legislation. The government-wide Statement of Net Position reports \$22,248,000 of business-type activities restricted net position, of which all is restricted by enabling legislation. This category presents restrictions placed on the categories of Capital Projects, Debt Service, and Specific Projects and Programs.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted Net Position – This category represents the net position of the City, not restricted for any project or other purpose. The government-wide Statement of Net Position reports a deficit unrestricted net position of \$274,523,000 of governmental activities unrestricted net position, which is largely a result of the recent implementation of GASB Statement Nos. 68 and 75 that requires the City to report Net Pension Liabilities and Net Other Post-Employment Benefits (OPEB) Liability. The City's Net Pension Liability at June 30, 2020 is \$434,815,000 and Net OPEB Liability is \$3,652,000, respectively, of which \$407,316,000 and \$3,263,000, respectively, is payable from Governmental Activities. The government-wide Statement of Net Position reports \$38,482,000 of business-type activities unrestricted net position.

c. Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds Financial Statements

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

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

- Nonspendable fund balance includes amounts that are not in spendable form and typically includes inventories, prepaid items, and other items that by definition cannot be appropriated.
- The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has authority to establish, modify, or rescind a fund balance commitment by formal action as specified by the City's Fund Balance Policy. Commitments to fund balance are made through adoption of a resolution by City Council.
- Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Manager or designee has the authority to establish, modify, or rescind a fund balance assignment as specified by the City's Fund Balance Policy.
- Unassigned fund balance is the residual classification for the City's General Fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance in other governmental funds is limited to any negative residual fund balance after fund balance has been classified as restricted, committed, or assigned.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City establishes encumbrances to record the amount of purchase orders, contracts, and other obligations, which have not yet been fulfilled, cancelled, or discharged. Encumbrances outstanding at year-end are recorded as part of restricted or assigned fund balance.

Encumbrances outstanding as of June 30, 2020, by major fund (in thousands):

General Fund	\$ 4,520
Grants Special Revenue	796
LMIHAF Capital Projects	3,031
Other Governmental Funds	18,676
Total Encumbrance All Funds	<u>\$ 27,023</u>

Economic Uncertainties Reserve

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

- An unplanned, major event such as catastrophic disaster requiring expenditures over 5% of the General Fund adopted budget;
- Budgeted revenue in excess of \$1 million taken by another government entity;
- Drop in projected/actual revenue of more than 5% of the General Fund adopted revenue budget; and,
- Should the Economic Uncertainties Reserve be used, and its level falls below the minimum amount of two months of General Fund expenditures adopted budget, the goal is to replenish the fund within three fiscal years.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Financial Statements

The City's enterprise and internal service funds are proprietary funds. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund.

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

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

The internal service funds, which provide services to the other funds of the City, are presented in a single column in the proprietary funds financial statements. Because the principal users of the internal services funds are the City's governmental activities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Position. The costs of the internal service fund services are spread to the appropriate function or program on the government-wide Statement of Activities and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling effect of these revenues and expenses.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds Financial Statements

Fiduciary Funds Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position for Trust Funds. The City's fiduciary funds include Agency and Trust Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting. Trust Funds present results of operations and include net position. The Retirement Supplemental Trust Fund accounts for the activities of the Supplemental Retirement Plan for all employees hired prior to 1997, which accumulates resources for pension benefits to qualified employees. Contributions are made to the Supplemental Plan based on the City's policy to fund the required contributions as determined by the Plan's actuary and are recognized when they are made. The Retiree Medical Insurance Trust Fund accounts for the activities of the City's Other Post-Employment Benefits plans, which provide postemployment medical insurance to retirees.

The Huntington Beach Redevelopment Successor Agency Private Purpose Trust Fund accounts for the Successor Agency for the former Redevelopment Agency pursuant to Assembly Bill X1 26. Fiduciary funds are not presented in the government-wide financial statements because these funds do not represent net position available to the City.

The City reports the following major funds:

Governmental Funds

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

Grants Special Revenue – accounts for grant revenues received from federal, state, and local agencies restricted for related project expenditures.

LMIHAF Capital Projects – accounts for the activity related to the development of affordable housing.

Proprietary Funds

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

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

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

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



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

Internal Service Funds

Self Insurance Workers' Comp Fund – accounts for the City's self insurance workers' compensation program in an internal service fund.

Self Insurance General Liability Fund – accounts for the City's self insurance general liability program in an internal service fund.

Equipment Replacement Fund – accounts for the City's equipment replacement needs in an internal service fund.

Fiduciary Funds

Agency Funds – accounts for assets temporarily held by the City as trustee, agent, or custodian. Agency funds are custodial in nature and do not involve measurement of results of operations.

Pension Trust Fund – Retirement Supplemental Fund - accounts for the City's supplemental retirement plan.

Huntington Beach Redevelopment Successor Agency Private Purpose Trust Fund – accounts for the Successor Agency of the former Redevelopment Agency in accordance with the State's Dissolution Act.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Cash and Investments

The City pools cash resources of its various funds to facilitate cash management. Cash in excess of daily needs is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity, or yield of the portfolio. Interest earnings are apportioned among funds based on month-end cash and investment balances. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments, such as money market funds, and any investment with a maturity of 90 days or less at the time of purchase.

For financial reporting purposes, investments are adjusted to their fair value whenever the difference between fair value and the carrying amount is material.

Changes in fair value that occur during the fiscal year are recognized as investments income reported for that fiscal year. Investment income includes interest earnings, changes in fair value and any gains or losses realized upon the liquidation or sale of investments.

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State Treasurer of the State of California. LAIF has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk. In addition, these structured notes and asset-backed securities are subject to interest rate risk as a result of changes in interest rates. In June 2020, the City Council adopted a resolution authorizing the deposit and investment of excess funds in the Orange County Investment Pool (OCIP). The investments in OCIP are managed by the County Treasurer. The City's investment policy is further discussed in Note 2 on page 54.

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



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Capital Assets

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

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

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

Buildings	20 to 50 years
Machinery and Equipment	5 to 30 years
Infrastructure	50 Years

f. Unearned Revenue

In the government-wide and the fund-level financial statements, unearned revenues are those where the asset recognition (availability criteria) has been met, but the revenue recognition criteria have not been met.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions and OPEB which are the result of the implementation of GASB Statement Nos. 68 and 75.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reported the following in this category:

1. Unavailable revenues (which include revenues, notes, and long-term receivables) measured under the modified accrual basis of accounting reported in governmental funds. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.
2. Changes in the net pension liability not included in pension expense.
3. Changes in the net other postemployment benefits liability not included in OPEB expense.

h. Inventories

Proprietary fund inventories are valued at weighted-average cost and consist of expendable supplies and repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Interfund Transactions

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

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

j. Long-Term Obligations

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

k. Employee Compensated Absences

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



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property Tax Revenue

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

In the government-wide financial statements, property tax is recorded when earned, regardless of when levied, due, or received. City property tax revenues are recognized when levied in the governmental funds to the extent that they result in current receivables collectible within 60 days after year-end.

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

- Lien Date, January 1 - Prior Fiscal Year
- Levy Date, July 1 - Levy Fiscal Year
- Due Date, First Installment - November 1
- Due Date, Second Installment - February 1
- Delinquent Date, First Installment - December 10
- Delinquent Date, Second Installment - April 10



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Redevelopment Property Tax Trust Funds

Under ABX1 26, revenues that were previously distributed to redevelopment agencies (prior to their dissolution) in the form of property tax increment will no longer be received. Instead, revenues are deposited by County Auditors into Redevelopment Property Tax Trust Funds (RPTTF) created in the County Treasury for each Successor Agency. The County Auditor administers the RPTTF and disburses twice annually from this fund pass-through payments to affected taxing entities, an amount equal to the total of obligation payments that are required to be paid from tax increment as denoted on the Recognized Obligation Payment Schedules (ROPS) to Recognized Obligation Retirement Funds (RORF) established in the treasury of the Successor Agencies, and various allowed administrative fees and allowances. Any remaining balance is then distributed by the County Auditor back to affected taxing entities under a prescribed method that accounts for pass-through payments.

The calendar for distribution of RPTTF funds is as follows:

- Annual ROPS submission due to Department of Finance, February 1
- Distribution of RPTTF to Successor Agencies for the July-December ROPS period, June 1
- Distribution of RPTTF to Successor Agencies for the January-June ROPS period, January 2

n. Cash Flow Statements

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

o. Estimates

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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Pensions and OPEB

For purposes of measuring the net pension liability, net OPEB liability, related deferred outflows of resources and deferred inflows of resources, pension/OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS’ Financial Office and the City’s Defined Benefit Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement Nos. 68 and 75 require reported results to pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

	Supplemental Employee Retirement Plan	CalPERS Pension Plans	Other Post-Employment Benefit Plan
Valuation Date (VD)	June 30, 2019	June 30, 2018	June 30, 2019
Measurement Date (MD)	June 30, 2020	June 30, 2019	June 30, 2019
Measurement Period (MP)	July 1, 2019 to June 30, 2020	July 1, 2018 to June 30, 2019	July 1, 2018 to June 30, 2019



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable input reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

2. CASH AND INVESTMENTS

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code Section 53601 (or the City's investment policy, where more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO / MAXIMUM PER ISSUER	MINIMUM RATING REQUIREMENTS
Bankers' Acceptances	180 days	25% (up to 40% with Council approval) / 10%	A1/P1, "A" Rating
Negotiable Certificates of Deposit	3 years (Up to 5 years with Council approval)	30% / 10%	A1/P1, "A" Rating
Commercial Paper	270 days	25% / 10%	A1, "A" Rating
State Obligations - CA And Others	5 years	None / 10%	"A" Rating
City/Local Agency of CA Obligations	5 years	None / 10%	"A" Rating
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Obligations	5 years	None	None
IBRD, IFC, IADB	5 years	10%	"AA" Rating
Repurchase Agreements	3 Months	None	None
Reverse Repurchase Agreements	92 days	20% of the base value of the portfolio. Requires City Council Approval.	None
Medium-Term Corporate Notes	5 years	30% / 10%	"A" Rating
Non-negotiable Certificates of Deposit	3 years	None / 10%	A1/P1, "A" Rating
Money Market Mutual Funds	60 days	15% / 10%	"AAA" Rating
Local Agency Investment Fund (LAIF)	N/A	Up to \$75,000,000	None
Orange County Investment Pool (OCIP)	N/A	N/A	None
Joint Powers Authority	N/A	None / \$20,000,000	None



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

2. CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Securities	5 Years	No Limit	No Limit
Federal Agency Securities	5 Years	No Limit	No Limit
Bankers' Acceptances	180 Days	No Limit	No Limit
Time CDs	360 Days	No Limit	No Limit
Negotiable CDs	360 Days	No Limit	No Limit
LAIF	N/A	No Limit	No Limit
Commercial Paper	270 Days	No Limit	No Limit
Municipal Bonds from Any State	Life of Bond	No Limit	No Limit
Money Market Funds	N/A	No Limit	No Limit
Investment Agreements	Life of Bond	No Limit	No Limit
Corporate Bonds	5 Years	No Limit	No Limit
California Asset Mgmt. Program	N/A	No Limit	No Limit
Forward Purchase/Delivery Agreements	Life of Bond	No Limit	No Limit



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

2. CASH AND INVESTMENTS (Continued)

Investment of the Pension Trust Fund – Retirement Supplemental Fund

The Investment Policy Statement (IPS) of the Huntington Beach Supplemental Pension Trust is established in accordance with the assignment of fiduciary duties by the State of California Constitution and State and Local Government Codes. The purpose of the Investment Policy is to set guidelines for a prudent investment-making process. The policy was established with the assumption that the longer-term nature of the portfolio provides for higher risk tolerance and short-term volatility, but more potential for capital growth. The Investment Manager will be responsible for carrying out the activities related to the portfolio in accordance with the IPS to meet the goals of an agreed upon risk/return profile, and in accordance with the mix of parameters outlined below:

Authorized Investment Type	Minimum Allocation	Target Asset Allocation	Maximum Allocation
Cash or Equivalents	0%	0%	8%
Money Market	0%	0%	8%
Fixed Income	12%	20%	28%
Short-Term Bond	0%	0%	8%
Long-Term Bond	0%	0%	8%
High Yield Bond	0%	0%	8%
Inflation Protected Bond	0%	0%	8%
World Bond	0%	0%	8%
Domestic Equity	33%	41%	49%
Large Cap Equity (Value, Blend, Growth)	20%	28%	36%
Mid Cap Equity (Value, Blend, Growth)	0%	9%	17%
Small Cap Equity (Value, Blend, Growth)	0%	4%	12%
Foreign Equity	26%	34%	42%
Foreign Large Equity (Value, Blend, Growth)	19%	27%	35%
Foreign Sm / Mid Equity (Value, Growth)	0%	0%	8%
Emerging Markets	0%	7%	15%
Real Estate	0%	3%	11%
Real Estate	0%	3%	11%
Commodities	0%	2%	10%
Natural Resources	0%	2%	10%



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

2. CASH AND INVESTMENTS (Continued)

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

Primary Government:	
Cash and Investments	\$ 302,018
Cash and Investments with Fiscal Agent	5,815
Total Primary Government	307,833
Fiduciary Funds:	
Cash and Investments	17,938
Cash and Investments with Fiscal Agent	65,034
Total Fiduciary Funds	82,972
Total Deposits and Investments	\$ 390,805

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments, including investments held by bond trustees, to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity (in thousands).

INVESTMENTS:	Investment Maturities (In Years)					Total
	Fair Value	Less than 1	1 to 3	3 to 5	More than 5	
US Treasuries	\$ 8,372	\$ -	\$ 3,106	\$ 5,266	-	\$ 8,372
US Agency Securities*	83,489	5,094	32,521	45,874	-	83,489
Mutual Funds	57,300	57,300	-	-	-	57,300
Money Market Funds	2,807	2,807	-	-	-	2,807
Medium Term Notes - IADB	20,866	-	6,190	14,676	-	20,866
Corporate Bonds	55,669	12,883	37,478	5,308	-	55,669
Local Agency Investment Fund	82,794	82,794	-	-	-	82,794
Orange County Investment Pool	40,000	40,000	-	-	-	40,000
California Asset Mgmt Program	2,787	2,787	-	-	-	2,787
PARS Pension Rate Stabilization Program	7,503	7,503	-	-	-	7,503
Total Investments	\$ 361,587	\$ 211,168	\$ 79,295	\$ 71,124	\$ -	361,587
	Total Deposits					29,218
	Total Deposits and Investments					\$ 390,805

* Security is callable, but classified above according to original maturity date



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

2. CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the minimum ratings required by, where applicable, the California Government Code or the City's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type (in thousands):

INVESTMENTS:	Minimum Legal Rating	Total	Remaining as of Year End			
			AAA	AA	A	Not Rated
US Treasuries	N/A	\$ 8,372	\$ 8,372	\$ -	\$ -	\$ -
US Agency Securities*	N/A	83,489	83,489	-	-	-
Mutual Funds	N/A	57,300	-	-	-	57,300
Money Market Funds	AAA	2,807	2,807	-	-	-
Medium Term Notes - IADB	AA	20,866	20,866	-	-	-
Corporate Bonds	A	55,669	-	17,888	37,781	-
Local Agency Investment Fund	N/A	82,794	-	-	-	82,794
Orange County Investment Pool	N/A	40,000	-	-	-	40,000
California Asset Mgmt Program	N/A	2,787	2,787	-	-	-
PARS Pension Rate Stabilization Program	N/A	7,503	-	-	-	7,503
Total Investments		\$ 361,587	\$ 118,321	\$ 17,888	\$ 37,781	\$ 187,597

Note: All US Agencies are rated AAA by Moody's and AA by S&P



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

2. CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

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

Issuer	Investment Type	Fair Value Amount
Federal Home Loan Bank	U.S. Agency Securities	\$15,844
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	\$46,705
Inter-American Development Bank	Medium Term Notes	\$15,849



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

2. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2020, the City's deposits with financial institutions were covered by FDIC up to \$250,000, and the remaining amounts were collateralized as described above. None of the City's investments were subject to custodial credit risk. Per the Investment Policy's statement, the City of Huntington Beach is the registered owner of all investments in the portfolio.

Investment in State Investment Pool

The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Currently, LAIF does not have an investment rating.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

2. CASH AND INVESTMENTS (Continued)

Investment in the Orange County Investment Pool

The City is a participant in the County Treasurer's Orange County Investment Pool (OCIP). The OCIP is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in the OCIP at June 30, 2020, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the OCIP, refer to the County of Orange Comprehensive Annual Financial Report.

Investment in California Asset Management Program Pool

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Trust's activities are directed by a Board of Trustees, all of whom are employees of the California public agencies which are participants in the Trust. The City reports investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. The Pool is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The Pool invests in obligations of the United States Government and its agencies, high-quality, short-term debt obligations of U.S. companies and financial institutions. The Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). CAMP is rated AAAM by Standard & Poor's.

Investment in Public Agency Retirement Services Pension Rate Stabilization Program

The City established a Section 115 pension trust account within the Public Agency Retirement Services Pension Rate Stabilization Program (PARS PRSP) to hold assets that are legally restricted for use in administering the City's defined benefit pension plan. The pension trust fund's specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the City.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

2. CASH AND INVESTMENTS (Continued)

Fair Value Measurement

The City categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2020 (in thousands):

INVESTMENTS:	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
U.S. Treasuries	\$ -	\$ 8,372	\$ -	\$ 8,372
U.S. Agency Securities	-	83,489	-	83,489
Medium Term Notes - IADB	-	20,866	-	20,866
Corporate Bonds	-	55,669	-	55,669
Total Investments	\$ -	\$ 168,396	\$ -	\$ 168,396

3. OTHER RECEIVABLES

A summary of Other Receivables as of June 30, 2020 is as follows (in thousands):

Description	Amount
Developer Loans Receivable	\$ 39,152
Emerald Cove Loan Receivable	7,237
Housing Rehabilitation Loans Receivable	2,315
First Time Homebuyers Receivable	1,771
Emergency Medical Fee Receivable	1,319
Other Grants Receivable	1,827
Other Receivable	6,661
Total Other Receivables	\$ 60,282
Allowance for Uncollectible Developer Loans	(39,152)
Net Other Receivables on Governmental Fund Financial Statements	\$ 21,130
 Other Receivables Reconciliation	
Net Receivable on Government-wide Financial Statements	\$ 33,712
Taxes Receivable on Governmental Fund Financial Statements	(12,448)
Other Receivables on Internal Service Fund	(134)
Net Other Receivables on Governmental Fund Financial Statements	\$ 21,130



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

3. OTHER RECEIVABLES (Continued)

a. Developer Loans

Loans made to developers to construct or rehabilitate certain facilities under deferred loan agreements total \$39,152,000 at year-end. These loans are allowed until a future event occurs. Loans to the Low and Moderate Income Housing Asset Fund total \$20,949,000, loans made under the Home Program total \$13,929,000 and loan made under the Affordable Housing In-Lieu Program total \$4,274,000. Interest rates on these loans range from 0% to 6.5%. The allowance for uncollectible developer loans is \$39,152,000 due to the terms of the agreement to forgive the balance of loans after a specified time period if all the conditions of loan forgiveness are met.

b. Emerald Cove Loan

On June 15, 2010, the former Redevelopment Agency loaned Emerald Cove, LP \$8,000,000 to acquire and rehabilitate Emerald Cove Senior Apartments. The loan has an interest rate of 3% and is to be repaid annually from residual receipts over 60 years. The loan was transferred to the Low and Moderate Income Housing Asset Fund in fiscal year 2011-12. The loan balance as of June 30, 2020 is \$7,237,000.

c. Housing Rehabilitation Loans

Loans made to qualified homeowners and landlords in the City of Huntington Beach to rehabilitate certain single-family homes or multifamily rental housing under deferred loan agreements total \$2,315,000 at year-end. These loans are deferred until a future event occurs. The interest rates on these loans range from 0% to 6%.

d. Deferred Loans – First Time Homebuyers and Down Payment Assistance

Loans made for down payment assistance of qualified first time homebuyers under deferred loan agreements total \$1,771,000 at year-end. These loans are deferred until a future event occurs.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

4. UNEARNED REVENUE

Governmental and enterprise funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned (unearned revenue). The amounts are as follows (in thousands):

	General Fund	Grants Special Revenue	Total Unearned Revenue
Community Services Unearned Revenue (Classes)	\$ 626	\$ -	\$ 626
Grants	-	6,469	6,469
Total	\$ 626	\$ 6,469	\$ 7,095

5. UNAVAILABLE REVENUE

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

	General Fund	Grants Special Revenue	LMIHAF	Total Unavailable Revenue
Grants	\$ -	\$ 1,587	\$ -	\$ 1,587
Deferred Loans:				
Emerald Cove	-	-	7,237	7,237
Housing Rehabilitation	-	2,315	-	2,315
First Time Homebuyers	-	-	1,771	1,771
Related Party Transaction (City Manager's Housing Loan)	1,491	-	-	1,491
Other Unavailable Revenue	1,335	-	-	1,335
Total	\$ 2,826	\$ 3,902	\$ 9,008	\$ 15,736

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

Related Party Transaction related to the housing loan granted to the City Manager is discussed in Note 14.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

6. RETIREMENT PLAN – NORMAL

a. Summary

Net Pension Liability

Net Pension Liability is reported in the accompanying statement of net position as follows:

	Net Pension Liability
CalPERS Miscellaneous Plan	\$ 159,076
CalPERS Safety Plan	263,682
Supplemental Plan (Note 7)	12,057
Total	\$ 434,815

Deferred Outflows of Resources

Deferred Outflows of Resources are reported in the accompanying statement of net position as follows:

	Investment earnings less than expected earnings	Changes in assumptions	Differences between Expected and Actual Experience	Deferred employer pension contributions made after measurement date	Total
CalPERS Miscellaneous Plan	\$ -	\$ -	\$ -	\$ 16,878	\$ 16,878
CalPERS Safety Plan	-	9,312	1,188	25,848	36,348
Supplemental Plan (Note 7)	1,358	-	-	-	1,358
Total	\$ 1,358	\$ 9,312	\$ 1,188	\$ 42,726	\$ 54,584

Deferred Inflows of Resources

Deferred Inflows of Resources are reported in the accompanying statement of net position as follows:

	Investment earnings less than expected earnings	Changes in assumptions	Differences between Expected and Actual Experience	Total
CalPERS Miscellaneous Plan	\$ 2,385	\$ 727	\$ 518	\$ 3,630
CalPERS Safety Plan	2,647	1,680	3,404	7,731
Total	\$ 5,032	\$ 2,407	\$ 3,922	\$ 11,361



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

6. RETIREMENT PLAN – NORMAL (Continued)

b. Plan Description

Substantially all City employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the Safety Plan and Miscellaneous Plan Agent multiple-employer defined benefit plans administered by California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit Provisions under the Plans are established by State statutes within the Public Employee's Retirement Law. Following the passage of AB340, Public Employees' Pension Reform Act (PEPRA) by the California Legislature, employees hired on or after January 1, 2013, who were not previously enrolled in the PERS system elsewhere, or who have had a break in service of at least six months are required to be enrolled in this retirement program which provides a benefit level that is lower than the benefits provided for CalPERS employees that do not meet the PEPRA qualifications previously described. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

6. RETIREMENT PLAN – NORMAL (Continued)

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Benefit provisions and all other requirements are established by State statute and may be amended by city contracts with employee bargaining groups.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

Industrial disability benefits are not offered to miscellaneous employees. The City provides industrial disability retirement benefit to safety employees. The industrial disability retirement benefit is a monthly allowance equal to 50 percent of final compensation.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

6. RETIREMENT PLAN – NORMAL (Continued)

The Plans' provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous Agent Plans	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 years	minimum 52 years
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%, 50 years - 63+ years, respectively	1.0% - 2.5%, 52 years - 67+ years, respectively
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates		
July 1, 2019 - June 30, 2020	35.902%	35.902%

	Safety Agent Plans	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 years	minimum 52 years
Monthly benefits, as a % of eligible compensation	3%, 50+ years	2.0% - 2.7%, 50 years - 57+ years, respectively
Required employee contribution rates	9.000%	11.750%
Required employer contribution rates		
July 1, 2019 - June 30, 2020	57.341%	57.341%



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

6. RETIREMENT PLAN – NORMAL (Continued)

c. Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2019, miscellaneous participants under the Classic and PEPRA plans are required to contribute 8% and 6.25% of their annual covered salary, respectively. Safety participants under the Classic and PEPRA plans are required to contribute 9% and 11.75% of their annual covered salary, respectively. In addition, the City is required to make employer contributions at the actuarially determined rates of 35.902% and 57.341% for the miscellaneous and safety plans, respectively, for the period July 1, 2019 through June 30, 2020.

At June 30, 2018, the valuation date, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active members	609	384
Transferred members	429	71
Terminated members	301	60
Retired members and beneficiaries	962	592



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

6. RETIREMENT PLAN – NORMAL (Continued)

d. Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is illustrated below:

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuation, rolled forward to June 30, 2019 using standard update procedures, were determined using the following actuarial assumptions:

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

* The mortality table used was developed based on CalPER's specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Post-retirement mortality rates include 15 year of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

6. RETIREMENT PLAN – NORMAL (Continued)

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class ¹	Current Target Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period

³ An expected inflation of 2.92% used for this period.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

6. RETIREMENT PLAN – NORMAL (Continued)

Discount Rate – The discount rate used to measure the total pension liability at June 30, 2019 was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events – There were no subsequent events that would materially affect the results presented in this disclosure.

e. Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	Miscellaneous Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018 (Valuation Date)	\$ 571,812	\$ 415,455	\$ 156,357
Changes in the year:			
Service cost	8,327	-	8,327
Interest on the total pension liabilities	40,150	-	40,150
Changes of Assumptions	-	-	-
Differences between expected and actual experience	(183)	-	(183)
Benefit payments, including refunds of members contribution:	(28,508)	(28,508)	-
Plan to Plan Resource Movement	-	(13)	13
Contributions - employer	-	14,816	(14,816)
Contributions - employee	-	3,779	(3,779)
Net investment income	-	27,288	(27,288)
Administrative expenses	-	(296)	296
Other Miscellaneous Income/Expense	-	1	(1)
Net changes	19,786	17,067	2,719
Balance at June 30, 2019 (Measurement Date)	\$ 591,598	\$ 432,522	\$ 159,076

	Safety Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018 (Valuation Date)	\$ 755,812	\$ 497,767	\$ 258,045
Changes in the year:			
Service cost	13,644	-	13,644
Interest on the total pension liabilities	53,048	-	53,048
Differences between expected and actual experience	(1,220)	-	(1,220)
Plan to Plan Resource Movement	-	13	(13)
Benefit payments, including refunds of members contribution:	(38,958)	(38,958)	-
Contributions - employer	-	23,064	(23,064)
Contributions - employee	-	4,336	(4,336)
Net investment income	-	32,776	(32,776)
Administrative expenses	-	(355)	355
Other Miscellaneous Income/Expense	-	1	(1)
Net changes	26,514	20,877	5,637
Balance at June 30, 2019 (Measurement Date)	\$ 782,326	\$ 518,644	\$ 263,682



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

6. RETIREMENT PLAN – NORMAL (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the City’s net pension liability, calculated using the discount rate, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 235,849	\$ 159,076	\$ 95,680
Safety Plan	\$ 366,739	\$ 263,682	\$ 178,834
Aggregate Total	\$ 602,588	\$ 422,758	\$ 274,514

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Pension expenses for the measurement period ending June 30, 2019 (the measurement date), are included in the accompanying financial statements as follows:

	Net Pension Expense
CalPERS Miscellaneous Plan	\$ 22,530
CalPERS Safety Plan	41,805
Total	\$ 64,335

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

6. RETIREMENT PLAN – NORMAL (Continued)

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years of active employees by the total number of plan participants (active, inactive, and retired) in the risk pool. For the 2018-19 measurement period, the EARSL for each plan is as follows:

	Miscellaneous	Safety
Expected Average Remaining Service Lifetime	2.5	3.9

At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$ -	\$ (2,385)
Changes in assumptions	-	(727)
Difference between expected and actual experience	-	(518)
Contributions made subsequent to the measurement date	16,878	-
Total	\$ 16,878	\$ (3,630)

Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$ -	\$ (2,647)
Changes in assumptions	9,312	(1,680)
Difference between expected and actual experience	1,188	(3,404)
Contributions made subsequent to the measurement date	25,848	-
Total	\$ 36,348	\$ (7,731)



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

6. RETIREMENT PLAN – NORMAL (Continued)

For the Miscellaneous Plan and Safety Plan, \$16,878,000 and \$25,848,000, respectively, was reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Periods Ended June 30,	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous	Safety
2020	\$ 343	\$ 8,145
2021	(3,685)	(4,821)
2022	(678)	(1,028)
2023	390	473
2024	-	-
Thereafter	-	-
	\$ (3,630)	\$ 2,769

7. RETIREMENT PLAN – SUPPLEMENTAL

a. Plan Description and Benefits

The City administers a supplemental single-employer defined benefit retirement plan (Supplemental Plan) for all employees hired prior to 1997 (exact dates are different for various associations). The Plan is governed by a three-member Supplemental Employee Retirement Plan and Trust Board consisting of the City Treasurer, Chief Financial Officer, and the City Manager, or his/her designee. The Board has the authority, under the terms of the Trust agreement, to control and manage the operation and administration of the Plan. Benefit provisions are established and may be amended through negotiations between the City and employee bargaining associations during each bargaining period, which are then approved through resolutions of the City Council. In fiscal year 2008-09, the City established the Supplemental Employee Retirement Plan and Trust, and transferred \$24,918,000 to an irrevocable trust from the prefunded amounts. The plan and trust are reported as a pension trust fund in the City’s financial statements on a full accrual basis.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

The Supplemental Plan will pay the retiree an additional amount to his or her CalPERS retirement benefit for life. In order to be eligible for the benefit, the retiree must retire from the City. The amount that is computed as a factor of an employee's normal retirement allowance is computed at retirement and remains constant for his or her life. This benefit is payable by the City for the duration of the life of the member, and shall cease upon the employee's death. As of June 30, 2019, the date of the Plan's most recent actuarial valuation, the average monthly benefit received by inactive plan members and beneficiaries receiving benefits is \$559. Effective in 1998 (exact dates are different for various associations), new City employees are ineligible to participate in the Supplemental Employee Retirement Plan.

Employees Covered: At June 30, 2020, the measurement date, the following employees were covered by the benefit terms for the Plan:

Inactive employees receiving benefits	728
Active employees	116
Inactive employees not receiving benefits	-
Total	<u>844</u>

b. Employer Contributions

The City's policy is to make required contributions as determined by the Supplemental Plan's actuary. The required contributions were determined as part of the September 30, 2017 actuarial valuation. The City is required to contribute the actuarially determined rate of 2.5% of total payroll for all permanent employees for the year ended June 30, 2020. There are no employee contributions required for the plan. Survivor and termination benefits are not included in the plan. Administrative costs of this plan are financed through investment earnings.

For the year ended June 30, 2020, the contributions were (in thousands):

Contributions - employer	\$ 3,506
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**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

c. Investments

Investments of the Supplemental Plan are held separately from those of other City funds by investment custodians. The Supplemental Employee Retirement Plan and Trust Board is responsible for supervising all investments. Changes to the Investment Policy require approval by the Board. The policy remained the same as last fiscal year. The most recent policy was reviewed in June 2020 with an effective date of July 1, 2020. Please refer to Note 2 for a detailed description of the Supplemental Plan’s Investment Policy. The major asset class allocation for the Supplemental Plan as of June 30, 2020 is listed below:

Asset Class	Strategic Allocation	Allocation as of June 30, 2019	Long Term Expected Rate of Return
Fixed Income	20.00%	20.19%	1.55%
Equities	41.00%	74.49%	5.35%
Real Estate	3.00%	4.04%	0.00%
Commodities	2.00%	0.00%	0.00%
Cash and Equivalents	0.00%	1.28%	0.45%
Total	66.00%	100.00%	

Quoted market prices have been used to value investments as of June 30, 2020. These investments are held by the Trust or by an agent in the Trust’s name. A portion of these investments is subject to credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk and/or foreign currency risk. The Governmental Accounting Standards Board (GASB) Statement No. 40 requires the disclosure of such risk. Please see below for a list of investments held in any one organization that represents five percent or more of the Plan’s investment portfolio at June 30, 2020:

Concentration of Investments Equaling or Exceeding 5%

Harbor Capital Appreciation Inst	12.48%
Vanguard Intl Grwth Fd	12.46%
Vanguard Equity Income Fund Admiral Shares	10.30%
Ishare Core Msci Eafe ETF	10.17%
Parnassus Core Equity Income Inst	10.42%
Fidelity US Bond Index	7.18%



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

All Supplemental Plan investments are reflected in the schedule included in Section c of the Note, with the exception of amounts held in the City's investment pool account. The City maintains an investment pool account for City funds. Monthly contributions for the Plan are held in the City's investment pool account and are used to pay recurring expenditures. Refer to Note 2 for a description of the City's investments.

For the year ended June 30, 2020, the annual money-weighted rate of return on the Plan's investments, net of pension plan investment expenses, was 3.79%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

d. Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the City's net pension liability is shown on the following page.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations for the June 30, 2020 measurement date were determined using the following actuarial assumptions:

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Salary Increases	CalPERS 1997-2015 Experience Study plus 3% aggregate increase
Investment Rate of Return	6.25% Net of Investment Expenses
Mortality Rate Table	CalPERS 1997-2015 Experience Study, mortality projected fully generational with Scale MP-2019
Retirement, Disability, Withdrawal	CalPERS 1997-2015 Experience Study plus 23% load on future service retirement liability added to reflect recent benefits experience.

The changes in actuarial assumptions include the following:

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality, and retirement rates. The future service retirement liabilities load increased from 15% to 23% to reflect recent experience of benefits being larger than anticipated.

e. Discount Rate & Sensitivity

The discount rate is used in the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employee contributions, benefit payments, expenses, and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount is used. For this valuation, the discount rate is 6.25%, based on the inflation assumption of 2.75% and a long-term asset allocation of 70% equities and 30% fixed income. The geometric real rates of return were assumed to be 5.35% for equities and 1.55% for fixed income. The long-term expected rate of return is applied to all future projected benefit payments.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. An investment return excluding administrative expenses would have been 6.25 percent.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, both short-term and long-term market return expectations were taken into account along with expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

Changes in the Net Pension Liability

	Supplemental Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019	\$ 65,444	\$ 58,853	\$ 6,591
Changes in the year:			
Service cost	338	-	338
Interest on the total pension liabilities	3,954	-	3,954
Benefit payments, including refunds of members contribution:	(5,012)	(5,012)	-
Contributions - employer	-	3,506	(3,506)
Net investment income	-	2,114	(2,114)
Administrative expenses	-	(444)	444
Net changes	5,630	164	5,466
Balance at June 30, 2020	<u>\$ 71,074</u>	<u>\$ 59,017</u>	<u>\$ 12,057</u>

The following table shows the changes in net pension liability recognized over the measurement period (in thousands):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's net pension liability, calculated using the discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan's Aggregate Net Pension Liability/(Asset)		
(in thousands)		
Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
\$ 19,068	\$ 12,057	\$ 6,076



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

f. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the City recognized pension expense in the amount of \$7,083,000 for the Supplemental Plan.

At June 30, 2020, the City reported deferred outflows of resources related to the supplemental pension plan from the following source (in thousands):

	Deferred Outflows of Resources
Difference between projected and actual earnings on pension plan investments	\$ 1,358

For the Supplemental Plan, \$1,358,000 was reported as deferred outflows of resources related to pensions which will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	Deferred Outflows / (Inflows) of Resources
2021	\$ (36)
2022	583
2023	500
2024	311
2025	-
Thereafter	-
	\$ 1,358



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

8. OTHER POST EMPLOYMENT BENEFITS

a. Plan Description

The City administers the following two other post employment benefit (OPEB) plans:

Postemployment Medical Insurance

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

- At the time of retirement, the employee is employed by the City.
- At the time of retirement, the employee has a minimum of ten years of service credit or is granted a service connected disability retirement.
- Following official separation from the City, CalPERS grants a retirement allowance.

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

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

The subsidy a retiree is entitled to receive is based on the retiree's years of service credit and is limited to \$344 per month after 25 years of service. If a retiree dies, the benefits that would be payable for his or her insurance are provided to the spouse or family for 12 months. The retiree may use the subsidy for any of the medical insurance plans that the City's active employees may enroll in. Employees hired on or after October 1, 2014 are not eligible for this benefit.

PEMHCA

The City provides an agent multiple-employer defined benefit healthcare plan to retirees through CalPERS under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. The PEMHCA benefits are applied to all safety employee groups, based on retirement plan election. The benefits continue to the surviving spouse for one year. The Huntington Beach Firefighters' Association (HBFA) joined PEMHCA in 2011. All other safety groups (Fire Management Association (FMA), Marine Safety Management Association (MSOA), Police Management Association (PMA), and Police Officers' Association (POA) joined in 2004.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

Safety employees are eligible for PEMHCA benefits if they retire from the City on or after age 50 with at least five years of service or disability, and are eligible for a PERS pension.

As of the June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the plan:

	Postemployment Medical Insurance	PEMHCA
Retirees and beneficiaries receiving benefits	264	189
Inactive employees not yet receiving benefits	303	-
Active Plan Members	853	384
Total Plan Participants	<u>1,420</u>	<u>573</u>

b. Accounting and Funding

The City utilizes the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan, for the postemployment medical insurance benefit. Benefits paid from the CERBT were \$814,000 for year ended June 30, 2020. The assets of the CERBT are excluded from the accompanying financial statements since they are in an irrevocable trust administered by CalPERS. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814 or on their website: www.calpers.ca.gov. The City's policy is to make 100% of each year's ARC, with an additional amount to prefund benefits as determined annually by City Council in order to improve the funded status of the plan.

For PEMHCA, the City selected the "unequal" method for the contribution. Under this method, the City offered a lesser contribution for retirees than for active employees. The City paid the PEMHCA minimum for actives (\$133 in 2018, and \$136 in 2019, and \$139 in 2020). Beginning in 2008, Assembly Bill 2544 changed the computation for annual increases to annuitant health care under the unequal method. Under the new provisions, the City increases annuitant health care contributions equal to an amount not less than five percent of the active employee contributions, multiplied by the number of years in PEMHCA. The City's contribution for retirees is \$62.55 per employee for the Huntington Beach Firefighter's Association (HBFA) and \$111.20 for all other Safety groups in 2020. The annual increase in minimum PEMHCA contribution to CalPERS will continue until the time that the City contribution for retirees equals the City contribution paid for active employees.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

The City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

- Actuarial Cost Method – Entry Age Normal
- Discount rate – 6.25%
- Projected salary increases for covered employees due to inflation – aggregate increases of 3.00% per annum
- Investment Rate of Return – 6.25%, assuming actuarially determined contributions funded into CERBT Investment Strategy 2
- Mortality Rate¹ – Derived using CalPERS' membership data for all funds
- Pre-Retirement Turnover² – Derived using CalPERS' membership data for all funds
- PEMCHA minimum increases for actives - \$139 in 2020, with 4.25% annual increases thereafter
- Healthcare Trend Rate – The medical trend rate represents the long-term expected growth of medical benefits paid by the plan, due to non-age-related factors such as general medical inflation, utilization, new technology, and the like. The following table sets for the inflation trend assumption used for the valuation:

Calendar Year	Annual Rate		Calendar Year	Annual Rate	
	Non-Medicare	Medicare		Non-Medicare	Medicare
2020	7.50%	6.50%	2029	5.40%	4.85%
2021	7.25%	6.30%	2030	5.20%	4.70%
2022	7.00%	6.10%	2031-35	5.05%	4.60%
2023	6.75%	5.90%	2036-45	4.90%	4.50%
2024	6.50%	5.70%	2046-55	4.75%	4.45%
2025	6.25%	5.50%	2056-65	4.60%	4.40%
2026	6.00%	5.30%	2066-75	4.30%	4.20%
2027	5.80%	5.15%	2076+	4.00%	4.00%
2028	5.60%	5.00%			

¹ Mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017, which may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications. Post-retirement mortality rates include mortality projected fully generational with Scale MP-19.

² The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	CERBT Strategy 2	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40%	4.82%
Fixed Income	43%	1.47%
Treasury Inflation-Protected Securities ("TIPS")	5%	1.29%
Commodities	4%	0.84%
Real Estate Investment Trusts ("REITS")	8%	3.76%
Total	100%	

* Long-term expected rate of return is 6.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

The changes in the net OPEB Liability for the plan are as follows (in thousands):

	Increase / (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability / (Asset) (c) = (a) - (b)
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 33,434	\$ 26,825	\$ 6,609
Changes recognized for the measurement period:			
Service Cost	1,241	-	1,241
Interest	1,859	-	1,859
Actual vs. Expected Experience	1,411	-	1,411
Assumption Changes	(3,358)	-	(3,358)
Contributions - Employer	-	2,270	(2,270)
Net Investment Income	-	1,901	(1,901)
Benefit Payments	(1,742)	(1,742)	-
Administrative Expenses	-	(61)	61
Net Changes	(589)	2,368	(2,957)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 32,845	\$ 29,193	\$ 3,652

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2019 (in thousands):

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 7,662	\$ 3,652	\$ 364



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2019 (in thousands):

	1% Decrease (6.50% Non-Medicare / 5.50% Medicare, decreasing to 3.0% Non-Medicare / 3.0% Medicare)	Current Trend (7.50% Non-Medicare / 6.50% Medicare, decreasing to 4.0% Non-Medicare / 4.0% Medicare)	1% Increase (8.50% Non-Medicare / 7.50% Medicare, decreasing to 5.0% Non-Medicare / 5.0% Medicare)
Net OPEB Liability	\$ 295	\$ 3,652	\$ 7,905

OPEB Plan Fiduciary Net Position

The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94429-2703.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 Years
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**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

As of June 30, 2020, the City recognized OPEB expense of \$1,469,000. As of June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions subsequent to the measurement date	\$ 1,959	\$ -
Difference between expected and actual experience	1,218	
Changes in Assumptions		2,898
Net difference between projected and actual earnings on OPEB Plan Investments	-	30
	\$ 3,177	\$ 2,928

The \$1,959,000 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows (in thousands):

Measurement Periods Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2021	\$ (217)
2022	(215)
2023	(312)
2024	(353)
2025	(267)
Thereafter	(346)
	\$ (1,710)



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

9. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City records the liability claims as expenditures in the Self Insurance General Liability Internal Service Fund and the workers' compensation claims in the Self Insurance Workers' Compensation Internal Service Fund.

BICEP was created in 1988 by a joint powers agreement between the City of Huntington Beach and four other local entities including Oxnard, Ventura, Santa Ana, and West Covina, for the purpose of providing joint insurance coverage and related risk management services for member cities. BICEP allows member entities to finance a claims payment pool for certain liability claims in excess of \$1,000,000 to a maximum coverage limit of \$27,000,000 for claims incurred through June 30, 2015, and \$24,000,000 thereafter.

Effective July 1, 2019, the member agencies of BICEP agreed to dissolve the Joint Powers Authority. BICEP continues to exist for the purpose of disposing of all claims, the distribution of assets, and any other functions necessary to conclude the affairs of BICEP as provided in the Bylaws of the Authority. Upon dissolution of BICEP, the City purchased liability insurance in the open marketplace, which provides insurance for claims costs exceeding the City's self-insured retention of \$1,000,000. The maximum coverage limit is \$30,000,000, which is inclusive of the self-insured retention. Claims that exceed the maximum limit of liability are covered by the City's Self-Insurance General Liability Internal Service Fund.

There were no liability claims in the past four years that exceeded the coverage limit.

Liability Claims

Claims up to \$1,000,000 are paid from the City's Self Insurance General Liability Internal Service Fund. Payments for claims from \$1,000,000 to the maximum limit discussed above are covered by the excess liability coverage purchased by the City. Any claims exceeding the maximum limit are covered by the Self Insurance General Liability Internal Service Fund. The liability for these claims is recorded as part of long-term obligations in the Self Insurance General Liability Fund and government-wide financial statements. Liabilities include amounts incurred, but not reported.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

9. RISK MANAGEMENT (Continued)

Workers' Compensation Claims

Workers' compensation claims of up to \$1,000,000 per claim are paid from the Self Insured Workers' Comp Internal Service Fund. Excess workers' compensation coverage is purchased through the CSAC/Prism-Excess Insurance Authority. Payments for claims from \$1,000,000 to statutory limits are covered by CSAC/Prism-Excess Insurance Authority.

The Self Insurance Workers' Comp Internal Service Fund has a \$14.2 million deficit at year-end at the 55 percent confidence level. The City has established plans to help reduce the deficit in this fund. This will be accomplished by additional transfers from the General Fund, Proprietary funds, and other governmental funds in which employees are charged over the next nine years.

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

	Workers' Compensation	General Liability	Total
Balance June 30, 2018	\$ 28,811	\$ 11,470	\$ 40,281
Additions	2,674	1,479	4,153
Reductions	(4,855)	(4,553)	(9,408)
Net Increase (Decrease)	(2,181)	(3,074)	(5,255)
Balance June 30, 2019	26,630	8,396	35,026
Additions	9,758	3,310	13,068
Reductions	(6,782)	(4,157)	(10,939)
Net Increase (Decrease)	2,976	(847)	2,129
Balance June 30, 2020	\$ 29,606	\$ 7,549	\$ 37,155



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

10. INTERFUND TRANSACTIONS

a. Advances to/from Other Funds

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

	<u>Advances to (Payable):</u>
	<u>Redevelopment Agency Private Purpose Trust</u>
Advances from (Receivable):	
Major Governmental Funds	
LMIHAF Capital Projects	\$ 1,363

There is a \$1,363,000 advance from the LMIHAF Capital Projects Fund to the Redevelopment Agency Private Purpose Trust Fund as of June 30, 2020 for Main Pier property acquisitions prior to the dissolution of the Redevelopment Agency on February 1, 2012.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

10. INTERFUND TRANSACTIONS (Continued)

b. Transfers In/Out

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

Transfers In	Transfers Out						Total Transfers In
	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Other Governmental Funds	Total Governmental Funds	Hazmat Service Fund	
General Fund	\$ -	\$ 159	\$ -	\$ -	\$ 159	\$ 13	\$ 172
Grants Special Revenue	36	-	-	-	36	-	36
Other Governmental Funds	8,861	20	405	515	9,801	-	9,801
Total Governmental Funds	8,897	179	405	515	9,996	13	10,009
Refuse Fund	51	-	-	-	51	-	51
Total Enterprise Funds	51	-	-	-	51	-	51
Total Transfers Out	\$ 8,948	\$ 179	\$ 405	\$ 515	\$ 10,047	\$ 13	\$ 10,060

The following is a summary of the significant transfers:

- \$8,861,000 was transferred from the General Fund to Other Governmental Funds for debt service payments of \$4,611,000 and for infrastructure related projects including road repairs, police facility repairs and enhancement, equipment, and other capital improvement projects of \$4,250,000.
- \$36,000 was transferred from the General Fund to the Grants Special Revenue Fund for CBDG administration costs of \$36,000 that were charged to the grant fund in excess of the grant amount in prior fiscal years.
- \$51,000 was transferred from the General Fund to the Refuse Enterprise Fund to fund the senior citizen rate reduction on refuse charges.
- \$405,000 was transferred from the LMIHAF Fund to Other Governmental Funds for debt service payments.
- \$159,000 was transferred from the Grants Special Revenue Fund to the General Fund for prior fiscal years CBDG administration costs that are eligible for grant reimbursement.
- \$20,000 was transferred from the Other Governmental Funds to the Grants Special Revenue Fund for prior fiscal year expenditures that are eligible for grant reimbursement.
- \$515,000 was transferred from the Infrastructure Fund to the 2014A Bond Project Fund to utilize the bond funds on eligible Police Headquarters Modernization Project costs.
- \$13,000 was transferred from the Hazmat Service Enterprise Fund to the General Fund to cover administrative and overhead expenditures.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

11. LONG-TERM OBLIGATIONS

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

	June 30, 2019	Additions	Retirements	June 30, 2020	Accrued Interest	Due Within One Year
Governmental Activities:						
Public Financing Authority:						
2010(a) Lease Revenue Bonds	\$ 8,235	\$ -	\$ (825)	\$ 7,410	\$ 122	\$ 865
2011(a) Lease Revenue Bonds	17,770	-	(2,045)	15,725	205	1,060
2014(a) Lease Revenue Bonds	13,145	-	(615)	12,530	145	650
Total Public Financing Authority	39,150	-	(3,485)	35,665	472	2,575
Other Long-Term Obligations:						
Compensated Absences	11,295	5,294	(3,956)	12,633	-	4,432
Claims Payable	35,026	13,068	(10,939)	37,155	-	8,902
Pollution Remediation	2,000	-	-	2,000	-	-
LED Lighting Phase I	656	-	(110)	546	3	114
I-Bank CLEEN Loan	2,454	-	(283)	2,171	21	289
CEC Loan	2,818	-	(230)	2,588	-	261
Leases Payable	5,083	1,172	(1,014)	5,241	72	1,190
Total Other Long-Term Obligations	59,332	19,534	(16,532)	62,334	96	15,188
Total Long-Term Obligations - Governmental Activities	\$ 98,482	\$ 19,534	\$ (20,017)	\$ 97,999	\$ 568	\$ 17,763



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

11. LONG-TERM OBLIGATIONS (Continued)

a. Public Financing Authority

(1) 2010(a) Public Financing Authority Lease Revenue Bonds

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

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2021	\$ 865	\$ 349	\$ 1,214
2022	905	305	1,210
2023	550	268	818
2024	580	240	820
2025	605	210	815
2026-2030	3,305	560	3,865
2031	600	15	615
Total	\$ 7,410	\$ 1,947	\$ 9,357



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

11. LONG-TERM OBLIGATIONS (Continued)

(2) 2011(a) Public Financing Authority Lease Revenue Bonds

Year of Issuance	2011
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$36,275,000
Security	Lease with City
Interest Rates	2.0% to 5.0%
Interest Payment Dates	March 1 st , September 1 st
Principal Payment Dates	September 1 st
Purpose of Debt	Defeas 2001(a) Leasehold Revenue Bonds (Construct Sports Complex and South Beach Phase II Improvements) and 2001(b) Lease Revenue Bonds (Defeas Civic Improvement Corporation Certificates)

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2021	\$ 1,060	\$ 607	\$ 1,667
2022	1,095	564	1,659
2023	1,150	519	1,669
2024	1,185	482	1,667
2025	1,225	440	1,665
2026-2030	6,855	1,421	8,276
2031-2032	3,155	142	3,297
Total	\$ 15,725	\$ 4,175	\$ 19,900



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

11. LONG-TERM OBLIGATIONS (Continued)

(3) 2014(a) Public Financing Authority Lease Revenue Bonds

Year of Issuance	2014
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$15,295,000
Security	Lease with City
Interest Rates	3.0% to 5.0%
Interest Payment Dates	March 1 st , September 1 st
Principal Payment Dates	September 1 st
Purpose of Debt	Finance the construction of a new Senior Center

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2021	\$ 650	\$ 431	\$ 1,081
2022	665	411	1,076
2023	685	384	1,069
2024	720	352	1,072
2025	750	319	1,069
2026-2030	4,175	1,196	5,371
2031-2035	4,885	469	5,354
Total	\$ 12,530	\$ 3,562	\$ 16,092

b. Other Long-Term Obligations

(1) Compensated Absences

There is no repayment schedule to pay the compensated absences amount of \$12,633,000 relating to governmental operations. The General Fund typically liquidates the vacation and sick leave liability.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

11. LONG-TERM OBLIGATIONS (Continued)

(2) Claims Payable

There is no repayment schedule for the claims payable for governmental activities of \$37,155,000 described in Note 9. The City pays the claims upon final settlement. The General Fund typically liquidates the claims payable liability.

(3) Pollution Remediation

The City plans to remediate hazardous materials contamination of land located within Huntington Central Park used as a gun range facility prior to its close in 1997. The City is voluntarily planning to remediate the site in order to use the area for park purposes. The cost of the gun range remediation is estimated to be \$2,000,000 and is reported as a long-term liability in the government-wide financial statements. The liability was measured by estimating a reasonable range of potential outlays and multiplying those outlays by their probability of occurring.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

11. LONG-TERM OBLIGATIONS (Continued)

(4) LED Lighting Phase I

Year of Issuance	2016
Type of Debt	Leaseback from Capital One Public Funding, LLC
Principal Amount	Original \$1,062,924
Security	Loan Agreement with Capital One Public Funding, LLC
Interest Rates	Original 2.32%
Interest Payment Dates	February 1 st and August 1 st
Principal Payment Dates	August 1 st
Purpose of Debt	To purchase and upgrade street, area and pole lighting to energy efficient LED light sources

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2021	\$ 114	\$ 18	\$ 132
2022	119	14	133
2023	122	10	132
2024	126	5	131
2025	65	1	66
Total	\$ 546	\$ 48	\$ 594



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

11. LONG-TERM OBLIGATIONS (Continued)

(5) I-Bank CLEEN Loan

Year of Issuance	2016
Type of Debt	CLEEN Loan from the California Infrastructure and Economic Development Bank (I-Bank)
Principal Amount	Original \$3,000,000
Security	Edwards Fire Station
Interest Rates	Original 2.32%
Interest Payment Dates	February 1 st and August 1 st
Principal Payment Dates	August 1 st
Purpose of Debt	To purchase and upgrade street pole lighting to energy efficient LED light sources

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2021	\$ 289	\$ 47	\$ 336
2022	296	40	336
2023	303	33	336
2024	310	26	336
2025	317	19	336
2026-2027	656	15	671
Total	\$ 2,171	\$ 180	\$ 2,351



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

11. LONG-TERM OBLIGATIONS (Continued)

(6) California Energy Commission (CEC) Loan

Year of Issuance	2016
Type of Debt	Loan from the California Energy Commission (CEC)
Principal Amount	Original \$3,000,000
Security	Loan Agreement with CEC
Interest Rates	Original 1.00%
Interest Payment Dates	June 22 nd and December 22 nd
Principal Payment Dates	June 22 nd and December 22 nd
Purpose of Debt	To upgrade street pole lighting to energy efficient LED light sources

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2021	\$ 261	\$ 25	\$ 286
2022	264	22	286
2023	266	20	286
2024	269	17	286
2025	272	14	286
2026-2030	1,256	32	1,288
Total	\$ 2,588	\$ 130	\$ 2,718



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

11. LONG-TERM OBLIGATIONS (Continued)

(7) Leases Payable

Year of Issuance	2016
Type of Debt	Capital Leases
Principal Amount	Various
Security	Master Lease Agreement
Interest Rates	1.54% and 1.71%
Interest Payment Dates	Semi-Annually
Principal Payment Dates	Semi-Annually
Purpose of Debt	Equipment Financing

In December 2019, a new seven-year lease agreement was approved by City Council in the amount of \$1,172,59 to finance the replacement of a fire engine and ambulance.

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2021	1,190	104	1,294
2022	1,066	81	1,147
2023	1,087	61	1,148
2024	1,109	38	1,147
2025	435	8	443
2026-2027	354	12	366
Total	\$ 5,241	\$ 304	\$ 5,545



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

11. LONG-TERM OBLIGATIONS (Continued)

c. Long-Term Obligations – Business-Type Activities

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

Long-Term Obligations - Business-Type Activities:	June 30, 2019	Additions	Retirements	June 30, 2020	Due Within One Year
Compensated Absences	\$ 1,416	\$ 590	\$ (391)	\$ 1,615	\$ 440
Total Long-Term Obligations - Business-Type Activities	\$ 1,416	\$ 590	\$ (391)	\$ 1,615	\$ 440

(1) Compensated Absences

There is no repayment schedule for the compensated absences amount of \$1,615,000 relating to business-type activities. The balance for the outstanding business-type compensated absences is predominately related to the Water and Sewer funds.

d. Long-Term Conduit Debt Obligations

Below is a schedule of the conduit debt obligations for which the City is not liable in any manner (in thousands):

Community Facilities Districts:	June 30, 2019	Additions	Retirements	June 30, 2020
Community Facilities District No. 1990-1 Special Tax Refunding Bonds	\$ 330	\$ -	\$ (160)	\$ 170
Community Facilities District No. 2000-1 2013 Special Tax Refunding Bonds	10,275	-	(600)	9,675
Community Facilities District No. 2002-1 Special Assessment Tax Bonds	4,090	-	(145)	3,945
Community Facilities District No. 2003-1 2013 Special Tax Refunding Bonds	17,235	-	(820)	16,415
Total Community Facilities Districts	31,930	-	(1,725)	30,205
Residential Redevelopment Bonds	2,900	-	-	2,900
Total Obligations Not Recorded in Financial Statements	\$ 34,830	\$ -	\$ (1,725)	\$ 33,105



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

11. LONG-TERM OBLIGATIONS (Continued)

(1) Residential Development Bonds

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

These bond issues are (in thousands):

Bond Issue	Outstanding Year-end	Original Issue Amount
Five Points Senior Project Multi-Family Housing Revenue Bonds - Series A - 1991	\$ 2,900	\$ 9,500

12. CAPITAL ASSETS

a. Changes in Capital Assets

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

	June 30, 2019	Additions	Dispositions	June 30, 2020
Governmental Activities				
Capital Assets, Not Depreciated:				
Land	\$ 362,534	\$ -	\$ (465)	\$ 362,069
Construction in Progress	7,631	2,423	(2,539)	7,515
Total Capital Assets -Not Depreciated	370,165	2,423	(3,004)	369,584
Capital Assets Being Depreciated				
Buildings	208,771	5,250	(2,743)	211,278
Machinery and Equipment	64,038	3,335	(370)	67,003
Infrastructure	419,321	15,552	(801)	434,072
Total Capital Assets Being Depreciated	692,130	24,137	(3,914)	712,353
Less Accumulated Depreciation:				
Buildings	(80,143)	(4,447)	91	(84,499)
Machinery and Equipment	(50,771)	(2,640)	370	(53,041)
Infrastructure	(222,912)	(7,527)	801	(229,638)
Total Accumulated Depreciation	(353,826)	(14,614)	1,262	(367,178)
Total Depreciated - Net	338,304	9,523	(2,652)	345,175
Total Capital Assets	1,062,295	26,560	(6,918)	1,081,937
Total Accumulated Depreciation	(353,826)	(14,614)	1,262	(367,178)
Capital Assets of Governmental Activities - Net	\$ 708,469	\$ 11,946	\$ (5,656)	\$ 714,759



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

12. CAPITAL ASSETS (Continued)

	June 30, 2019	Additions	Dispositions	June 30, 2020
Business-Type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 3,907	\$ -	\$ -	\$ 3,907
Construction in Progress	5,701	236	(5,495)	442
Total Capital Assets -Not Depreciated	9,608	236	(5,495)	4,349
Capital Assets Being Depreciated				
Buildings	92,567	7,515	-	100,082
Machinery and Equipment	20,313	344	-	20,657
Infrastructure	145,671	506	(216)	145,961
Total Capital Assets Being Depreciated	258,551	8,365	(216)	266,700
Less Accumulated Depreciation:				
Buildings	(29,211)	(2,512)	-	(31,723)
Machinery and Equipment	(12,537)	(1,095)	-	(13,632)
Infrastructure	(80,715)	(2,410)	216	(82,909)
Total Accumulated Depreciation	(122,463)	(6,017)	216	(128,264)
Total Depreciated - Net	136,088	2,348	-	138,436
Total Capital Assets	268,159	8,601	(5,711)	271,049
Total Accumulated Depreciation	(122,463)	(6,017)	216	(128,264)
Capital Assets of Business Activities - Net	\$ 145,696	\$ 2,584	\$ (5,495)	\$ 142,785

b. Depreciation Expense

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

Department:	
City Manager	\$ 21
Finance	27
Community Development	76
Fire	199
Information Services	6
Police	252
Community Services	2,032
Library Services	295
Public Works	11,188
Internal Service Fund depreciation charged to functions	518
Total	\$ 14,614



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

12. CAPITAL ASSETS (Continued)

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

Fund:	
Water	\$ 3,910
Sewer Service	2,086
Refuse	21
Total	<u>\$ 6,017</u>

13. INVESTMENT IN JOINT VENTURES

The City participates in a firefighter training center called Central Net Operations Authority (CNOA) through a joint powers agreement with the City of Fountain Valley. The City of Huntington Beach records 76.00% of CNOA net assets as Joint Venture Investments.

In July 2019, the City formally withdrew its membership from PCTA, a Joint Powers Authority that manages the cable television and video provider franchising. The City started collecting 100% of the franchise and PEG fees generated from the Huntington Beach cable subscribers directly from the cable providers in fiscal year 2019-2020. The collected PEG fees are deposited into a restricted fund called “Surf City 3” and will be used to fund the City’s own cable channel operations and programming costs.

14. RELATED PARTY TRANSACTION

The City has entered into a housing loan and equity sharing agreement in the principal sum of \$1,510,000 with City Manager Oliver Chi in October 2019 to use as funding for the purchase of a home within the City. The property is held as security for repayment of the loan until it is paid, and will remain subject to the provisions of the loan agreement until sold. When or if the property is sold, the City will receive 50% of the increase in the value of the home. This housing loan and equity sharing agreement has a term of thirty (30) years. The balance as of the loan as of June 30, 2020 is \$1,490,685.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

15. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH

a. General Discussion

On December 29, 2011, the California Supreme Court upheld ABX1 26 that provided for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Huntington Beach that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

ABX1 26 provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 9, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency in accordance with ABX1 26 as part of City resolution number 2012-01.

After enactment of the law, effective June 28, 2011, redevelopment agencies in the State of California generally cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

ABX1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as of successor agency by ABX1 26.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

**15. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH
(Continued)**

a. Long-Term Debt

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

Successor Agency:	June 30, 2019	Additions	Retirements	June 30, 2020	Accrued Interest	Due Within One Year
Bonds Payable						
1999 Tax Allocation Refunding Bonds	\$ 2,560	\$ -	\$ (625)	\$ 1,935	\$ 40	\$ 365
2002 Tax Allocation Bonds	5,585	-	(1,370)	4,215	88	800
Total Bonds Payable	8,145	-	(1,995)	6,150	128	1,165
Other Long-Term Obligations						
Mayer DDA	2,409	-	(555)	1,854	30	554
Bella Terra OPA (Parking)	7,622	-	(1,294)	6,328	-	1,296
Bella Terra AHA (Phase II)	14,196	-	(643)	13,553	-	643
CIM DDA (Parking & Infrastructure)	5,836	-	(269)	5,567	292	288
CIM DDA (Additional Parking)	376	-	(12)	364	27	13
Section 108 Loan RDA	520	-	(520)	-	-	-
Compensated Absences	48	-	(48)	-	-	-
Total Other Long-Term Obligations	31,007	-	(3,341)	27,666	349	2,794
Total Long-Term Obligations	\$ 39,152	\$ -	\$ (5,336)	\$ 33,816	\$ 477	\$ 3,959



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

**15. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH
(Continued)**

(1) 1999 Tax Allocation Refunding Bonds

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

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2021	\$ 365	\$ 88	\$ 453
2022	380	69	449
2023	405	49	454
2024	425	29	454
2025	360	9	369
Total	\$ 1,935	\$ 244	\$ 2,179



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

**15. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH
(Continued)**

(2) 2002 Tax Allocation Refunding Bonds

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

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2021	\$ 800	\$ 191	\$ 991
2022	840	150	990
2023	875	107	982
2024	920	62	982
2025	780	20	800
Total	\$ 4,215	\$ 530	\$ 4,745

Pledged Revenues

The Successor Agency will repay a total of \$6,924,000, principal and interest, for the outstanding 1999 and 2002 Tax Allocation Refunding Bonds as of June 30, 2020 from semi-annual Redevelopment Property Tax Trust Fund (RPTTF) revenue allocations.

The 1999 and 2002 Tax Allocation Refunding Bonds are not a debt of the City of Huntington Beach, the State of California, nor any of its political subdivisions, and neither the City, the State nor any of its political subdivision is liable therefore, not in any event shall the bonds be payable out of funds or properties other than those of the Redevelopment Agency as set forth in the bond indenture.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

**15. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH
(Continued)**

(3) Mayer Disposition and Development Agreement

In fiscal year 1996-97, the Agency entered into a disposition and development agreement (DDA) with Robert Mayer Corporation (Corporation) concerning additional development adjacent to the Waterfront Hotel. Under the agreement, the Corporation would advance payments for the project costs with the Agency reimbursing up to \$16,750,000 of the costs. As of year-end, the Successor Agency obligation under the agreement amounted to \$1,854,000. Project-generated revenues as available will repay these amounts over the time needed to fully amortize the advance. The interest rate of this obligation is 6.32%. The DDA has been approved as an enforceable obligation by the DOF.

(4) Bella Terra Parking Structure

In fiscal year 2005-06, the Agency entered into an owner participation agreement with Bella Terra Associates, LLC (formerly Huntington Center Associates, LLC). Under the agreement, the Corporation would construct various public improvements, including a parking structure, which would then be deeded to the City. The Agency would reimburse \$15,000,000 of the costs of the public improvements. As of year-end, the Successor Agency obligation under the agreement amounted to \$6,327,000. Project-generated revenues as available will repay these amounts over the time needed to fully amortize the advance. The interest rate of this obligation is 6.94%. The agreement has been approved as an enforceable obligation by the DOF.

(5) Bella Terra Phase II

In fiscal year 2010-11, the Agency entered into an affordable housing agreement with BTDJM Phase II Associates (DJM). The agreement would facilitate the construction of a 467 unit mixed use project, including 43 moderate units and 28 very low units. Under the terms of the agreement, the Agency would reimburse DJM for the construction of the affordable units up to \$17,000,000. DJM has transferred the site to UDR, and as of year-end, the Successor Agency obligation under the agreement amounted to \$13,553,000. Reimbursement of the affordable units will be based upon the site-generated tax increment for the mixed use project as well as the 20% housing fund from the site-generated Bella Terra I. The interest rate of this obligation is 4.00%. The agreement has been approved as an enforceable obligation by the DOF.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

**15. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH
(Continued)**

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

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

As of year-end, the Successor Agency obligation under the agreement amounted to \$5,567,000. Repayment shall be made solely from Redevelopment Property Tax Trust Fund (RPTTF) revenues received by the Huntington Beach Redevelopment Successor Agency Private Purpose Trust Fund in the amounts included in the Oversight Board approved Recognized Obligation Payment Schedule (ROPS) to the County Auditor Controller (CAC) and the Department of Finance (DOF). The DDA has been approved as an enforceable obligation by the DOF.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

**15. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH
(Continued)**

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

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

As of year-end, the Successor Agency obligation under the agreement amounted to \$364,000. Repayment shall be made solely from Redevelopment Property Tax Trust Fund (RPTTF) revenues received by the Huntington Beach Redevelopment Successor Agency Private Purpose Trust Fund in the amounts included in the Oversight Board approved Recognized Obligation Payment Schedule (ROPS) to the County Auditor Controller (CAC) and the Department of Finance (DOF). The DDA has been approved as an enforceable obligation by the DOF.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

**15. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH
(Continued)**

b. Advances from the City Housing Fund

The Successor Agency has recorded advances from the City Housing Fund totaling \$1,363,000 from the Low-Income Housing Fund to the Redevelopment Agency Capital Projects Fund for Main Pier property acquisitions.

16. COMMITMENTS AND CONTINGENCIES

a. Legal Actions

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

b. Sales Tax Sharing Agreements

City Council has agreed to provide sales tax rebates to various companies, based upon various factors such as increased job-base or new sales tax to the City. The sales tax rebates serve to attract and retain various companies in the City of Huntington Beach. The City of Huntington Beach has four sales tax sharing agreements that extend until 2020, 2024, 2033, and 2038. Sales tax rebates totaled \$689,230 for the year ended June 30, 2020. Sales tax sharing agreements include an agreement with Surf City Auto Group II, Inc. wherein the sales tax sharing is a 50%/50% Auto Group/City split with base sales of \$1,681,797 (Jeep sales for 2016) and increases by 1% each year. The other sales tax sharing agreements are with Pinnacle Petroleum through 2024, with base sales of \$100,000, McKenna Subaru Huntington Beach through 2033 with a 45%/55% McKenna/City split with base sales of \$150,800, and ACS (Applied Computer Solutions) with a rebate percentage of 25% of the annual sales tax increment above the base sales of \$200,000. If the annual sales tax revenue net of base sales exceeds \$600,000, the rebate percentage will increase to 30% with a total not to exceed rebate amount of \$200,000 annually. The agreement with ACS ended on June 30, 2020.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

16. COMMITMENTS AND CONTINGENCIES (Continued)

c. Cooperation and Owner Participation Agreements

On September 2, 2003, the Redevelopment Agency Approved a Cooperation Agreement Regarding Capital Improvements in the Southeast Coastal Redevelopment Project with the City. This agreement commits the Redevelopment Agency to reimburse the City for a number of capital improvement projects to be undertaken as part of the Five Year Capital Improvement Program in the Southeast Redevelopment project area starting in FY 2003/04 as they are undertaken. The Successor Agency received its Finding of Completion notice from the Department of Finance on May 13, 2014. The Oversight Board (to the Successor Agency) have approved and reauthorization of the loans between the City and former Redevelopment Agency in FY 16/17. The State Department of Finance has denied the validity of the loans and the City has filed suit against the State.

d. Redevelopment Successor Agency Debt to City

The City has advanced money to the Redevelopment Agency for major capital improvements, economic development projects, and operations. In January 2011, the City Council and Redevelopment Agency Board approved a revised Cooperation Agreement, which included a Promissory Note that memorialized indebtedness previously incurred by the Agency and owed to the City from a series of loans made from the City to the Agency from 1982 to present. The City and Successor Agency have not recorded the advances in the accompanying financial statements due to uncertainties related to Health and Safety Code Section 34191.4, which establishes certain restrictions and limitations on the repayment of city-agency loans. In accordance with Health and Safety Code Section 34191.4(b)(3), all other loans between the city and former Redevelopment Agency will begin to be repaid, at a 3% interest rate, as determined by SB 107 upon approval of the Oversight Board and the Department of Finance. The Oversight Board (to the Successor Agency) have approved and reauthorization of the loans between the City and former Redevelopment Agency in FY 16/17. The State Department of Finance has denied the validity of the loans and the City has filed suit against the State. Below is a schedule of the activity for the year (in thousands):



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

16. COMMITMENTS AND CONTINGENCIES (Continued)

d. Redevelopment Successor Agency Debt to City (Continued)

	June 30, 2019	Additions	Reductions	June 30, 2020
General Fund				
Direct Advances	\$ 2,312	\$ -	\$ -	\$ 2,312
Indirect Advances	6,567	-	-	6,567
Land Sales	32,833	-	-	32,833
Interest	29,023	1,457	-	30,480
Total General Fund	70,735	1,457	-	72,192
Sewer Fund				
Direct Advances	292	6	-	298
Deferred Development Fees	182	4	-	186
Total Sewer Fund	474	10	-	484
Drainage Fund				
Direct Advances	706	14	-	720
Deferred Development Fees	195	4	-	199
Total Drainage Fund	901	18	-	919
Park Acquisition and Development Fund				
Direct Advances	5,807	120	-	5,927
Deferred Development Fees	431	9	-	440
Total Park Acquisition and Development Fund	6,238	129	-	6,367
Water Fund				
Direct Advances	4,371	90	-	4,461
Total Water Fund	4,371	90	-	4,461
Total All Funds	\$ 82,719	\$ 1,704	\$ -	\$ 84,423

e. Low Moderate Income Housing Asset Fund Debt to City

In May 2009, a Promissory Note was issued by the Redevelopment Agency to the City to pay for outstanding bonded debt related to the Emerald Cove Housing Project. The note is secured by a pledge of Set-Aside Funds. Based on the Promissory Note, the interest rate for the loan is 0% and the loan is scheduled to be repaid by 2021. The City has not recorded the advances in the accompanying financial statements due to uncertainties surrounding ABX1 26 and Assembly Bill 1484 and related litigation (see note 16f). Below is a schedule of the activity for the year (in thousands):

	June 30, 2019	Additions	Reductions	June 30, 2020
General Fund				
Emerald Cove	\$ 3,245	\$ -	\$ -	\$ 3,245



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2020**

16. COMMITMENTS AND CONTINGENCIES (Continued)

f. Successor Agency Litigation

Until 2012, the Huntington Beach Redevelopment Agency existed and received property tax increment from property within the “City Redevelopment Project Area.” In 2012, the State Legislature dissolved all redevelopment agencies, and all tax increment was returned to the County for payment to other taxing entities. The only exception was that tax increment would continue to be paid to the Successor Agency to the City Redevelopment Agency to pay any pre-dissolution, legally binding obligations established prior to the dissolution of the agencies. Further, the City transferred the former Redevelopment Agency’s housing obligations to the Huntington Beach Housing Authority pursuant to Health and Safety Code section 34176.

The Successor Agency contended that its payments to retire the former Redevelopment Agency’s portion of the 2010 Lease Revenue Bonds used to finance the Emerald Cove low income housing project were such an obligation. The annual payment on these bonds is approximately \$400,000 a year. The amount that the City contends to be due to pay the former Redevelopment Agency’s share of the bonds is \$3,245,000.

The Successor Agency also contended that the 2012 Pacific City Development Agreement was a pre-dissolution, legally binding obligation. Pacific City is a development project that was conditioned on providing 77 affordable housing units, of which the Successor Agency now was obliged to construct 26 units off-site, at a cost of \$6,500,000. This would not be a City General Fund obligation.

The State Department of Finance rejected the City’s “Recognized Obligation Payment Schedule” (“ROPS”) to establish these two obligations as entitled to be funded through tax increment. In response, the City sued the Department of Finance.

All post-redevelopment matters are being heard in Sacramento before a select panel of judges. On January 29, 2014, the Superior Court held that the Emerald Cove Bonds and the Pacific City housing were not preexisting Authority obligations payable with tax increment. The Successor Agency appealed the judgment. The appellate decision was received in 2018 and the Successor Agency lost the appeal.

The Housing Authority is reviewing options on meeting the affordable housing requirements for Pacific City with other projects. The City itself does not require a reserve for either case.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

16. COMMITMENTS AND CONTINGENCIES (Continued)

f. Successor Agency Litigation (continued)

In addition, as stated above in section (c) and (d), the City of Huntington Beach has filed suit against the State of California regarding the Department of Finance's denial of loans which were between the Redevelopment Agency and the City of Huntington Beach.

17. OTHER INFORMATION

a. Fund and Accumulated Deficits

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

Enterprise Funds:

Refuse Fund	\$ 83
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Internal Service Fund:

Self Insurance Workers' Comp	14,180
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The fund deficit in the Refuse Fund is due to fees and charges below the costs to provide services and the implementation of GASB Nos. 68 and 75 that require the net pension liability and net other postemployment benefits liability to be reported on the face of the financial statement. The Self Insurance Workers' Comp fund has a deficit due to increases in statutory benefits related to workers' comp claims, rising healthcare costs, and the implementation of GASB Nos. 68 and 75.

The City has established plans to reduce and eliminate the deficits in these funds. The City has increased refuse rates to address the deficit in the Refuse Fund. Additional transfers will be made over the next ten to twenty years from the General Fund, Proprietary funds, and other governmental funds to address the deficit in the Self Insurance Workers' Comp Internal Service Fund.

18. SUBSEQUENT EVENTS

a. Huntington Beach Public Financing Authority Lease Revenue Refunding Bonds

Staff regularly monitors the market for municipal securities and determined that it will be economically beneficial to refinance its existing callable bonds in 2020. On July 2020, the City Council approved the refunding of the Huntington Beach Public Financing Authority's outstanding 2010 Lease Revenue Refunding Bonds, Series A (\$7,410,000) and 2011 Lease Revenue Refunding Bonds, Series A (\$15,725,000) in an amount not to exceed \$21,000,000. On July 29, 2020, the Tax-Exempt Lease



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

18. SUBSEQUENT EVENTS (Continued)

Revenue Refunding Bonds, 2020 Series A and Taxable Lease Revenue Refunding Bonds, 2020 Series B were issued in principal amounts of \$4,835,000 and \$14,440,000, respectively. Through this refunding, the General Fund debt service expenditures will be reduced by over \$900,000 in the first two years and an average annual savings of \$390,000 will be realized thereafter through 2032.

b. Pension Obligation Bonds

On November 18, 2019, the City Council approved a resolution providing for the possible issuance of taxable Pension Obligation Bonds to refund all or a portion of the City's CalPERS unfunded accrued liability, totaling \$436.2 million as of the June 30, 2018 actuarial valuation. On November 21, 2019, the City submitted the necessary documents to the Orange County Superior Court to begin the judicial validation process, which was finalized on May 18, 2020. The resolution also approves a not-to-exceed bond amount with the following conditions: (a) an aggregate principal amount not to exceed the City's unfunded accrued actuarial liability under the PERS Contract pursuant to the Retirement Law as of the date of issuance of the Initial Series of Bonds (as determined by PERS), plus the underwriter's discount on the Initial Series of Bonds, plus any original issue discount on the Initial Series of Bonds, plus the costs of issuance of the Initial Series of Bonds, (b) the true interest cost to the City on the Initial Series of Bonds shall not exceed 5.00%, and (c) the Initial Series of Bonds shall mature not later June 30, 2044 (the current PERS final amortization of the City's unfunded accrued actuarial liability as set forth in the Actuarial Reports).

c. Infectious Disease Outbreak – COVID-19

The outbreak of coronavirus disease 2019 (COVID-19), a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and the effects of the outbreak and governmental actions responsive to it are altering the behavior of businesses and consumers in a manner that is having significant impacts on global and local economies. In addition, financial markets in the United States and globally have seen significant declines and experienced significant volatility attributed to COVID-19 concerns. Potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to maintain a safe community, cancellation of public events, and disruption of the regional and local economy with corresponding decreases in the City's revenues.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the City is unknown. The City



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2020

18. SUBSEQUENT EVENTS (Continued)

implemented various cost containment measures during the year and amended its Fiscal Year 2020-21 budget, which includes consideration of the effect of the COVID-19 outbreak and an anticipated recession.

The City continues to actively monitor the regional and local economy so that any further financial impacts can be anticipated and disruption to services can be avoided.

d. CARES Act Funding

In May 2020, the State of California (State) received CARES Act funding, including Coronavirus Relief Funds (CRF) from the U.S. Treasury Office. The State developed a plan to pass through a portion of the CRF assistance to cities and counties within California. The City will be receiving \$2,485,243 of CRF assistance during fiscal year 2020/21, for eligible expenditures incurred beginning March 1, 2020 through December 31, 2020. The State did not make the appropriations of the CRF funds available to recipients until after July 1, 2020, therefore, the City will recognize the CRF revenue in fiscal year 2020-21.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Huntington Beach Notes to Required Supplementary Information For the Year Ended June 30, 2020

Budgetary Information

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

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

On or before February 28th of each year, each department submits data to the City Manager for budget preparation. Staff prepares the budget by fund, function, and activity. The budget includes information on past years, current year estimates and requested appropriations for the next fiscal year. Before May 1st, the City Council receives the proposed budget. The City Council holds public hearings and may amend the budget by a majority vote. Changes to the budget must be within the available revenues and reserves.

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

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

The following pages present schedules of budget to actual comparison of the General and Grant Special Revenue Fund's Revenues, and Expenditures and Changes in Fund Balance (in thousands).

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

General Fund

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Property Taxes	\$ 89,732	\$ 87,497	\$ 87,497	\$ -
Sales Taxes	41,203	41,063	41,063	-
Utility Taxes	17,906	18,149	18,149	-
Other Taxes	20,926	17,489	17,499	10
Licenses and Permits	7,858	8,418	8,368	(50)
Fines, Forfeitures and Penalties	4,519	3,403	3,403	-
Use of Money and Property	17,272	17,148	17,510	362
Intergovernmental	3,074	3,591	4,102	511
Charges for Current Service	27,132	26,263	25,501	(762)
Other	1,460	2,854	2,395	(459)
Total Revenues	<u>231,082</u>	<u>225,875</u>	<u>225,487</u>	<u>(388)</u>
EXPENDITURES				
Current:				
City Council	454	436	394	42
City Manager	3,872	4,070	4,045	25
City Treasurer	260	298	297	1
City Attorney	2,811	2,906	2,898	8
City Clerk	926	917	874	43
Finance	6,481	6,591	6,174	417
Community Development	9,600	9,971	9,184	787
Fire	52,623	55,030	55,030	-
Information Services	7,766	8,010	7,812	198
Police	84,506	85,993	85,993	-
Community Services	9,930	9,119	9,064	55
Library Services	4,930	5,611	4,752	859
Public Works	27,838	28,009	27,264	745
Debt Service:				
Principal	1,078	1,806	1,637	169
Interest	195	271	218	53
Total Expenditures	<u>213,270</u>	<u>219,038</u>	<u>215,636</u>	<u>3,402</u>
Excess of Revenues				
Over Expenditures	<u>17,812</u>	<u>6,837</u>	<u>9,851</u>	<u>3,014</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,514	1,690	172	(1,518)
Transfers Out	<u>(19,190)</u>	<u>(8,948)</u>	<u>(8,948)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(17,676)</u>	<u>(7,258)</u>	<u>(8,776)</u>	<u>(1,518)</u>
Net Change In Fund Balances	136	(421)	1,075	1,496
Fund Balance - Beginning of Year	<u>79,013</u>	<u>79,013</u>	<u>79,013</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 79,149</u>	<u>\$ 78,592</u>	<u>\$ 80,088</u>	<u>\$ 1,496</u>

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

Grants Special Revenue

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Use of Money and Property	\$ 100	\$ 100	\$ 2,508	\$ 2,408
Intergovernmental	2,672	13,087	5,292	(7,795)
Other	-	-	989	989
Total Revenues	2,772	13,187	8,789	(4,398)
EXPENDITURES				
Current:				
City Manager	16	5,744	11	5,733
City Clerk	-	12	12	-
Finance	-	5	5	-
Community Development	1,512	3,896	1,859	2,037
Fire	-	2,452	1,447	1,005
Information Systems	-	198	105	93
Police	724	3,051	1,689	1,362
Community Services	286	856	809	47
Library Services	66	344	290	54
Public Works	696	9,579	3,927	5,652
Debt Service:				
Principal	221	221	-	221
Interest	5	-	-	-
Total Expenditures	3,526	26,358	10,154	16,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	(754)	(13,171)	(1,365)	11,806
OTHER FINANCING USES				
Transfers In	-	36	36	-
Transfers Out	-	(179)	(179)	-
Total Other Financing Uses	-	(143)	(143)	-
Net Change In Fund Balances	(754)	(13,314)	(1,508)	11,806
Fund Balance - Beginning of Year	6,069	6,069	6,069	-
Fund Balance - End Of Year	\$ 5,315	\$ (7,245)	\$ 4,561	\$ 11,806

City of Huntington Beach
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios During the Measurement Period
(in Thousands)

Last Ten Fiscal Years*
 CalPERS City Miscellaneous Plan - 99

Measurement Period	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total Pension Liability						
Service cost	\$ 8,327	\$ 8,314	\$ 8,084	\$ 7,436	\$ 7,102	\$ 7,263
Interest on total pension liability	40,150	38,769	37,749	37,194	35,653	34,412
Differences between expected and actual experience	(183)	(2,042)	(9,148)	1,072	(2,900)	-
Changes in assumptions	-	(3,634)	30,762	-	(8,565)	-
Benefit payments, including refunds of employee contributions	(28,508)	(26,685)	(25,312)	(24,316)	(23,377)	(22,444)
Net change in total pension liability	19,786	14,722	42,135	21,386	7,913	19,231
Total pension liability - beginning	571,812	557,090	514,955	493,569	485,656	466,425
Total pension liability - ending (a)	\$ 591,598	\$ 571,812	\$ 557,090	\$ 514,955	\$ 493,569	\$ 485,656
Plan Fiduciary Net Position						
Contributions - employer	\$ 14,816	\$ 13,495	\$ 12,316	\$ 10,982	\$ 9,747	\$ 9,066
Contributions - employee	3,779	3,649	3,869	3,736	3,790	3,909
Investment income	27,288	32,963	40,328	1,856	8,230	56,429
Administrative Expense	(296)	(614)	(536)	(226)	(418)	(472)
Benefit payments	(28,508)	(26,685)	(25,312)	(24,316)	(23,377)	(22,444)
Plan to Plan Resource Movement	(13)	1	-	-	-	-
Other	1	(1,166)	-	-	2	-
Net change in plan fiduciary net position	17,067	21,643	30,665	(7,968)	(2,026)	46,488
Plan fiduciary net position - beginning	415,455	393,812	363,147	371,115	373,141	326,653
Plan fiduciary net position - ending (b)	\$ 432,522	\$ 415,455	\$ 393,812	\$ 363,147	\$ 371,115	\$ 373,141
Net pension liability - beginning	156,357	163,278	151,808	122,454	112,515	139,771
Net pension liability - ending (a)-(b)	\$ 159,076	\$ 156,357	\$ 163,278	\$ 151,808	\$ 122,454	\$ 112,515
Plan fiduciary net position as a percentage of the total pension liability	73.11%	72.66%	70.69%	70.52%	75.19%	76.83%
Covered payroll	\$ 45,419	\$ 45,431	\$ 44,848	\$ 44,365	\$ 44,233	\$ 41,142
Net pension liability as a percentage of covered payroll	350.24%	344.16%	364.07%	342.18%	276.84%	273.48%

Notes to Schedule:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2013/14 was the first year of implementation, therefore only six years are shown.

City of Huntington Beach
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios During the Measurement Period
(in Thousands)

Last Ten Fiscal Years*
CalPERS City Safety Plan - 100

Measurement Period	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total Pension Liability						
Service cost	\$ 13,644	\$ 13,509	\$ 13,657	\$ 12,159	\$ 11,119	\$ 11,096
Interest on total pension liability	53,048	51,223	49,350	48,390	46,160	44,246
Differences between expected and actual experience	(1,220)	2,584	(10,819)	2,678	(820)	-
Changes in assumptions	-	(3,657)	40,352	-	(11,054)	-
Benefit payments, including refunds of employee contributions	(38,958)	(37,128)	(34,222)	(32,116)	(30,535)	(29,540)
Net change in total pension liability	26,514	26,531	58,318	31,111	14,870	25,802
Total pension liability - beginning	755,812	729,281	670,963	639,852	624,982	599,180
Total pension liability - ending (a)	\$ 782,326	\$ 755,812	\$ 729,281	\$ 670,963	\$ 639,852	\$ 624,982
Plan Fiduciary Net Position						
Contributions - employer	\$ 23,063	\$ 21,058	\$ 20,629	\$ 18,703	\$ 17,791	\$ 15,152
Contributions - employee	4,337	4,164	4,570	4,058	4,110	3,850
Investment income	32,776	39,336	48,413	2,144	9,661	66,805
Administrative Expense	(355)	(736)	(640)	(270)	(497)	(555)
Benefit payments	(38,958)	(37,128)	(34,222)	(32,116)	(30,535)	(29,540)
Net Plan to Plan Resource Movement	13	(3)	-	(29)	-	-
Other	1	(1,398)	-	-	-	-
Net change in plan fiduciary net position	20,877	25,293	38,750	(7,510)	530	55,712
Plan fiduciary net position - beginning	497,767	472,474	433,724	441,234	440,704	384,992
Plan fiduciary net position - ending (b)	\$ 518,644	\$ 497,767	\$ 472,474	\$ 433,724	\$ 441,234	\$ 440,704
Net pension liability - beginning	258,045	256,807	237,239	198,618	184,278	214,188
Net pension liability - ending (a)-(b)	\$ 263,682	\$ 258,045	\$ 256,807	\$ 237,239	\$ 198,618	\$ 184,278
Plan fiduciary net position as a percentage of the total pension liability	66.30%	65.86%	64.79%	64.64%	68.96%	70.51%
Covered payroll	\$ 43,684	\$ 43,371	\$ 43,283	\$ 42,619	\$ 42,252	\$ 38,397
Net pension liability as a percentage of covered payroll	603.61%	594.97%	593.32%	556.65%	470.08%	479.93%

Notes to Schedule:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2013/14 was the first year of implementation, therefore only six years are shown.

City of Huntington Beach
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios During the Measurement Period
(in Thousands)

Last Ten Fiscal Years*
Supplemental Retirement Plan

Total Pension Liability	2019-20	2018-19	2017-18**	2016-17	2015-16	2014-15	2013-14
Service cost	\$ 338	\$ 398	\$ 344	\$ 487	\$ 552	\$ 495	\$ 544
Interest on total pension liability	3,954	3,990	2,964	3,976	3,945	3,919	3,828
Differences between expected and actual experience	4,594	-	(794)	-	982	-	-
Changes in assumptions	1,756	-	2,115	1,515	2,928	-	-
Benefit payments, including refunds of employee contributions	(5,012)	(4,771)	(3,388)	(4,144)	(3,773)	(3,588)	(3,548)
Net change in total pension liability	5,630	(383)	1,241	1,834	4,634	826	824
Total pension liability - beginning	65,444	65,827	64,586	62,752	58,118	57,292	56,468
Total pension liability - ending (a)	\$ 71,074	\$ 65,444	\$ 65,827	\$ 64,586	\$ 62,752	\$ 58,118	\$ 57,292
Plan Fiduciary Net Position							
Contributions - employer	\$ 3,506	\$ 4,962	\$ 3,507	\$ 5,346	\$ 7,277	\$ 4,678	\$ 4,539
Contributions - employee	-	-	-	-	-	-	-
Investment income	2,114	2,582	2,128	6,373	4,282	(1,313)	3,465
Administrative Expense	(444)	(191)	(145)	(182)	(189)	(170)	(176)
Benefit payments	(5,012)	(4,771)	(3,388)	(4,144)	(3,773)	(3,588)	(3,548)
Section 115 Trust Segregation	-	-	(3,788)	-	-	-	-
Other	-	-	-	-	-	3,183	258
Net change in plan fiduciary net position	164	2,582	(1,686)	7,393	7,597	2,790	4,538
Plan fiduciary net position - beginning	58,853	56,271	57,957	50,564	42,967	40,177	35,639
Plan fiduciary net position - ending (b)	\$ 59,017	\$ 58,853	\$ 56,271	\$ 57,957	\$ 50,564	\$ 42,967	\$ 40,177
Net pension liability - beginning	6,591	9,556	6,629	12,188	15,151	17,115	20,829
Net pension liability - ending (a)-(b)	\$ 12,057	\$ 6,591	\$ 9,556	\$ 6,629	\$ 12,188	\$ 15,151	\$ 17,115
Plan fiduciary net position as a percentage of the total pension liability	83.04%	89.93%	85.48%	89.74%	80.58%	73.93%	70.13%
Covered payroll	\$ 8,469	\$ 12,863	\$ 10,890	\$ 17,167	\$ 19,517	\$ 22,069	\$ 22,004
Net pension liability as a percentage of covered payroll	142.37%	51.24%	87.75%	38.61%	62.45%	68.65%	77.78%

* Fiscal year 2013/14 was the first year of implementation, therefore only seven years are shown.

** The 2017-18 period reflects nine months of activity only as the fiscal year change resulted in a nine-month reporting period from October 1, 2017 to June 30, 2018.

City of Huntington Beach
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Measurement Periods Ended June 30
(in Thousands)

Last Ten Fiscal Years*

Other Post Employment Benefits Plan

Measurement Period	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 1,241	\$ 1,205	\$ 877
Interest on the total OPEB liability	1,859	1,787	1,293
Actual and expected experience difference	1,411	-	-
Changes in assumptions	(3,358)	-	-
Benefit payments	<u>(1,742)</u>	<u>(1,683)</u>	<u>(1,036)</u>
Net change in total OPEB liability	(589)	1,309	1,134
Total OPEB liability - beginning	<u>33,434</u>	<u>32,125</u>	<u>30,991</u>
Total OPEB liability - ending (a)	<u>\$ 32,845</u>	<u>\$ 33,434</u>	<u>\$ 32,125</u>
Plan Fiduciary Net Position			
Contribution - employer	\$ 2,270	\$ 4,191	\$ 1,036
Net investment income	1,901	1,126	471
Benefit payments	(1,742)	(1,683)	(1,036)
Administrative expense	<u>(61)</u>	<u>(131)</u>	<u>(9)</u>
Net change in plan fiduciary net position	2,368	3,503	462
Plan fiduciary net position - beginning	<u>26,825</u>	<u>23,322</u>	<u>22,860</u>
Plan fiduciary net position - ending (b)	<u>\$ 29,193</u>	<u>\$ 26,825</u>	<u>\$ 23,322</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 3,652</u>	<u>\$ 6,609</u>	<u>\$ 8,803</u>
Plan fiduciary net position as a percentage of the total OPEB liability	88.88%	80.23%	72.60%
Covered employee payroll	\$ 79,682	\$ 81,458	\$ 60,985
Net OPEB liability as a percentage of covered employee payroll	4.58%	8.11%	14.43%

Notes to Schedule:

* Fiscal year 2017/18 was the first year of implementation, therefore only three years of information are shown.

**City of Huntington Beach
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2020
(in Thousands)**

**Last Ten Fiscal Years*
CalPERS City Miscellaneous Plan - 99**

	<u>2019-20¹</u>	<u>2018-19¹</u>	<u>2017-18^{1,2}</u>	<u>2016-17¹</u>	<u>2015-16¹</u>	<u>2014-15¹</u>	<u>2013-14¹</u>
Actuarially determined contribution	\$ 16,878	\$ 14,819	\$ 9,734	\$ 11,921	\$ 11,238	\$ 10,510	\$ 8,685
Contributions in relation to the actuarially determined contributions	(16,878)	(14,819)	(9,734)	(11,921)	(11,238)	(10,510)	(8,685)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 45,952	\$ 45,419	\$ 33,210	\$ 45,118	\$ 44,253	\$ 46,337	\$ 43,327
Contributions as a percentage of covered payroll	36.73%	32.63%	29.31%	26.42%	25.39%	22.68%	20.05%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² The 2017-18 period reflects nine months of activity only as the fiscal year change resulted in a nine-month reporting period from October 1, 2017 to June 30, 2018.

Notes to Schedule

Valuation dates: 6/30/2012 through 6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see Funding Valuation Reports for the years ended June 30, 2012-2017.
Asset valuation method	For 10/1/14-6/30/15, 15 Year Smoothed Market (for details, see June 30, 2012 Funding Valuation Report). For 7/1/15-6/30/20, Fair Value (for details, see the Funding Valuation Reports for the years ended June 30, 2013, 2014, 2015 and 2016).
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Discount Rate	7.25%, net of pension plan investment and administrative expenses; includes inflation. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three year phase-in beginning with the June 30, 2016 actuarial valuations. The discount rate will be lowered to 7.00 percent next year as adopted by the Board.
Retirement age	For 10/1/13-6/30/16, the probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2007. For 7/1/16-6/30/19, the probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011.
Mortality	For 10/1/13-6/30/16, the probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. For 7/1/16-6/30/19, the probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. For 7/1/16-6/30/18, Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. For 7/1/18-6/30/19, Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

*Beginning with the June 30, 2013 valuations, CalPERS employed an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

**City of Huntington Beach
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2020
(in Thousands)**

Last Ten Fiscal Years*
CalPERS City Safety Plan - 100

	2019-20 ¹	2018-19 ¹	2017-18 ^{1,2}	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 25,847	\$ 23,062	\$ 15,223	\$ 19,468	\$ 19,129	\$ 18,125	\$ 14,759
Contributions in relation to the actuarially determined contributions	(25,847)	(23,062)	(15,223)	(19,468)	(19,129)	(19,125)	(14,759)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,000)	\$ -
Covered payroll	\$ 43,783	\$ 43,684	\$ 31,943	\$ 43,269	\$ 42,607	\$ 44,055	\$ 41,167
Contributions as a percentage of covered payroll	59.03%	52.79%	47.66%	44.99%	44.90%	43.41%	35.85%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² The 2017-18 period reflects nine months of activity only as the fiscal year change resulted in a nine-month reporting period from October 1, 2017 to June 30, 2018.

Notes to Schedule

Valuation dates: 6/30/2012 through 6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see Funding Valuation Reports for the years ended June 30, 2012-2017.
Asset valuation method	For 10/1/14-6/30/15, 15 Year Smoothed Market (for details, see June 30, 2012 Funding Valuation Report). For 7/1/15-6/30/19, Fair Value (for details, see the Funding Valuation Reports for the years ended June 30, 2013, 2014, 2015, and 2016).
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Discount Rate	7.25%, net of pension plan investment and administrative expenses; includes inflation. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three year phase-in beginning with the June 30, 2016 actuarial valuations. The discount rate will be lowered to 7.00 percent next year as adopted by the Board.
Retirement age	For 10/1/13-6/30/16, the probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2007. For 7/1/16-6/30/19, the probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011.
Mortality	For 10/1/13-6/30/16, the probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. For 7/1/16-6/30/19, the probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. For 7/1/16-6/30/18, Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. For 7/1/18-6/30/19, Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

*Beginning with the June 30, 2013 valuations, CalPERS employed an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

**City of Huntington Beach
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2020
(in Thousands)**

**Last Ten Fiscal Years*
Supplemental Retirement Plan**

	2019-20 ¹	2018-19 ¹	2017-18 ^{1,2}	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 1,689	\$ 2,258	\$ 2,879	\$ 3,895	\$ 3,576	\$ 3,634	\$ 4,534
Contributions in relation to the actuarially determined contributions	(3,506)	(4,962)	(3,507)	(5,346)	(7,277)	(4,678)	(4,539)
Contribution deficiency (excess)	\$ (1,817)	\$ (2,704)	\$ (628)	\$ (1,451)	\$ (3,701)	\$ (1,044)	\$ (5)
Covered payroll	\$ 8,469	\$ 12,863	\$ 10,890	\$ 17,167	\$ 19,517	\$ 22,069	\$ 22,004
Contributions as a percentage of covered payroll	41.40%	38.58%	32.20%	31.14%	37.29%	21.20%	20.63%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² The 2017-18 period reflects nine months of activity only as the fiscal year change resulted in a nine-month reporting period from October 1, 2017 to June 30, 2018.

Notes to Schedule

Valuation date:	6/30/2019	9/30/2017	9/30/2017	9/30/2015	9/30/2013	9/30/2013	9/30/2011
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level Percentage of Payroll 9/30/12 UAAL: fixed 10-year period, Gains/Losses: fixed 15-year period, Discount rate change loss: 10-year period, 6/30/18 UAAL: fixed 5-year period fresh start. Level dollar amortization.
Amortization method/period	
Asset valuation method	Investment gains/losses spread over a 3-year rolling period
Inflation	3.00%
Salary increases	Varies by entry age and service
Payroll growth	Merit - CalPERS 1997-2011 Experience Study plus 3.25% aggregate increase for the October 1, 2013 to June 30, 2018 measurement period. 3% aggregate increase for the July 1, 2018 - June 30, 2019 measurement period.
Investment rate of return	6.5%, net of pension plan investment and administrative expenses, including inflation for the October 1, 2013 to June 30, 2018 measurement period. 6.25%, net of pension plan investment and administrative expenses, for the July 1, 2019 - June 30, 2020
Retirement age	The probabilities of retirement are based on the CalPERS 1997-2011 Experience Study
Mortality	The probabilities of mortality are based on the CalPERS 1997-2011 Experience Study. Pre-retirement and Post-retirement mortality rates include mortality projected fully generational with Scale MP-14, modified to converge to ultimate improvement rates in 2022 for the October 1, 2013 to June 30, 2018 measurement period. Mortality projected fully generational with Scale MP-17 for the July 1, 2019 to June 30, 2020 measurement period.

Schedule of Money Weighted Rate of Return

	2020 ²	2019 ²	2018 ²	2017	2016	2015	2014
Annual Money Weighted Rate of Return, net of investment expense	3.79%	4.79%	4.04%	12.87%	10.20%	-2.82%	9.20%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² The 2017-18 period reflects nine months of activity only as the fiscal year change resulted in a nine month reporting period from October 1, 2017 to June 30, 2018.

**City of Huntington Beach
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2020
(in Thousands)**

**Last Ten Fiscal Years*
Other Post Employment Benefits Plan**

Fiscal Year Ended June 30	2020	2019	2018**
Actuarially Determined Contribution (ADC)	\$ 1,793	\$ 1,746	\$ 2,022
Contributions in relation to the ADC	<u>(1,959)</u>	<u>(2,270)</u>	<u>(4,192)</u>
Contribution deficiency (excess)	<u>\$ (166)</u>	<u>\$ (524)</u>	<u>\$ (2,170)</u>
Covered-employee payroll**	\$ 76,521	\$ 79,682	\$ 59,589
Contributions as a percentage of covered-employee payroll	2.56%	2.85%	7.03%

Notes to Schedule:

Valuation date:	6/30/2017	6/30/2017	6/30/2015
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Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Fair value
Inflation	3% for 10/1/17-6/30/18 and 2.75% per annum for 7/1/18-6/30/20.
Payroll Growth	3% per annum, in aggregate
Investment Rate of Return	6% for the October 1, 2017 - June 30, 2018 period. 6.25% for the July 1, 2018 - June 30, 2020. Assumes investing in California Employers' Retiree Benefit Trust asset allocation Strategy 3, moving to Strategy 2 in March 2019.
Healthcare cost-trend rates	7.0% initial, 1.0% - 2.0% near term increase then decreasing 0.5% per year to trend rate that reflects medical price inflation to an ultimate rate of 4.0% in 2076.
Retirement Age	Tier 1 employees - 2.5% @55 and Tier 2 employees - 2.0% @62. The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997-2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

*Historical information is required only for measurement periods for which GASB 75 is applicable.

Future years' information will be displayed up to 10 years as information becomes available.

** For the nine-month period ending June 30, 2018. The City changed its fiscal year effective October 1, 2017.

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SUPPLEMENTARY INFORMATION

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City of Huntington Beach Other Governmental Funds

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

- The **Air Quality Fund** accounts for revenues from the local agencies used to improve local air quality.
- The **Development Impact Fee Fund** accounts for fees collected for new developments to be used for transportation, park land acquisition and development, library and other public facilities in an effort to mitigate the impacts of those new developments.
- The **Disability Access Fund** accounts for the State Mandated Disability Access Fee (SB 1186) to fund increased training certified access specialist (CASp) services for the public and to facilitate compliance with construction related accessibility requirements.
- The **Drainage Fund** accounts for fees received from developers to construct and maintain the City's drainage system.
- The **Fourth of July Parade Fund** accounts for the activities of the City's annual parade.
- The **Gas Tax Fund** accounts for monies allocated under the Streets and Highways Code of California. Expenditures may be made for any street related purpose allowed under the code.
- The **Housing Residual Receipt Fund** accounts for residual receipts received for housing activities.
- The **Park Acquisition and Development Fund** accounts for fees received from developers to develop and maintain the City's park system.
- The **Surf City "3" Fund** accounts for revenues and expenditures related to a 1% fee on cable television and other video subscription services to fund the purchase and acquisition of capital equipment and facilities necessary to program and broadcast PEG (public, education and government) events on the City's cable channel.
- The **ELM Automation Fund** accounts for automation fee revenues and Enterprise Land Management (ELM) replacement costs and maintenance expenditures.
- The **Traffic Congestion Relief Fund** accounts for moneys allocated for roadway maintenance as established by Assembly Bill 2928.
- The **Traffic Impact Fee Fund** accounts for moneys received from the traffic impact fee levied on new developments in the City.
- The **Transportation Fund** accounts for moneys received from the countywide half cent sales tax and other specific sources to be spent on transportation related expenditures.

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

- The **Pension Liability** fund accounts for the City's contribution to its pension plan obligations, as provided by the voter-approved property tax override and other sources of revenue, including the allocable share from Enterprise Funds and Other Governmental Funds.
- The **Public Financing Authority** accounts for the activity of the Huntington Beach Public Financing Authority.

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

- The **Affordable Housing In-Lieu Fund** accounts for the Affordable Housing In-Lieu Fee from developers of housing projects who have elected to pay the fee in-lieu of building the affordable housing in their project.
- The **Infrastructure Fund** records activity for certain designate infrastructure related expenditures.
- The **Lease Capital Project Fund** records activity for capital lease project expenditures.
- The **Parking In-Lieu Fund** records construction activity from developers who pay fees in-lieu of directly providing parking facilities to the City.
- The **Senior Center Development Fund** records construction activity for the Senior Center Development at Central Park.
- The **Sewer Development Fund** accounts for fees received from developers to construct and maintain sewer facilities.
- The **Technology Fund** accounts for technology infrastructure project expenditures

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2020
(In Thousands)**

	SPECIAL REVENUE FUNDS					
	Air Quality	Development Impact Fee	Disability Access	Drainage	Fourth of July Parade	Gas Tax
ASSETS						
Cash and Investments	\$ 1,194	\$ 17,036	\$ 230	\$ 2,510	\$ 38	\$ 6,915
Taxes Receivable	-	-	-	-	-	539
Other Receivables	68	60	1	9	-	24
Total Assets	<u>\$ 1,262</u>	<u>\$ 17,096</u>	<u>\$ 231</u>	<u>\$ 2,519</u>	<u>\$ 38</u>	<u>\$ 7,478</u>
LIABILITIES						
Accounts Payable	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ 364
Accrued Payroll	-	7	-	-	-	8
Total Liabilities	<u>-</u>	<u>57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372</u>
FUND BALANCES						
Restricted						
Pollution Remediation	-	-	-	-	-	-
Highways, Streets and Transportation	-	-	-	-	-	7,106
Low Income Housing	-	-	-	-	-	-
Air Quality	1,262	-	-	-	-	-
Other Capital Projects	-	17,039	-	2,519	-	-
Other Purposes	-	-	231	-	38	-
Committed						
Parks	-	-	-	-	-	-
Total Fund Balances	<u>1,262</u>	<u>17,039</u>	<u>231</u>	<u>2,519</u>	<u>38</u>	<u>7,106</u>
Total Liabilities and Fund Balances	<u>\$ 1,262</u>	<u>\$ 17,096</u>	<u>\$ 231</u>	<u>\$ 2,519</u>	<u>\$ 38</u>	<u>\$ 7,478</u>

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2020
(In Thousands)
(continued)**

SPECIAL REVENUE FUNDS							
Housing Residual Receipt	Park Acquisition and Development	Surf City "3"	ELM Automation Fund	Traffic Congestion Relief	Traffic Impact Fee	Transportation	Total Special Revenue Funds
\$ 1,214	\$ 2,395	\$ 1,165	\$ 365	\$ 2,039	\$ 2,897	\$ 2,085	\$ 40,083
-	-	136	-	-	-	423	1,098
4	8	4	1	6	10	7	202
<u>\$ 1,218</u>	<u>\$ 2,403</u>	<u>\$ 1,305</u>	<u>\$ 366</u>	<u>\$ 2,045</u>	<u>\$ 2,907</u>	<u>\$ 2,515</u>	<u>\$ 41,383</u>
\$ -	\$ 97	\$ 13	\$ -	\$ 262	\$ 167	\$ 56	\$ 1,009
-	-	-	6	-	-	39	60
-	<u>97</u>	<u>13</u>	<u>6</u>	<u>262</u>	<u>167</u>	<u>95</u>	<u>1,069</u>
-	355	-	-	-	-	-	355
-	-	-	-	1,783	2,740	2,420	14,049
1,218	-	-	-	-	-	-	1,218
-	-	-	-	-	-	-	1,262
-	-	-	-	-	-	-	19,558
-	-	1,292	360	-	-	-	1,921
-	1,951	-	-	-	-	-	1,951
<u>1,218</u>	<u>2,306</u>	<u>1,292</u>	<u>360</u>	<u>1,783</u>	<u>2,740</u>	<u>2,420</u>	<u>40,314</u>
<u>\$ 1,218</u>	<u>\$ 2,403</u>	<u>\$ 1,305</u>	<u>\$ 366</u>	<u>\$ 2,045</u>	<u>\$ 2,907</u>	<u>\$ 2,515</u>	<u>\$ 41,383</u>

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2020
(In Thousands)
(continued)**

	DEBT SERVICE FUNDS			CAPITAL PROJECT FUNDS	
	Pension Liability	Public Financing Authority	Total Debt Service Fund	Affordable Housing In-Lieu	Infrastructure
ASSETS					
Cash and Investments	\$ 7,860	\$ 4,502	\$ 12,362	\$ 1,203	\$ 12,311
Cash and Investments with Fiscal Agent	-	4,610	4,610	-	-
Taxes Receivable	-	-	-	-	-
Other Receivables	-	16	16	4	43
Total Assets	\$ 7,860	\$ 9,128	\$ 16,988	\$ 1,207	\$ 12,354
LIABILITIES					
Accounts Payable	\$ -	\$ 2	\$ 2	\$ 75	\$ 197
Accrued Payroll	-	-	-	-	-
Total Liabilities	-	2	2	75	197
FUND BALANCES					
Restricted					
Pollution Remediation	-	-	-	-	-
Debt Service	7,860	9,126	16,986	-	-
Highways, Streets and Transportation	-	-	-	-	-
Low Income Housing	-	-	-	1,132	-
Air Quality	-	-	-	-	-
Other Capital Projects	-	-	-	-	-
Other Purposes	-	-	-	-	-
Committed					
Parks	-	-	-	-	-
Other Capital Projects	-	-	-	-	12,157
Assigned					
Capital Improvement Reserve	-	-	-	-	-
Total Fund Balances	7,860	9,126	16,986	1,132	12,157
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,860	\$ 9,128	\$ 16,988	\$ 1,207	\$ 12,354

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2020
(In Thousands)
(continued)**

CAPITAL PROJECT FUNDS							Total Other Governmental Funds
Lease Capital Project	Parking In-Lieu	Senior Center Development	Sewer Development	Technology	Total Capital Projects Funds		
\$ 3	\$ 540	\$ 16	\$ 7,062	\$ 3,515	\$ 24,650	\$ 77,095	
1,175	-	-	-	-	1,175	5,785	
-	-	-	-	-	-	1,098	
-	3	-	25	12	87	305	
\$ 1,178	\$ 543	\$ 16	\$ 7,087	\$ 3,527	\$ 25,912	\$ 84,283	
-	\$ -	\$ -	\$ 3	\$ -	\$ 275	\$ 1,286	
-	-	-	-	-	-	60	
-	-	-	3	-	275	1,346	
-	-	-	-	-	-	355	
-	-	-	-	-	-	16,986	
-	-	-	-	-	-	14,049	
-	-	-	-	-	1,132	2,350	
-	-	-	-	-	-	1,262	
1,178	-	16	-	-	1,194	20,752	
-	-	-	-	-	-	1,921	
-	-	-	-	-	-	1,951	
-	543	-	7,084	-	19,784	19,784	
-	-	-	-	3,527	3,527	3,527	
1,178	543	16	7,084	3,527	25,637	82,937	
\$ 1,178	\$ 543	\$ 16	\$ 7,087	\$ 3,527	\$ 25,912	\$ 84,283	

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	SPECIAL REVENUE FUNDS					
	Air Quality	Development Impact Fee	Disability Access	Drainage	Fourth of July Parade	Gas Tax
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	6,538
Licenses and Permits	-	-	74	-	-	-
Use of Money and Property	35	496	7	74	122	188
Intergovernmental	258	-	-	-	11	-
Charges for Current Service	-	775	-	704	84	-
Other	-	17	-	-	41	-
Total Revenues	<u>293</u>	<u>1,288</u>	<u>81</u>	<u>778</u>	<u>258</u>	<u>6,726</u>
EXPENDITURES						
Current:						
City Manager	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Finance	-	-	12	-	-	-
Information Systems	-	-	-	-	-	-
Community Services	-	2,950	-	-	368	-
Library Services	-	157	-	-	-	-
Public Works	102	-	-	-	-	6,451
Total Expenditures	<u>102</u>	<u>3,107</u>	<u>12</u>	<u>-</u>	<u>368</u>	<u>6,451</u>
Net Change in Fund Balances	<u>191</u>	<u>(1,819)</u>	<u>69</u>	<u>778</u>	<u>(110)</u>	<u>275</u>
Fund Balances - Beginning Of Year	<u>1,071</u>	<u>18,858</u>	<u>162</u>	<u>1,741</u>	<u>148</u>	<u>6,831</u>
Fund Balances - End Of Year	<u>\$ 1,262</u>	<u>\$ 17,039</u>	<u>\$ 231</u>	<u>\$ 2,519</u>	<u>\$ 38</u>	<u>\$ 7,106</u>

**CITY OF HUNTINGTON BEACH
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020
 (In Thousands)**

SPECIAL REVENUE FUNDS							
Housing Residual Receipt	Park Acquisition and Development	Surf City "3"	ELM Automation Fund	Traffic Congestion Relief	Traffic Impact Fee	Transportation	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,553	\$ 3,553
-	-	541	-	-	-	-	7,079
-	-	-	-	-	-	-	74
33	70	37	11	58	84	62	1,277
-	-	-	-	1,634	-	-	1,903
-	-	-	415	-	564	-	2,542
797	-	1,000	-	-	-	-	1,855
<u>830</u>	<u>70</u>	<u>1,578</u>	<u>426</u>	<u>1,692</u>	<u>648</u>	<u>3,615</u>	<u>18,283</u>
-	-	286	-	-	-	-	286
44	-	-	-	-	-	-	44
-	-	-	-	-	-	-	12
-	-	-	360	-	-	-	360
-	1,203	-	-	-	-	-	4,521
-	-	-	-	-	-	-	157
-	-	-	-	1,152	2,157	3,156	13,018
<u>44</u>	<u>1,203</u>	<u>286</u>	<u>360</u>	<u>1,152</u>	<u>2,157</u>	<u>3,156</u>	<u>18,398</u>
<u>786</u>	<u>(1,133)</u>	<u>1,292</u>	<u>66</u>	<u>540</u>	<u>(1,509)</u>	<u>459</u>	<u>(115)</u>
<u>432</u>	<u>3,439</u>	<u>-</u>	<u>294</u>	<u>1,243</u>	<u>4,249</u>	<u>1,961</u>	<u>40,429</u>
<u>\$ 1,218</u>	<u>\$ 2,306</u>	<u>\$ 1,292</u>	<u>\$ 360</u>	<u>\$ 1,783</u>	<u>\$ 2,740</u>	<u>\$ 2,420</u>	<u>\$ 40,314</u>

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)
(continued)**

	DEBT SERVICE FUNDS			CAPITAL PROJECT FUNDS	
	Pension Liability	Public Financing Authority	Total Debt Service Funds	Affordable Housing In-Lieu	Infrastructure
REVENUES					
Property Taxes	\$ 6,766	\$ -	\$ 6,766	\$ -	\$ -
Sales Taxes	-	-	-	-	-
Other Taxes	-	-	-	-	-
Licenses and Permits	-	-	-	2,806	-
Use of Money and Property	-	95	95	125	330
Intergovernmental	-	-	-	-	-
Charges for Current Service	1,094	-	1,094	-	-
Other	-	-	-	-	10
Total Revenues	7,860	95	7,955	2,931	340
EXPENDITURES					
Current:					
City Manager	-	-	-	-	-
Community Development	-	-	-	2,266	-
Finance	-	9	9	-	-
Information Systems	-	-	-	-	-
Community Services	-	-	-	-	35
Library Services	-	-	-	-	-
Public Works	-	-	-	-	3,046
Debt Service:					
Principal	-	3,485	3,485	-	-
Interest	-	1,521	1,521	-	-
Total Expenditures	-	5,015	5,015	2,266	3,081
Excess Of Revenues Over (Under) Expenditures	7,860	(4,920)	2,940	665	(2,741)
Other Financing Sources (Uses):					
Transfers In	-	5,016	5,016	-	4,785
Issuance of Long-Term Debt	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	5,016	5,016	-	4,785
Net Change in Fund Balances	7,860	96	7,956	665	2,044
Fund Balances - Beginning of Year	-	9,030	9,030	467	10,113
Fund Balances - End of Year	\$ 7,860	\$ 9,126	\$ 16,986	\$ 1,132	\$ 12,157

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)
(continued)**

CAPITAL PROJECT FUNDS							Total Other Governmental Funds
Lease Capital Project	Parking In-Lieu	Senior Center Development	Sewer Development	Technology	Total Capital Projects Funds		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,766
-	-	-	-	-	-	-	3,553
-	-	-	-	-	-	-	7,079
-	18	-	-	-	2,824	-	2,898
5	-	8	208	109	785	-	2,157
-	-	-	12	-	12	-	1,915
-	-	-	386	-	386	-	4,022
-	-	-	-	-	10	-	1,865
<u>5</u>	<u>18</u>	<u>8</u>	<u>606</u>	<u>109</u>	<u>4,017</u>	<u>-</u>	<u>30,255</u>
-	-	-	-	-	-	-	286
-	-	-	-	-	2,266	-	2,310
-	-	-	-	-	-	-	21
-	-	-	-	196	196	-	556
-	-	-	-	-	35	-	4,556
-	-	-	-	-	-	-	157
-	-	315	85	-	3,446	-	16,464
-	-	-	-	-	-	-	3,485
9	-	-	-	-	9	-	1,530
<u>9</u>	<u>-</u>	<u>315</u>	<u>85</u>	<u>196</u>	<u>5,952</u>	<u>-</u>	<u>29,365</u>
<u>(4)</u>	<u>18</u>	<u>(307)</u>	<u>521</u>	<u>(87)</u>	<u>(1,935)</u>	<u>-</u>	<u>890</u>
-	-	-	-	-	4,785	-	9,801
1,172	-	-	-	-	1,172	-	1,172
-	-	(515)	-	-	(515)	-	(515)
<u>1,172</u>	<u>-</u>	<u>(515)</u>	<u>-</u>	<u>-</u>	<u>5,442</u>	<u>-</u>	<u>10,458</u>
<u>1,168</u>	<u>18</u>	<u>(822)</u>	<u>521</u>	<u>(87)</u>	<u>3,507</u>	<u>-</u>	<u>11,348</u>
<u>10</u>	<u>525</u>	<u>838</u>	<u>6,563</u>	<u>3,614</u>	<u>22,130</u>	<u>-</u>	<u>71,589</u>
<u>\$ 1,178</u>	<u>\$ 543</u>	<u>\$ 16</u>	<u>\$ 7,084</u>	<u>\$ 3,527</u>	<u>\$ 25,637</u>	<u>\$ -</u>	<u>\$ 82,937</u>

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

Air Quality

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 35	\$ 35
Intergovernmental	240	240	258	18
TOTAL REVENUES	240	240	293	53
EXPENDITURES:				
Current:				
Public Works	139	884	102	782
NET CHANGE IN FUND BALANCE	101	(644)	191	835
Fund Balance - Beginning of Year	1,071	1,071	1,071	-
Fund Balance - End of Year	\$ 1,172	\$ 427	\$ 1,262	\$ 835

Development Impact Fee

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 496	\$ 496
Charges for Current Service	3,323	3,323	775	(2,548)
Other Revenue	-	-	17	17
TOTAL REVENUES	3,323	3,323	1,288	(2,035)
EXPENDITURES:				
Current:				
Fire	620	620	-	620
Community Services	4,144	6,481	2,950	3,531
Library Services	200	200	157	43
Principal	11	11	-	11
TOTAL EXPENDITURES	4,975	7,312	3,107	4,205
NET CHANGE IN FUND BALANCE	(1,652)	(3,989)	(1,819)	2,170
Fund Balance - Beginning of Year	18,858	18,858	18,858	-
Fund Balance - End of Year	\$ 17,206	\$ 14,869	\$ 17,039	\$ 2,170

Disability Access

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ 84	\$ 84	\$ 74	\$ (10)
Use of Money and Property	-	-	7	7
TOTAL REVENUES	84	84	81	(3)
EXPENDITURES:				
Current:				
Finance	84	84	12	72
NET CHANGE IN FUND BALANCE	-	-	69	69
Fund Balance - Beginning of Year	162	162	162	-
Fund Balance - End of Year	\$ 162	\$ 162	\$ 231	\$ 69

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

Drainage

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ -	\$ -	\$ 74	\$ 74
Charges for Current Service	-	-	704	704
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>778</u>	<u>778</u>
EXPENDITURES:				
Current:				
Public Works	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	778	778
Fund Balance - Beginning of Year	1,741	1,741	1,741	-
Fund Balance - End of Year	<u>\$ 1,741</u>	<u>\$ 1,741</u>	<u>\$ 2,519</u>	<u>\$ 778</u>

Fourth of July Parade

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ 120	\$ 120	\$ 122	\$ 2
Intergovernmental	65	65	11	(54)
Charges for Current Service	139	139	84	(55)
Other	96	96	41	(55)
TOTAL REVENUES	<u>420</u>	<u>420</u>	<u>258</u>	<u>(162)</u>
EXPENDITURES:				
Current:				
Community Services	420	490	368	122
NET CHANGE IN FUND BALANCE	-	(70)	(110)	(40)
Fund Balance - Beginning of Year	148	148	148	-
Fund Balance - End of Year	<u>\$ 148</u>	<u>\$ 78</u>	<u>\$ 38</u>	<u>\$ (40)</u>

Gas Tax

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 188	\$ 188
Other Taxes	6,709	6,709	6,538	(171)
TOTAL REVENUES	<u>6,709</u>	<u>6,709</u>	<u>6,726</u>	<u>17</u>
EXPENDITURES:				
Current:				
Public Works	6,504	13,102	6,451	6,651
NET CHANGE IN FUND BALANCE	205	(6,393)	275	6,668
Fund Balance - Beginning of Year	6,831	6,831	6,831	-
Fund Balance - End of Year	<u>\$ 7,036</u>	<u>\$ 438</u>	<u>\$ 7,106</u>	<u>\$ 6,668</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

Housing Residual Receipt

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 33	\$ 33
Other	475	475	797	322
TOTAL REVENUES	<u>475</u>	<u>475</u>	<u>830</u>	<u>355</u>
EXPENDITURES:				
Current:				
Community Development	50	50	44	6
NET CHANGE IN FUND BALANCE	<u>425</u>	<u>425</u>	<u>786</u>	<u>361</u>
Fund Balance - Beginning of Year	<u>432</u>	<u>432</u>	<u>432</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 857</u>	<u>\$ 857</u>	<u>\$ 1,218</u>	<u>\$ 361</u>

Park Acquisition and Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 70	\$ 70
Charges for Current Service	65	65	-	(65)
TOTAL REVENUES	<u>65</u>	<u>65</u>	<u>70</u>	<u>5</u>
EXPENDITURES:				
Current:				
Community Services	418	2,414	1,203	1,211
NET CHANGE IN FUND BALANCE	<u>(353)</u>	<u>(2,349)</u>	<u>(1,133)</u>	<u>1,216</u>
Fund Balance - Beginning of Year	<u>3,439</u>	<u>3,439</u>	<u>3,439</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 3,086</u>	<u>\$ 1,090</u>	<u>\$ 2,306</u>	<u>\$ 1,216</u>

Surf City "3"

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Other Taxes	\$ 605	\$ 605	\$ 541	\$ (64)
Use of Money and Property	-	-	37	37
Other	-	-	1,000	1,000
TOTAL REVENUES	<u>605</u>	<u>605</u>	<u>1,578</u>	<u>973</u>
EXPENDITURES:				
Current:				
City Manager	605	605	286	319
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>1,292</u>	<u>1,292</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,292</u>	<u>\$ 1,292</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

ELM Automation Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	\$ -	\$ -	\$ 11	\$ 11
Charges for Current Service	360	360	415	55
TOTAL REVENUES	360	360	426	66
EXPENDITURES:				
Current:				
Information Systems	360	360	360	-
NET CHANGE IN FUND BALANCE	-	-	66	66
Fund Balance - Beginning of Year	294	294	294	-
Fund Balance - End of Year	\$ 294	\$ 294	\$ 360	\$ 66

Traffic Congestion Relief

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 58	\$ 58
Intergovernmental	1,957	1,957	1,634	(323)
TOTAL REVENUES	1,957	1,957	1,692	(265)
EXPENDITURES:				
Current:				
Public Works	1,727	2,925	1,152	1,773
NET CHANGE IN FUND BALANCE	230	(968)	540	1,508
Fund Balance - Beginning of Year	1,243	1,243	1,243	-
Fund Balance - End of Year	\$ 1,473	\$ 275	\$ 1,783	\$ 1,508

Traffic Impact Fee

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 84	\$ 84
Charges for Current Service	-	-	564	564
TOTAL REVENUES	-	-	648	648
EXPENDITURES:				
Current:				
Public Works	-	2,684	2,157	527
NET CHANGE IN FUND BALANCE	-	(2,684)	(1,509)	1,175
Fund Balance - Beginning of Year	4,249	4,249	4,249	-
Fund Balance - End of Year	\$ 4,249	\$ 1,565	\$ 2,740	\$ 1,175

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

Transportation

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Sales Taxes	\$ 3,514	\$ 3,514	\$ 3,553	\$ 39
Use of Money and Property	-	-	62	62
TOTAL REVENUES	<u>3,514</u>	<u>3,514</u>	<u>3,615</u>	<u>101</u>
EXPENDITURES:				
Current:				
Public Works	3,181	4,561	3,156	1,405
NET CHANGE IN FUND BALANCE	<u>333</u>	<u>(1,047)</u>	<u>459</u>	<u>1,506</u>
Fund Balance - Beginning of Year	<u>1,961</u>	<u>1,961</u>	<u>1,961</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 2,294</u>	<u>\$ 914</u>	<u>\$ 2,420</u>	<u>\$ 1,506</u>

Pension Liability

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property Taxes	\$ -	\$ 6,228	\$ 6,766	\$ 538
Charges for Current Service	-	-	1,094	1,094
TOTAL REVENUES	<u>-</u>	<u>6,228</u>	<u>7,860</u>	<u>1,632</u>
EXPENDITURES:				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>6,228</u>	<u>7,860</u>	<u>1,632</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 6,228</u>	<u>\$ 7,860</u>	<u>\$ 1,632</u>

Public Financing Authority

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 95	\$ 95
EXPENDITURES:				
Current:				
Finance	10	11	9	2
Debt Service:				
Principal	3,485	3,485	3,485	-
Interest	1,521	1,521	1,521	-
TOTAL EXPENDITURES	<u>5,016</u>	<u>5,017</u>	<u>5,015</u>	<u>2</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,016)</u>	<u>(5,017)</u>	<u>(4,920)</u>	<u>97</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	5,016	5,016	5,016	-
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(1)</u>	<u>96</u>	<u>97</u>
Fund Balance - Beginning of Year	<u>9,030</u>	<u>9,030</u>	<u>9,030</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 9,030</u>	<u>\$ 9,029</u>	<u>\$ 9,126</u>	<u>\$ 97</u>

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

Affordable Housing In-Lieu

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ 100	\$ 100	\$ 2,806	\$ 2,706
Use of Money and Property	-	-	125	125
TOTAL REVENUES	100	100	2,931	2,831
EXPENDITURES:				
Current:				
Community Development	300	2,567	2,266	301
NET CHANGE IN FUND BALANCE	(200)	(2,467)	665	3,132
Fund Balance - Beginning of Year	467	467	467	-
Fund Balance - End of Year	\$ 267	\$ (2,000)	\$ 1,132	\$ 3,132

Infrastructure

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 330	\$ 330
Other	-	-	10	10
TOTAL REVENUES	-	-	340	340
EXPENDITURES:				
Current:				
Community Services	250	309	35	274
Public Works	2,805	7,691	3,046	4,645
Principal	945	945	-	945
TOTAL EXPENDITURES	4,000	8,945	3,081	5,864
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,000)	(8,945)	(2,741)	6,204
OTHER FINANCING SOURCES (USES):				
Transfers In	4,000	4,785	4,785	-
NET CHANGE IN FUND BALANCE	-	(4,160)	2,044	6,204
Fund Balance - Beginning of Year	10,113	10,113	10,113	-
Fund Balance - End of Year	\$ 10,113	\$ 5,953	\$ 12,157	\$ 6,204

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

Lease Capital Project

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 5	\$ 5
EXPENDITURES:				
Fire	-	1,180	-	1,180
Debt Service:				
Interest	-	-	9	(9)
TOTAL EXPENDITURES	<u>-</u>	<u>1,180</u>	<u>9</u>	<u>1,171</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,180)	(4)	1,176
OTHER FINANCING SOURCES (USES):				
Issuance of Long-Term Debt	-	1,173	1,172	(1)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,173</u>	<u>1,172</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCE	-	(7)	1,168	1,175
Fund Balance - Beginning of Year	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 10</u>	<u>\$ 3</u>	<u>\$ 1,178</u>	<u>\$ 1,175</u>

Parking In-Lieu

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ 68	\$ 68	\$ 18	\$ (50)
EXPENDITURES:				
Current:				
Economic Development	<u>60</u>	<u>60</u>	<u>-</u>	<u>60</u>
NET CHANGE IN FUND BALANCE	<u>8</u>	<u>8</u>	<u>18</u>	<u>10</u>
Fund Balance - Beginning of Year	<u>525</u>	<u>525</u>	<u>525</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 533</u>	<u>\$ 533</u>	<u>\$ 543</u>	<u>\$ 10</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

Senior Center Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 8	\$ 8
EXPENDITURES:				
Current:				
Public Works	-	320	315	5
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(320)	(307)	13
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(515)	(515)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(515)	(515)	-
NET CHANGE IN FUND BALANCE	-	(835)	(822)	13
Fund Balance - Beginning of Year	838	838	838	-
Fund Balance - End of Year	<u>\$ 838</u>	<u>\$ 3</u>	<u>\$ 16</u>	<u>\$ 13</u>

Sewer Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 208	\$ 208
Intergovernmental	-	-	12	12
Charges for Current Service	150	150	386	236
TOTAL REVENUES	<u>150</u>	<u>150</u>	<u>606</u>	<u>456</u>
EXPENDITURES:				
Current:				
Public Works	2,500	5,005	85	4,920
NET CHANGE IN FUND BALANCE	<u>(2,350)</u>	<u>(4,855)</u>	<u>521</u>	<u>5,376</u>
Fund Balance - Beginning of Year	<u>6,563</u>	<u>6,563</u>	<u>6,563</u>	-
Fund Balance - End of Year	<u>\$ 4,213</u>	<u>\$ 1,708</u>	<u>\$ 7,084</u>	<u>\$ 5,376</u>

Technology

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	-	-	109	109
EXPENDITURES:				
Current:				
Information Systems	616	616	196	420
NET CHANGE IN FUND BALANCE	<u>(616)</u>	<u>(616)</u>	<u>(87)</u>	<u>529</u>
Fund Balance - Beginning of Year	<u>3,614</u>	<u>3,614</u>	<u>3,614</u>	-
Fund Balance - End of Year	<u>\$ 2,998</u>	<u>\$ 2,998</u>	<u>\$ 3,527</u>	<u>\$ 529</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

LMIHAF Capital Projects Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ 406	\$ 406	\$ 5,688	\$ 5,282
EXPENDITURES:				
Current:				
Community Development	411	4,606	1,339	3,267
Excess of Revenues Over (Under) Expenditures	(5)	(4,200)	4,349	8,549
OTHER FINANCING SOURCES (USES):				
Transfers Out	(405)	(405)	(405)	-
Total Other Financing Sources (Uses)	(405)	(405)	(405)	-
Net Change in Fund Balance	(410)	(4,605)	3,944	8,549
Fund Balance - Beginning of Year	5,541	5,541	5,541	-
Fund Balance - End of Year	\$ 5,131	\$ 936	\$ 9,485	\$ 8,549

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City of Huntington Beach Internal Service Funds

Internal Services Funds are used to accumulate and allocate costs internally among the City's various functions.

- The **Self Insurance Workers' Comp Fund** accounts for the City's self insurance workers' compensation program.
- The **Self Insurance General Liability Funds** accounts for the City's self insurance general liability program.
- The **Equipment Replacement Fund** accounts for the City's equipment replacement needs.

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**CITY OF HUNTINGTON BEACH
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2020
(In Thousands)**

	Governmental Activities			
	Self Insurance Workers' Comp	Self Insurance General Liability	Equipment Replacement Fund	Internal Service Fund Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 16,369	\$ 15,718	\$ 6,839	\$ 38,926
Other Receivables, Net	55	55	24	134
Prepays	600	-	-	600
Total Current Assets	17,024	15,773	6,863	39,660
Capital Assets:				
Machinery and Equipment	-	-	4,871	4,871
Less Accumulated Depreciation	-	-	(813)	(813)
Total Capital Assets	-	-	4,058	4,058
Total Assets	17,024	15,773	10,921	43,718
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	141	-	-	141
Deferred Outflows Related to Other Postemployment Benefits	11	5	-	16
Total Deferred Outflows of Resources	152	5	-	157
LIABILITIES				
Current Liabilities:				
Accounts Payable	304	132	102	538
Accrued Payroll	23	-	-	23
Current Portion of Claims Payable	5,650	3,252	-	8,902
Current Portion of Compensated Absences	12	-	-	12
Total Current Liabilities	5,989	3,384	102	9,475
Non-Current Liabilities:				
Compensated Absences	32	-	-	32
Net Pension Liability	1,328	-	-	1,328
Net Other Postemployment Benefits Liability	12	5	-	17
Claims Payable	23,956	4,297	-	28,253
Total Non-Current Liabilities	25,328	4,302	-	29,630
Total Liabilities	31,317	7,686	102	39,105
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	29	-	-	29
Deferred Inflows Related to Other Postemployment Benefits	10	4	-	14
Total Deferred Inflows of Resources	39	4	-	43
NET POSITION				
Net Investment in Capital Assets	-	-	4,058	4,058
Unrestricted	(14,180)	8,088	6,761	669
Total Net Position	\$ (14,180)	\$ 8,088	\$ 10,819	\$ 4,727

CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Governmental Activities			
	Self Insurance Workers' Comp	Self Insurance General Liability	Equipment Replacement Fund	Internal Service Fund Total
OPERATING REVENUES				
Fees and Charges for Service	\$ 7,187	\$ 4,977	\$ 4,651	\$ 16,815
Other	75	-	-	75
Total Operating Revenues	<u>7,262</u>	<u>4,977</u>	<u>4,651</u>	<u>16,890</u>
OPERATING EXPENSES				
Supplies and Operations	1,790	875	2,191	4,856
Claims and Judgments	7,969	3,075	-	11,044
Depreciation	-	-	518	518
Total Operating Expenses	<u>9,759</u>	<u>3,950</u>	<u>2,709</u>	<u>16,418</u>
Operating Income	<u>(2,497)</u>	<u>1,027</u>	<u>1,942</u>	<u>472</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	510	379	155	1,044
Change in Net Position	(1,987)	1,406	2,097	1,516
Net Position - Beginning Of Year	<u>(12,193)</u>	<u>6,682</u>	<u>8,722</u>	<u>3,211</u>
Net Position- End Of Year	<u>\$ (14,180)</u>	<u>\$ 8,088</u>	<u>\$ 10,819</u>	<u>\$ 4,727</u>

**CITY OF HUNTINGTON BEACH
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	Governmental Activities			
	Self Insurance Workers' Comp	Self Insurance General Liability	Equipment Replacement Fund	Internal Service Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 7,275	\$ 4,992	\$ 4,655	\$ 16,922
Cash Paid to Employees for Services	(540)	(141)	-	(681)
Cash Paid to Suppliers of Goods and Services	(5,992)	(4,607)	(1,584)	(12,183)
Net Cash and Investment Provided by Operating Activities	743	244	3,071	4,058
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	-	-	(2,402)	(2,402)
Net Cash and Investments (Used) by Capital and Related Financing Activities	-	-	(2,402)	(2,402)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	510	379	155	1,044
Net Cash and Investments Provided by Investing Activities	510	379	155	1,044
Net Increase in Cash and Investments	1,253	623	824	2,700
Cash and Investments - Beginning of Year	15,116	15,095	6,015	36,226
Cash and Investments - End of Year	\$ 16,369	\$ 15,718	\$ 6,839	\$ 38,926
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND INVESTMENTS PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating (Loss)	\$ (2,497)	\$ 1,027	\$ 1,942	\$ 472
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Investments Provided (Used) by Operating Activities				
Depreciation	-	-	518	518
Decrease in Other Receivables, Net	13	15	4	32
Decrease in Prepays	-	-	818	818
Increase (Decrease) in Accounts Payable	163	89	(211)	41
Increase (Decrease) in Accrued Payroll	10	(7)	-	3
Increase (Decrease) in Claims Payable	2,977	(848)	-	2,129
Increase (Decrease) in Compensated Absences	19	(30)	-	(11)
Decrease in Deferred Pension Outflow	24	-	-	24
(Decrease) in Deferred Pension Inflow	(8)	-	-	(8)
Increase in Net Pension Liability	44	-	-	44
(Increase) in Deferred Other Postemployment Benefits Outflow	(2)	(1)	-	(3)
Increase in Deferred Other Postemployment Benefits Inflow	10	4	-	14
(Decrease) in Ending Net Other Postemployment Benefits Liability	(10)	(5)	-	(15)
Net Cash and Investments Provided by Operating Activities	\$ 743	\$ 244	\$ 3,071	\$ 4,058
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				

There were no noncash investing, capital, or financing activities during the year ended June 30, 2020.

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City of Huntington Beach Fiduciary Funds

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

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

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CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF FIDUCIARY FUND ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2020

	Agency Funds						Total Agency Funds
	General Deposit	Community Facilities Districts	Business Improvement Districts	Central Net Operations Authority	Parking Structures	West Orange County Water Board	
Assets:							
Cash and Investments	\$ 181	\$ 2,667	\$ 321	\$ 351	\$ 4,828	\$ 1,460	\$ 9,808
Cash with Fiscal Agent	-	3,449	-	-	-	-	3,449
Accounts Receivable, Net	-	-	534	-	17	6	557
Total Assets	\$ 181	\$ 6,116	\$ 855	\$ 351	\$ 4,845	\$ 1,466	\$ 13,814
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ 231	\$ 3	\$ 858	\$ 4	\$ 1,096
Accrued Payroll	-	-	-	9	-	-	9
Due to Bondholders	-	6,116	-	-	-	-	6,116
Held for Others	181	-	624	339	3,987	1,462	6,593
Total Liabilities	\$ 181	\$ 6,116	\$ 855	\$ 351	\$ 4,845	\$ 1,466	\$ 13,814

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
General Deposit				
Assets:				
Cash and Investments	\$ 181	\$ -	\$ -	\$ 181
Total Assets	\$ 181	\$ -	\$ -	\$ 181
Liabilities:				
Held for Others	\$ 181	\$ -	\$ -	\$ 181
Total Liabilities	\$ 181	\$ -	\$ -	\$ 181
Community Facilities Districts				
Assets:				
Cash and Investments	\$ 2,740	\$ 4,035	\$ (4,108)	\$ 2,667
Cash with Fiscal Agent	3,451	57	(59)	3,449
Accounts Receivable, Net	13	4	(17)	-
Total Assets	\$ 6,204	\$ 4,096	\$ (4,184)	\$ 6,116
Liabilities:				
Accounts Payable	\$ -	\$ 3,245	\$ (3,245)	\$ -
Due to Bondholders	6,204	-	(88)	6,116
Total Liabilities	\$ 6,204	\$ 3,245	\$ (3,333)	\$ 6,116
Business Improvement Districts				
Assets:				
Cash and Investments	\$ 1,079	\$ 4,865	\$ (5,623)	\$ 321
Accounts Receivable, Net	544	628	(638)	534
Total Assets	\$ 1,623	\$ 5,493	\$ (6,261)	\$ 855
Liabilities:				
Accounts Payable	\$ 1,565	\$ 5,787	\$ (7,121)	\$ 231
Held for Others	58	566	-	624
Total Liabilities	\$ 1,623	\$ 6,353	\$ (7,121)	\$ 855
Central Net Operations Authority				
Assets:				
Cash and Investments	\$ 303	\$ 32,767	\$ (32,719)	\$ 351
Accounts Receivable, Net	82	50	(132)	-
Total Assets	\$ 385	\$ 32,817	\$ (32,851)	\$ 351
Liabilities:				
Accounts Payable	\$ 1	\$ 46	\$ (44)	\$ 3
Accrued Payroll	8	9	(8)	9
Held for Others	376	-	(37)	339
Total Liabilities	\$ 385	\$ 55	\$ (89)	\$ 351

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Parking Structures				
Assets:				
Cash and Investments	\$ 4,402	\$ 2,214	\$ (1,788)	\$ 4,828
Accounts Receivable, Net	21	17	(21)	17
Total Assets	\$ 4,423	\$ 2,231	\$ (1,809)	\$ 4,845
Liabilities:				
Accounts Payable	\$ 459	\$ 2,222	\$ (1,823)	\$ 858
Held for Others	3,964	23	-	3,987
Total Liabilities	\$ 4,423	\$ 2,245	\$ (1,823)	\$ 4,845
West Orange County Water Board				
Assets:				
Cash and Investments	\$ 1,874	\$ 2,771	\$ (3,185)	\$ 1,460
Accounts Receivable, Net	10	163	(167)	6
Total Assets	\$ 1,884	\$ 2,934	\$ (3,352)	\$ 1,466
Liabilities:				
Accounts Payable	\$ 265	\$ 1,022	\$ (1,283)	\$ 4
Held for Others	1,619	-	(157)	1,462
Total Liabilities	\$ 1,884	\$ 1,022	\$ (1,440)	\$ 1,466
Total - All Agency Funds				
Assets:				
Cash and Investments	\$ 10,579	\$ 46,652	\$ (47,423)	\$ 9,808
Cash with Fiscal Agent	3,451	57	(59)	3,449
Accounts Receivable, Net	670	862	(975)	557
Total Assets	\$ 14,700	\$ 47,571	\$ (48,457)	\$ 13,814
Liabilities:				
Accounts Payable	\$ 2,290	\$ 12,322	\$ (13,516)	\$ 1,096
Accrued Payroll	8	9	(8)	9
Due to Bondholders	6,204	-	(88)	6,116
Held for Others	6,198	589	(194)	6,593
Total Liabilities	\$ 14,700	\$ 12,920	\$ (13,806)	\$ 13,814

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City of Huntington Beach Statistical Section

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

Financial Trends – contain trend information to help the reader understand how the City's financial performance has changed over time.

Revenue Capacity – contains information to help the reader assess the City's most significant local revenue source, the property tax.
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Debt Capacity – presents information to assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – offers information to help the reader understand the environment within which the City's financial activities take place.

Operating Information – contains service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activities it performs.

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF HUNTINGTON BEACH
NET POSITION BY COMPONENT - LAST TEN FISCAL YEARS
(In Thousands)

	Fiscal Year Ended				
	2020	June 30, 2019	2018***	September 30, 2017 2016	
Governmental Activities					
Net investment in capital assets	\$ 673,498	\$ 664,281	\$ 650,466	\$ 646,336	\$ 624,180
Restricted	79,926	66,089	58,537	41,888	41,555
Unrestricted	(274,523)	(251,022)	(254,528)	(262,874)	(222,863)
Total Governmental Activities Net Position	\$ 478,901	\$ 479,348	\$ 454,475	\$ 425,350	\$ 442,872
Business-Type Activities					
Net investment in capital assets	\$ 142,785	\$ 145,696	\$ 143,954	\$ 140,478	\$ 142,566
Restricted	22,248	21,153	25,886	30,444	32,049
Unrestricted	38,482	36,747	27,492	22,228	21,997
Total Business-Type Activities Net Position	\$ 203,515	\$ 203,596	\$ 197,332	\$ 193,150	\$ 196,612
Primary Government					
Net investment in capital assets	\$ 816,283	\$ 809,977	\$ 794,420	\$ 786,814	\$ 766,746
Restricted	102,174	87,242	84,423	72,332	73,604
Unrestricted	(236,041)	(214,275)	(227,036)	(240,646)	(200,866)
Total Primary Government Net Position	\$ 682,416	\$ 682,944	\$ 651,807	\$ 618,500	\$ 639,484

CITY OF HUNTINGTON BEACH
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
(In Thousands)

	Fiscal Year Ended				
	2020	June 30, 2019	2018***	September 30, 2017 2016	
Expenses:					
Governmental Activities:					
City Council	\$ 405	\$ 360	\$ 218	\$ 347	\$ 321
City Manager	3,328	4,501	2,063	4,691	3,849
City Treasurer	317	246	101	216	208
City Attorney	3,136	2,886	1,536	3,307	2,598
City Clerk	949	976	475	889	806
Finance	6,661	6,245	3,455	6,201	5,765
Human Resources*****	-	6,261	4,760	5,693	6,814
Community Development*	15,722	6,144	4,301	7,576	7,208
Fire	62,840	56,494	26,688	52,941	47,965
Information Services	8,643	7,530	4,375	7,047	6,852
Police	97,204	87,355	42,109	84,786	74,943
Economic Development**	-	-	-	-	-
Community Services	12,539	13,369	6,768	15,558	9,935
Library Services	5,776	5,206	2,890	5,064	4,611
Public Works	45,834	40,803	23,898	35,373	31,791
Non-Departmental****	-	-	18,164	29,368	35,240
Interest on Long-Term Debt	1,686	1,823	1,467	2,063	2,119
Total Governmental Activities	265,040	240,199	143,268	261,120	241,025
Business-Type Activities					
Water Utility	44,463	43,405	28,414	45,940	41,643
Sewer Service	9,828	9,442	6,127	9,351	8,729
Refuse Collection	12,609	12,051	8,916	10,821	11,277
Hazmat Service	235	234	117	224	244
Total Business-Type Activities	67,135	65,132	43,574	66,336	61,893
Total Business and Government Type Activities	\$ 332,175	\$ 305,331	\$ 186,842	\$ 327,456	\$ 302,918

* Planning and Building departments were combined in the year ended September 30, 2011. The combined department was later renamed to Community Development in the year ended September 30, 2016.

** Economic Development was combined with Community Development in the year ended June 30, 2020. Previously, it was combined with the City Manager's Office as of the year ended September 30, 2014.

*** The 2018 period reflects nine months of activity only as the fiscal year change resulted in reporting period from October 1, 2017 to June 30, 2018.

**** Beginning with the fiscal year ended June 30, 2019, non-departmental expenditures are no longer presented separately but are included as part of functional expenditures.

***** Human Resources was combined with the City Manager's Office in the year ended June 30, 2020.

CITY OF HUNTINGTON BEACH
NET POSITION BY COMPONENT - LAST TEN FISCAL YEARS
(In Thousands)
(continued)

	Fiscal Year Ended				
	September 30,				
	2015	2014	2013	2012	2011
Governmental Activities					
Net investment in capital assets	\$ 615,512	\$ 618,825	\$ 617,267	\$ 612,346	\$ 569,497
Restricted	52,270	34,018	51,867	44,220	51,195
Unrestricted	(222,787)	89,524	54,076	53,098	41,239
Total Governmental Activities Net Position	\$ 444,995	\$ 742,367	\$ 723,210	\$ 709,664	\$ 661,931
Business-Type Activities					
Net investment in capital assets	\$ 142,616	\$ 140,770	\$ 145,886	\$ 134,129	\$ 134,882
Restricted	28,096	27,951	27,488	27,804	27,988
Unrestricted	28,476	53,166	65,595	63,686	59,260
Total Business-Type Activities Net Position	\$ 199,188	\$ 221,887	\$ 238,969	\$ 225,619	\$ 222,130
Primary Government					
Net investment in capital assets	\$ 758,128	\$ 759,595	\$ 763,153	\$ 746,475	\$ 704,379
Restricted	80,366	61,969	79,355	72,024	79,183
Unrestricted	(194,311)	142,690	119,671	116,784	100,499
Total Primary Government Net Position	\$ 644,183	\$ 964,254	\$ 962,179	\$ 935,283	\$ 884,061

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

	Fiscal Year Ended				
	September 30,				
	2015	2014	2013	2012	2011
Expenses:					
Governmental Activities:					
City Council	\$ 270	\$ 258	\$ 271	\$ 310	\$ 300
City Manager	3,302	3,878	1,583	1,767	1,502
City Treasurer	158	169	132	141	1,274
City Attorney	2,284	2,321	2,221	2,313	2,354
City Clerk	855	747	797	689	813
Finance	5,208	5,314	4,825	4,573	3,423
Human Resources*****	5,169	4,616	5,032	4,743	4,792
Community Development*	6,605	7,091	6,155	6,123	6,036
Fire	42,162	43,194	36,323	35,336	35,393
Information Services	6,552	6,456	6,096	5,857	5,909
Police	64,048	66,681	60,466	60,690	60,192
Economic Development**	-	-	8,395	3,703	10,876
Community Services	13,809	12,509	15,521	15,586	16,104
Library Services	4,246	4,024	3,873	3,777	3,838
Public Works	27,979	31,691	28,500	26,508	27,232
Non-Departmental****	24,080	21,602	25,563	19,190	19,595
Interest on Long-Term Debt	2,245	1,946	2,289	2,376	6,287
Total Governmental Activities	208,972	212,497	208,042	193,682	205,920
Business-Type Activities					
Water Utility	38,614	41,499	38,446	37,437	31,712
Sewer Service	8,192	9,712	7,253	7,623	6,338
Refuse Collection	11,308	11,145	10,882	10,785	10,690
Hazmat Service	204	231	220	216	243
Total Business-Type Activities	58,318	62,587	56,801	56,061	48,983
Total Business and Government Type Activities	\$ 267,290	\$ 275,084	\$ 264,843	\$ 249,743	\$ 254,903

CITY OF HUNTINGTON BEACH
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
(In Thousands)

	Fiscal Year Ended				
	2020	June 30, 2019	2018***	September 30, 2017	2016
Program Revenues:					
Governmental Activities:					
Charges for Services					
City Council	\$ 177	\$ 149	\$ 91	\$ 108	\$ 116
City Manager	5,315	3,300	2,374	3,515	3,029
City Treasurer	163	135	81	100	101
City Attorney	7	7	4	5	4
City Clerk	220	327	229	257	201
Finance	3,302	2,899	1,746	2,047	2,277
Human Resources*****	-	751	373	654	513
Community Development**	10,037	7,459	5,448	7,448	9,252
Fire	10,122	9,831	9,104	10,296	9,894
Information Services	636	628	381	501	521
Police	5,329	6,044	4,703	4,968	5,958
Economic Development**	17,631	-	-	-	-
Community Services	266	23,530	19,245	21,693	18,853
Library Services	6,614	308	237	476	408
Public Works	-	6,368	4,392	5,392	5,733
Non-Departmental****	-	-	916	1,116	1,290
Total Charges for Services	<u>59,819</u>	<u>61,736</u>	<u>49,324</u>	<u>58,576</u>	<u>58,150</u>
Operating Grants	8,141	6,644	3,976	7,329	4,723
Capital Grants	14,483	8,361	6,055	3,408	5,939
Total Governmental Activities Program Revenue	<u>82,443</u>	<u>76,741</u>	<u>59,355</u>	<u>69,313</u>	<u>68,812</u>
Business-Type Activities:					
Water Utility	40,518	43,958	29,530	39,938	35,765
Sewer Service	10,900	11,868	8,362	10,854	11,280
Refuse Collection	12,573	12,022	8,820	11,282	11,215
Hazmat Service	279	276	25	287	235
Total Business-Type Activities Program Revenues	<u>64,270</u>	<u>68,124</u>	<u>46,737</u>	<u>62,361</u>	<u>58,495</u>
Total Primary Government Program Revenue	146,713	144,865	106,092	131,674	127,307
Net (Expense) Revenue:					
Governmental Activities:	(182,597)	(163,458)	(83,913)	(191,807)	(172,213)
Business-Type Activities	(2,865)	2,992	3,163	(3,975)	(3,398)
Total Net (Expense) Revenue	<u>(185,462)</u>	<u>(160,466)</u>	<u>(80,750)</u>	<u>(195,782)</u>	<u>(175,611)</u>
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	94,263	89,124	61,185	82,925	87,128
Sales Taxes	44,616	47,437	33,844	43,551	34,289
Utility Taxes	18,149	18,788	14,014	19,303	19,482
Other Taxes	18,635	20,227	14,883	17,991	17,313
Use of Money and Property	3,208	8,746	2,158	3,370	3,618
From Other Agencies	3,317	4,046	2,263	3,896	4,397
Other	-	-	2,811	2,438	5,693
Transfers	(38)	(37)	(332)	(51)	(38)
Total Governmental Activities General Revenues	<u>182,150</u>	<u>188,331</u>	<u>130,826</u>	<u>173,423</u>	<u>171,882</u>
Business-Type Activities:					
Use of Money and Property	2,746	3,235	279	462	939
Transfers	38	37	332	51	38
Total Business-Type Activities General Revenues	<u>2,784</u>	<u>3,272</u>	<u>611</u>	<u>513</u>	<u>977</u>
Total General Revenues and Transfers	<u>184,934</u>	<u>191,603</u>	<u>131,437</u>	<u>173,936</u>	<u>172,859</u>
Extraordinary Gain	-	-	-	-	-
Changes in Net Position - Governmental Activities	(447)	24,873	46,913	(18,384)	(331)
Changes in Net Position - Business-Type Activities	(81)	6,264	3,774	(3,462)	(2,421)
Net Position - Beginning of Year	<u>682,944</u>	<u>651,807</u>	<u>618,500</u>	<u>639,484</u>	<u>642,236</u>
Prior Period Adjustment - Governmental Activities	-	-	(17,788)	862	-
Prior Period Adjustment - Business-Type Activities	-	-	408	-	-
Net Position - Beginning of Year as restated	<u>682,944</u>	<u>651,807</u>	<u>601,120</u>	<u>640,346</u>	<u>642,236</u>
Net Position - End of Year	<u>\$ 682,416</u>	<u>\$ 682,944</u>	<u>\$ 651,807</u>	<u>\$ 618,500</u>	<u>\$ 639,484</u>

* Planning and Building departments were combined in the year ended September 30, 2011. The combined department was later renamed to Community Development in the year ended September 30, 2016.

** Economic Development was combined with Community Development in the year ended June 30, 2020. Previously, it was combined with the City Manager's Office as of the year ended September 30, 2014.

*** The 2018 period reflects nine months of activity only as the fiscal year change resulted in reporting period from October 1, 2017 to June 30, 2018.

**** Beginning with the fiscal year ended June 30, 2019, non-departmental expenditures are no longer presented separately but are included as part of functional expenditures.

***** Human Resources was combined with the City Manager's Office in the year ended June 30, 2020.

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

	Fiscal Year Ended				
	2015	2014	September 30, 2013	2012	2011
Program Revenues:					
Governmental Activities:					
Charges for Services					
City Council	\$ 71	\$ 68	\$ 66	\$ 65	\$ 63
City Manager	2,994	2,835	134	130	127
City Treasurer	639	621	602	585	568
City Attorney	143	139	135	131	127
City Clerk	199	321	248	170	98
Finance	1,353	1,313	1,275	1,238	1,202
Human Resources*****	1,263	2,499	1,236	1,150	1,117
Community Development*	10,670	9,357	9,411	7,706	6,084
Fire	8,625	8,672	9,482	9,497	8,632
Information Services	834	809	786	763	741
Police	5,512	5,170	4,653	5,073	5,207
Economic Development**	-	-	2,505	2,303	2,800
Community Services	18,569	18,055	17,832	17,792	15,345
Library Services	495	434	634	466	325
Public Works	6,474	6,367	7,315	5,482	5,638
Non-Departmental****	327	318	306	281	273
Total Charges for Services	<u>58,168</u>	<u>56,978</u>	<u>56,620</u>	<u>52,832</u>	<u>48,347</u>
Operating Grants	7,458	7,958	7,303	5,088	8,914
Capital Grants	9,809	5,486	7,191	6,624	5,198
Total Governmental Activities Program Revenue	<u>75,435</u>	<u>70,422</u>	<u>71,114</u>	<u>64,544</u>	<u>62,459</u>
Business-Type Activities:					
Water Utility	35,350	36,944	38,679	35,926	34,583
Sewer Service	11,239	10,665	12,267	11,546	10,532
Refuse Collection	11,221	11,006	10,950	10,786	10,631
Hazmat Service	222	183	278	154	383
Total Business-Type Activities Program Revenues	<u>58,032</u>	<u>58,798</u>	<u>62,174</u>	<u>58,412</u>	<u>56,129</u>
Total Primary Government Program Revenue	<u>133,467</u>	<u>129,220</u>	<u>133,288</u>	<u>122,956</u>	<u>118,588</u>
Net (Expense) Revenue:					
Governmental Activities:	(133,537)	(142,075)	(136,928)	(129,138)	(143,461)
Business-Type Activities	(286)	(3,789)	5,373	2,351	7,146
Total Net (Expense) Revenue	<u>(133,823)</u>	<u>(145,864)</u>	<u>(131,555)</u>	<u>(126,787)</u>	<u>(136,315)</u>
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	82,615	81,355	74,795	74,856	86,056
Sales Taxes	33,063	29,243	30,276	30,051	25,339
Utility Taxes	20,229	20,621	20,764	20,152	19,135
Other Taxes	16,464	15,601	14,568	12,930	13,368
Use of Money and Property	5,551	3,725	2,816	3,434	3,239
From Other Agencies	5,653	4,279	6,003	6,585	5,647
Other	4,440	6,903	5,240	4,941	3,060
Transfers	35	(38)	(38)	(38)	(38)
Total Governmental Activities General Revenues	<u>168,050</u>	<u>161,689</u>	<u>154,424</u>	<u>152,911</u>	<u>155,806</u>
Business-Type Activities:					
Use of Money and Property	1,281	1,015	137	1,100	1,135
Transfers	(35)	38	38	38	38
Total Business-Type Activities General Revenues	<u>1,246</u>	<u>1,053</u>	<u>175</u>	<u>1,138</u>	<u>1,173</u>
Total General Revenues and Transfers	<u>169,296</u>	<u>162,742</u>	<u>154,599</u>	<u>154,049</u>	<u>156,979</u>
Extraordinary Gain	<u>-</u>	<u>-</u>	<u>(4,669)</u>	<u>23,960</u>	<u>-</u>
Changes in Net Position - Governmental Activities	34,513	19,614	12,827	47,733	12,345
Changes in Net Position - Business-Type Activities	960	(2,736)	5,548	3,489	8,319
Net Position - Beginning of Year	<u>964,254</u>	<u>962,179</u>	<u>935,283</u>	<u>884,061</u>	<u>863,397</u>
Prior Period Adjustment - Governmental Activities	(333,677)	(457)	719	-	-
Prior Period Adjustment - Business-Type Activities	(23,814)	(14,346)	7,802	-	-
Net Position - Beginning of Year as restated	<u>606,763</u>	<u>947,376</u>	<u>943,804</u>	<u>884,061</u>	<u>863,397</u>
Net Position - End of Year	<u>\$ 642,236</u>	<u>\$ 964,254</u>	<u>\$ 962,179</u>	<u>\$ 935,283</u>	<u>\$ 884,061</u>

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

	Fiscal Year Ended June 30,			Fiscal Year Ended September 30,	
	2020	2019	2018	2017	2016
General Fund:					
Nonspendable	\$ 120	\$ 23	\$ 41	\$ -	\$ -
Restricted	9,320	8,154	6,384	2,671	2,637
Committed	25,010	25,011	25,011	25,011	25,011
Assigned	45,638	45,825	34,464	33,498	35,199
Unassigned	-	-	2,734	-	-
Total General Fund	\$ 80,088	\$ 79,013	\$ 68,634	\$ 61,180	\$ 62,847
Other Governmental Funds:					
Nonspendable	\$ -	\$ 64	\$ 726	\$ -	\$ -
Restricted	57,675	59,213	52,742	40,588	40,293
Committed	21,735	20,308	20,800	17,686	21,368
Assigned	3,527	3,614	2,701	826	838
Total Other Governmental Funds	\$ 82,937	\$ 83,199	\$ 76,969	\$ 59,100	\$ 62,499

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
General Fund:					
Nonspendable	\$ 4,479	\$ 4,378	\$ 4,040	\$ 4,633	\$ 10,841
Restricted	2,871	2,070	1,878	1,387	1,304
Committed	25,011	25,011	24,011	-	-
Assigned	32,431	29,595	24,578	48,415	42,411
Unassigned	-	-	-	-	-
Total General Fund	\$ 64,792	\$ 61,054	\$ 54,507	\$ 54,435	\$ 54,556
Other Governmental Funds:					
Restricted	\$ 45,515	\$ 27,214	\$ 27,425	\$ 27,722	\$ 32,519
Committed	21,659	16,447	11,098	6,745	4,049
Assigned	161	151	316	1,181	1,711
Unassigned	-	-	(210)	(395)	(4,377)
Total Other Governmental Funds	\$ 67,335	\$ 43,812	\$ 38,629	\$ 35,253	\$ 33,902

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

	Fiscal Year Ended				
	2020	June 30, 2019	2018*	September 30, 2017	2016
REVENUES:					
Property Taxes	\$ 94,263	\$ 89,367	\$ 80,614	\$ 80,826	\$ 86,382
Sales Taxes	44,616	47,437	33,844	43,551	39,305
Utility Taxes	18,149	18,788	14,014	19,303	19,482
Other Taxes	24,578	27,196	18,409	17,991	17,313
Licenses and Permits	11,266	8,574	6,293	8,812	9,820
Fines and Forfeitures	3,403	4,300	3,048	3,995	5,144
From Use of Money and Property	27,863	23,276	11,600	17,210	18,055
From Other Agencies	11,309	13,072	10,384	15,293	13,712
Charges for Current Service/Other Revenue	34,772	33,787	30,216	32,351	32,506
TOTAL REVENUES	270,219	265,797	208,422	239,332	241,719
EXPENDITURES					
Current:					
City Council	394	369	279	333	318
City Manager	4,342	6,598	3,143	4,116	3,092
City Treasurer	297	248	134	201	204
City Attorney	2,898	2,874	2,037	3,052	2,539
City Clerk	886	981	602	830	790
Finance	6,200	6,484	4,376	5,763	5,659
Human Resources*****	-	6,362	5,323	5,535	6,776
Community Development**	14,692	8,138	5,554	6,963	7,062
Fire	56,477	54,431	36,347	46,831	46,200
Information Systems	8,473	8,342	5,385	6,603	6,742
Police	87,682	83,546	57,916	75,015	72,612
Economic Development***	-	-	-	-	-
Community Services	14,429	11,720	7,958	14,124	10,768
Library Services	5,199	4,944	3,436	4,422	4,247
Public Works	47,655	46,878	30,357	38,635	23,659
Non-Departmental****	-	-	22,432	28,396	24,670
Capital Outlay****	-	-	-	-	27,269
Debt Service:					
Principal	5,122	5,346	311	5,091	5,933
Interest	1,748	1,890	965	2,066	2,138
TOTAL EXPENDITURES	256,494	249,151	186,555	247,976	250,678
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	13,725	16,646	21,867	(8,644)	(8,959)
OTHER FINANCING SOURCES (USES):					
Transfers In	10,009	11,190	13,261	6,692	9,034
Issuance of Long-Term Debt	1,172	-	-	2,767	10,197
Issuance Premium	-	-	-	-	-
Payments to Escrow	-	-	-	-	-
Transfers Out	(10,047)	(11,227)	(13,593)	(6,743)	(17,053)
TOTAL OTHER FINANCING SOURCES (USES)	1,134	(37)	(332)	2,716	2,178
Extraordinary Item - Dissolution of RDA	-	-	-	-	-
INCREASE (DECREASE) IN FUND BALANCES	\$ 14,859	\$ 16,609	\$ 21,535	\$ (5,928)	\$ (6,781)
DEBT SERVICE AS A PERCENTAGE OF					
NON-CAPITAL EXPENDITURES	3.0%	3.3%	0.7%	3.2%	3.6%

* The 2017-18 period reflects nine months of activity only as the fiscal year change resulted in a nine month reporting period from October 1, 2017 to June 30, 2018.

** Planning and Building departments were combined in the year ended September 30, 2011. The department was later renamed to Community Development in the year ended September 30, 2016.

*** Economic Development was combined with Community Development in the year ended June 30, 2020. Previously, it was combined with the City Manager's Office as of the year ended September 30, 2014.

**** Beginning with the fiscal year ended September 30, 2017, capital outlay expenditures are no longer presented separately but are included as part of functional expenditures. However, capital outlay expenditures are excluded in the calculation of debt service as a percentage of non-capital expenditures.

***** Beginning with the fiscal year ended June 30, 2019, non-departmental expenditures are no longer presented separately but are included as part of functional expenditures.

***** Human Resources was combined with the City Manager's Office in the year ended June 30, 2020.

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

	Fiscal Year Ended				
	2015	2014	2013	2012	2011
REVENUES:					
Property Taxes	\$ 82,472	\$ 79,460	\$ 74,442	\$ 74,554	\$ 85,869
Sales Taxes	32,234	30,454	29,763	29,126	25,034
Utility Taxes	20,229	20,621	20,764	20,152	19,135
Other Taxes	16,464	15,601	14,568	12,930	13,368
Licenses and Permits	9,270	7,976	9,880	7,773	6,728
Fines and Forfeitures	4,746	4,392	4,058	4,252	4,334
From Use of Money and Property	17,473	16,695	16,046	16,855	15,660
From Other Agencies	18,634	16,804	18,237	18,537	17,659
Charges for Current Service/Other Revenue	35,869	33,886	34,150	30,051	26,996
TOTAL REVENUES	237,391	225,889	221,908	214,230	214,783
EXPENDITURES					
Current:					
City Council	278	258	260	310	300
City Manager	2,703	3,040	1,574	1,758	1,493
City Treasurer	167	169	132	141	1,274
City Attorney	2,425	2,321	2,221	2,313	2,354
City Clerk	895	747	797	689	798
Finance	5,452	5,314	4,825	4,573	3,423
Human Resources*****	4,606	4,298	5,661	5,213	6,106
Community Development**	6,954	7,091	6,155	6,119	6,034
Fire	45,008	42,602	35,920	35,145	34,546
Information Systems	6,846	6,456	6,096	5,857	5,879
Police	68,940	66,628	60,460	60,249	59,546
Economic Development***	-	-	7,012	3,389	13,784
Community Services	10,223	10,040	13,952	14,082	13,724
Library Services	4,146	3,739	3,588	3,492	3,546
Public Works	23,820	22,872	22,169	22,666	19,006
Non-Departmental*****	20,067	21,033	19,684	15,455	14,914
Capital Outlay****	14,986	10,729	10,745	11,096	6,872
Debt Service:					
Principal	5,454	4,797	9,381	6,012	9,446
Interest	2,226	1,987	2,321	2,564	6,397
TOTAL EXPENDITURES	225,196	214,121	212,953	201,123	209,442
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	12,195	11,768	8,955	13,107	5,341
OTHER FINANCING SOURCES (USES):					
Transfers In	12,158	9,832	9,501	18,904	27,385
Issuance of Long-Term Debt	-	-	-	-	36,275
Issuance Premium	-	-	-	-	1,884
Payments to Escrow	-	-	-	-	(37,601)
Transfers Out	(14,238)	(9,870)	(10,339)	(18,942)	(27,423)
TOTAL OTHER FINANCING SOURCES (USES)	(2,080)	(38)	(838)	(38)	520
Extraordinary Item - Dissolution of RDA	-	-	(4,669)	(11,839)	-
INCREASE (DECREASE) IN FUND BALANCES	\$ 10,115	\$ 11,730	\$ 3,448	\$ 1,230	\$ 5,861
DEBT SERVICE AS A PERCENTAGE OF					
NON-CAPITAL EXPENDITURES	3.7%	3.3%	5.8%	4.5%	7.8%

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

Fiscal Year	Common Property	Public Utilities	Total Secured	Unsecured	Total Assessed Valuation	Total Direct Tax Rate
2010-2011	25,513,584	70,602	25,584,186	1,090,869	26,675,055	0.17082
2011-2012	25,480,770	72,602	25,553,372	1,170,004	26,723,376	0.17082
2012-2013	26,927,738	60,802	26,988,540	1,056,938	28,045,478	0.17082
2013-2014	28,005,989	53,702	28,059,691	1,106,038	29,165,729	0.17082
2014-2015	29,723,274	74,102	29,797,376	989,809	30,787,185	0.17082
2015-2016	31,193,211	66,802	31,260,013	1,132,728	32,392,741	0.17082
2016-2017	32,540,317	55,802	32,596,119	1,067,760	33,663,879	0.17082
2017-2018	34,199,035	41,102	34,240,137	1,100,077	35,340,214	0.17082
2018-2019	35,941,648	61,202	36,002,850	1,117,879	37,120,729	0.17082
2019-2020	37,741,095	518	37,741,613	1,145,838	38,887,451	0.17082

Source: County of Orange Auditor Controller

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

Fiscal Year	Direct		Overlapping			Total Direct and Overlapping
	City Basic Rate (1), (2)	City Other	School Districts	Metro Water District	Others	
2010-2011	0.15582	0.01500	0.58252	0.00370	0.32548	1.08252
2011-2012	0.15582	0.01500	0.58334	0.00370	0.32513	1.08299
2012-2013	0.15582	0.01500	0.60412	0.00350	0.30798	1.08642
2013-2014	0.15582	0.01500	0.59841	0.00350	0.31444	1.08717
2014-2015	0.15582	0.01500	0.62448	0.00350	0.29444	1.09324
2015-2016	0.15582	0.01500	0.07615	0.00350	0.84418	1.09465
2016-2017	0.15582	0.01500	0.07786	0.00350	0.83599	1.08817
2017-2018	0.15582	0.01500	0.09970	0.00350	0.84418	1.11820
2018-2019	0.15582	0.01500	0.09246	0.00350	0.84418	1.11096
2019-2020	0.15582	0.01500	0.08788	0.00350	0.84418	1.10638

Note: Rates are per \$100 of assessed valuation

Source: County of Orange Auditor Controller

(1) Excludes rates associated with Mello-Roos Districts

(2) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is assessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value.

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

Fiscal Year	Collected within the Fiscal Year of the Levy			Delinquent Tax Collections*	Total Collections		Delinquent Taxes Receivable	Delinquency Percent
	Total Levy	Amount	Percentage of Levy		Amount	Percentage of Levy		
<u>Secured Taxes</u>								
2010-2011	44,014	42,233	96.0%	1,339	43,572	99.0%	746	1.7%
2011-2012	44,304	42,611	96.2%	951	43,562	98.3%	660	1.5%
2012-2013	47,162	45,722	96.9%	855	46,577	98.8%	565	1.2%
2013-2014	49,808	48,452	97.3%	656	49,108	98.6%	545	1.1%
2014-2015	52,188	50,759	97.3%	576	51,335	98.4%	519	1.0%
2015-2016	55,886	53,916	96.5%	546	54,462	97.5%	1,263	2.3%
2016-2017	58,258	56,481	96.9%	525	57,006	97.9%	1,253	2.2%
2017-2018	62,418	59,731	95.7%	474	60,205	96.5%	2,073	3.3%
2018-2019	63,934	62,222	97.3%	622	62,844	98.3%	920	1.4%
2019-2020	66,411	64,767	97.5%	496	65,263	98.3%	1,092	1.6%
<u>Unsecured Taxes</u>								
2010-2011	1,940	1,739	89.6%	22	1,761	90.8%	75	3.9%
2011-2012	1,863	1,731	92.9%	28	1,759	94.4%	68	3.7%
2012-2013	1,882	1,653	87.8%	23	1,676	89.1%	62	3.3%
2013-2014	1,922	1,693	88.1%	33	1,726	89.8%	76	4.0%
2014-2015	2,016	1,839	91.2%	37	1,876	93.1%	69	3.4%
2015-2016	1,925	1,740	90.4%	35	1,775	92.2%	39	2.0%
2016-2017	1,899	1,692	89.1%	23	1,715	90.3%	34	1.8%
2017-2018	1,964	1,829	93.1%	28	1,857	94.6%	26	1.3%
2018-2019	1,964	1,804	91.9%	20	1,824	92.9%	29	1.5%
2019-2020	2,038	1,906	93.5%	15	1,921	94.3%	43	2.1%
<u>Community Facilities Districts</u>								
2010-2011	3,850	3,838	99.7%	-	3,838	99.7%	1	0.0%
2011-2012	4,106	4,091	99.6%	3	4,094	99.7%	2	0.0%
2012-2013	4,093	4,077	99.6%	4	4,081	99.7%	4	0.1%
2013-2014	3,968	3,957	99.7%	6	3,963	99.9%	-	0.0%
2014-2015	3,981	3,967	99.6%	1	3,968	99.7%	2	0.1%
2015-2016	4,121	4,106	99.6%	9	4,115	99.9%	2	0.0%
2016-2017	4,098	4,085	99.7%	2	4,087	99.7%	-	0.0%
2017-2018	4,141	4,128	99.7%	5	4,133	99.8%	-	0.0%
2018-2019	4,099	4,086	99.7%	3	4,089	99.8%	1	0.0%
2019-2020	4,053	4,027	99.4%	2	4,029	99.4%	14	0.3%

Source: County of Orange Auditor Controller's Office

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

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

Note:

2002/2003 to current fiscal year includes the following:

Secured: includes supplemental, st ltr reorg, nuisance abatement, weed abatement, retirement override, tax admin charges, and community interest. Does not include CFD.

Unsecured: includes aircraft unsecured tax. Does not include CFD.

Miscellaneous: excluded from all tables.

Delinquency Amount: reflects the "unpaid" amounts as stated in the OC auditor-controller website.

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

2019-2020

AES Huntington Beach Energy, LLC
 Bella Terra Associates LLC
 SoCal Holdings LLC
 McDonnell Douglas/Boeing
 PCH Beach Resort LLC
 DCO Pacific City LLC
 Elan Multifamily LLC
 Monogram Residential HB Proj
 The Waterfront Hotel LLC
 One Pacific Plaza Owner LLC
Total Top Ten
 All Other Property Taxpayers
City Total

Taxable Assessed Value (In Thousands)	Percent of Total TAV
\$ 420,264	1.08%
381,693	0.98%
274,824	0.71%
221,121	0.57%
219,135	0.56%
217,022	0.56%
136,292	0.35%
135,586	0.35%
125,333	0.32%
124,500	0.32%
2,255,770	5.80%
36,631,681	94.20%
\$ 38,887,451	100.00%

2010-2011

The Boeing Company/McDonnell Douglas Corporation
 Bella Terra Associates LLC
 Mayer Financial LP
 CIM Huntington LLC
 Pacific Sands LLC
 AES Huntington Beach LLC
 United Dominion Realty LP
 Seaclyff Village Shopping Center Inc
 Cambro Manufacturing Company
 NF Huntington Plaza LP
Total Top Ten
 All Other Property Taxpayers
City Total

Taxable Assessed Value (In Thousands)	Percent of Total TAV
\$ 371,433	1.39%
299,105	1.12%
185,072	0.69%
145,017	0.54%
83,339	0.31%
70,600	0.26%
68,156	0.26%
64,001	0.24%
62,458	0.23%
60,861	0.23%
1,410,042	5.29%
25,265,013	94.71%
\$ 26,675,055	100.00%

Source: HdL Coren & Cone

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

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

	Fiscal Year Ended				
	2020	June 30, 2019	2018***	September 30, 2017	2016
Long-Term Indebtedness					
Governmental Activities:					
Judgement Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ 659
Public Financing Authority:					
2010(a) Lease Revenue Bond	7,410	8,235	9,030	9,030	9,795
2011(a) Lease Revenue Bond	15,725	17,770	19,735	19,735	21,650
2014(a) Lease Revenue Bond	12,530	13,145	13,740	13,740	14,315
Total Public Financing Authority	35,665	39,150	42,505	42,505	45,760
Redevelopment Agency:					
1999 Tax Allocation Refunding Bonds	-	-	-	-	-
2002 Tax Allocation Refunding Bonds	-	-	-	-	-
Mayer Disposition and Development Agreement	-	-	-	-	-
Bella Terra OPA (Parking)	-	-	-	-	-
CIM DDA (Parking & Infrastructure)	-	-	-	-	-
CIM DDA (Additional Parking)	-	-	-	-	-
Section 108 Loan RDA/Bowen Court	-	-	-	-	-
Total Redevelopment Agency	-	-	-	-	-
Other Long-Term Obligations:					
Capital Leases Payable	5,241	5,083	6,079	6,286	4,130
PARS Payable	-	-	-	-	-
Section 108 Loan City	-	-	430	430	625
LED Lighting Phase I	546	656	762	866	966
CEC	2,588	2,818	3,000	3,000	3,000
I-Bank	2,171	2,454	2,730	2,730	3,000
Total Other Long-Term Obligations	10,546	11,011	13,001	13,312	11,721
Total Long-Term Obligations - Governmental Activities	\$ 46,211	\$ 50,161	\$ 55,506	\$ 55,817	\$ 58,140
Long-Term Obligations - Business-Type Activities:					
Leases Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Obligations - Business-Type Activities	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long Term Obligations - Governmental Activities and Business-Type Activities	\$ 46,211	\$ 50,161	\$ 55,506	\$ 55,817	\$ 58,140
	2020	2019	2018***	2017	2016
Population	200,748	202,265	201,761	202,413	201,919
Debt Per Capita	\$ 230	\$ 248	\$ 275	\$ 276	\$ 288
Total Personal Income (In Thousands)*	\$ 9,450,814	\$ 9,222,677	\$ 8,849,843	\$ 8,878,441	\$ 8,880,801
Per Capita Personal Income*	\$ 47,078	\$ 45,597	\$ 43,863	\$ 43,863	\$ 43,982
Unemployment Rate**	8.60%	2.60%	2.70%	2.80%	3.90%
Total Employment**	96,200	110,500	109,900	103,200	107,200

* Source: Claritas, Inc.

** Source: State of California Employment Development Department

*** The 2017-18 period reflects nine months of activity only as the fiscal year change resulted in a nine month reporting period from October 1, 2017 to June 30, 2018.

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

	Fiscal Year Ended				
	September 30,				
	2015	2014	2013	2012	2011
Long-Term Indebtedness					
Governmental Activities:					
Judgement Obligation Bonds	\$ 1,634	\$ 2,574	\$ 3,474	\$ 4,339	\$ 5,179
Public Financing Authority:					
2010(a) Lease Revenue Bond	10,525	11,230	11,910	12,565	13,200
2011(a) Lease Revenue Bond	24,985	28,165	31,195	34,155	36,275
2014(a) Lease Revenue Bond	14,865	-	-	-	-
Total Public Financing Authority	50,375	39,395	43,105	46,720	49,475
Redevelopment Agency:					
1999 Tax Allocation Refunding Bonds	-	-	-	-	6,180
2002 Tax Allocation Refunding Bonds	-	-	-	-	13,525
Mayer Disposition and Development Agreement	-	-	-	-	5,803
Bella Terra OPA (Parking)	-	-	-	-	13,922
CIM DDA (Parking & Infrastructure)	-	-	-	-	7,288
CIM DDA (Additional Parking)	-	-	-	-	435
Section 108 Loan RDA/Bowen Court	-	-	-	-	3,997
Total Redevelopment Agency	-	-	-	-	51,150
Other Long-Term Obligations:					
Capital Leases Payable	-	-	-	290	572
PARS Payable	-	29	56	4,517	5,868
Section 108 Loan City	805	975	1,135	1,285	1,425
LED Lighting Phase I	1,063	-	-	-	-
CEC	-	-	-	-	-
I-Bank	-	-	-	-	-
Total Other Long-Term Obligations	1,868	1,004	1,191	6,092	7,865
Total Long-Term Obligations - Governmental Activities	\$ 53,877	\$ 42,973	\$ 47,770	\$ 57,151	\$ 113,669
Long-Term Obligations - Business-Type Activities:					
Leases Payable	\$ -	\$ -	\$ -	\$ 3	\$ 6
Total Long-Term Obligations - Business-Type Activities	\$ -	\$ -	\$ -	\$ 3	\$ 6
Total Long Term Obligations - Governmental Activities and Business-Type Activities	\$ 53,877	\$ 42,973	\$ 47,770	\$ 57,154	\$ 113,675
	2015	2014	2013	2012	2011
Population	198,389	195,999	193,616	192,524	190,377
Debt Per Capita	\$ 272	\$ 219	\$ 247	\$ 297	\$ 597
Total Personal Income (In Thousands)*	\$ 8,725,545	\$ 8,278,410	\$ 7,839,899	\$ 7,573,894	\$ 7,356,548
Per Capita Personal Income*	\$ 43,982	\$ 42,237	\$ 40,492	\$ 39,340	\$ 38,642
Unemployment Rate**	3.90%	3.60%	3.60%	4.30%	6.30%
Total Employment**	104,000	120,200	120,200	119,600	115,100

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

Fiscal Year	Assessed Valuation	Debt Limit - 12% of Assessed Valuation	Debt Applicable to Limit	Legal Debt Margin
2009-2010	26,411,890	3,169,427	-	3,169,427
2010-2011	26,675,055	3,201,007	-	3,201,007
2011-2012	26,723,376	3,206,805	-	3,206,805
2012-2013	28,045,478	3,365,457	-	3,365,457
2013-2014	29,165,729	3,499,887	-	3,499,887
2014-2015	30,787,185	3,694,462	-	3,694,462
2015-2016	32,392,741	3,887,129	-	3,887,129
2016-2017	33,663,879	4,039,665	-	4,039,665
2017-2018	35,340,214	4,240,826	-	4,240,826
2018-2019	37,120,729	4,454,487	-	4,454,487
2019-2020	38,887,451	4,666,494	-	4,666,494

**CITY OF HUNTINGTON BEACH
STATEMENT OF DIRECT AND
OVERLAPPING BONDED DEBT
JUNE 30, 2020**

2019/20 Assessed Valuation: \$42,462,946,112

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

Overlapping Tax and Assessment Debt	Percent Applicable*	Debt Applicable to City
Metropolitan Water District	1.371%	511,383
Coast Community College District	28.561%	259,348,377
Huntington Beach Union High School District	73.021%	126,194,891
Fountain Valley School District	26.739%	14,027,279
Huntington Beach City School District	99.947%	88,821,861
Ocean View School District	93.503%	36,330,591
Westminster School District	23.804%	23,832,829
Los Alamitos Unified School District Facilities District No. 1	1.189%	1,812,395
City of Huntington Beach Community Facilities Districts (1990-1, 2000-1, 2002-1, 2003-1)	100.000%	30,205,000
Total Overlapping Tax and Assessment Debt		<u>\$ 581,084,606</u>

Direct and Overlapping General Fund Debt

Orange County General Fund Obligations	6.786%	26,244,516
Orange County Pension Obligations	6.786%	31,681,374
Orange County Board of Education Certificates of Participation	6.786%	877,430
North Orange County Regional Occupation Program Certificates of Participation	0.087%	7,787
Coast Community College District General Fund Obligations	28.561%	742,586
Huntington Beach Union High School District Certificates of Participation	73.021%	45,697,338
Los Alamitos Unified School District Certificates of Participation	1.068%	408,895
Huntington Beach School District Certificates of Participation	99.947%	12,099,969
Ocean View School District Certificates of Participation	93.503%	18,321,913
Westminster School District Certificates of Participation	23.804%	8,499,765
City of Huntington Beach General Fund Obligations:	100.000%	45,038,000
Total Direct and Overlapping General Fund Obligation Debt		<u>\$ 189,619,573</u>

Overlapping Tax Increment Debt (Successor Agency)	100.000%	6,150,000
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Total Direct Debt		\$ 45,038,000
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Total Overlapping Debt		731,816,179
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Combined Total Debt		<u>\$ 776,854,179</u> (1)
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(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations.

Ratios to Adjusted Assessed Valuations

Combined Direct Debt (\$45,038,000)	0.11%
Combined Total Debt	1.83%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,323,791,483)

Total Overlapping Tax Increment Debt	0.19%
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* The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

**CITY OF HUNTINGTON BEACH
PRINCIPAL PRIVATE EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2020	% of total
The Boeing Company	3,112	2.96%
No Ordinary Moments	646	0.61%
Hyatt Regency Huntington Beach	641	0.61%
Safran Cabin Galleys US Inc	631	0.60%
Q S Wholesale	580	0.55%
Safran Cabin Inc	555	0.53%
Cambro Manufacturing	550	0.52%
Huntington Beach Hospital	527	0.50%
Wal-Mart	462	0.44%
Waterfront Hilton Beach Resort	450	0.43%
Total of top 10	8,154	7.75%
All others	97,046	92.25%
Total employment (public and private)	105,200	100.00%
	2011	% of total
The Boeing Company	4,609	4.17%
Quiksilver	1,230	1.11%
Cambro Manufacturing	951	0.86%
Hyatt Regency Huntington Beach	641	0.58%
C & D Aerospace	555	0.50%
Huntington Beach Hospital	503	0.45%
Rainbow Disposal	408	0.37%
Huntington Beach Healthcare	381	0.34%
Waterfront Hilton Beach Ressor	343	0.31%
Cleveland Golf / Srixon	280	0.25%
Total of top 10	9,901	8.95%
All others	100,699	91.05%
Total employment (public and private)	110,600	100.00%

Source: Finance Department, City of Huntington Beach

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

General Government:	Actual									
	2020	2019	2018***	2017	2016	2015	2014	2013	2012	2011
City Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager	22.00	12.50	12.50	11.50	11.50	11.50	11.50	7.00	7.00	7.00
City Treasurer	2.00	2.00	2.00	2.00	1.50	1.50	1.50	1.50	1.50	1.50
City Attorney	11.00	11.00	11.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00
City Clerk	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	33.00	33.00	33.00	33.00	32.50	31.50	31.50	29.50	29.50	29.50
Human Resources**	-	15.00	15.00	15.00	15.00	15.00	15.00	14.50	15.00	15.00
Community Development	49.50	44.00	44.00	44.00	43.50	44.00	43.00	42.75	42.75	43.75
Information Systems	30.00	30.00	30.00	30.00	30.00	30.00	30.00	29.50	29.50	29.50
Economic Development *		-	-	-	-	-	-	4.50	5.50	11.50
Library Services	28.25	28.25	28.25	28.25	28.25	28.25	28.25	27.75	27.75	29.75
Fire	198.00	198.00	198.00	198.00	198.00	198.00	196.50	176.50	176.50	176.50
Police	365.50	364.50	364.50	364.50	364.50	361.50	360.50	358.50	363.00	367.00
Community Services	36.00	36.00	36.00	44.00	44.00	43.00	43.00	56.00	61.00	61.00
Public Works	207.00	207.00	207.00	199.00	199.00	198.00	196.00	196.00	196.00	203.00
	987.25	986.25	986.25	986.25	983.75	978.25	972.75	960.00	971.00	991.00

Source: Finance Department, City of Huntington Beach

* Economic Development was combined with Community Development in the year ended June 30, 2020. Previously, it was combined with the City Manager's Office as of the year ended September 30, 2014.

** Human Resources was combined with the City Manager's Office in the year ended June 30, 2020.

*** The 2017-18 period reflects nine months of activity only as the fiscal year change resulted in a nine month reporting period from October 1, 2017 to June 30, 2018.

**CITY OF HUNTINGTON BEACH
OPERATING INDICATORS BY FUNCTION/ACTIVITY
LAST TEN FISCAL YEARS**

Function/Program	2020	2019	2018***	2017	2016
Finance:					
Water Bills Processed	636,708	639,245	476,290	632,997	635,052
Active Business Licenses	20,910	21,414	21,782	22,074	21,420
Accounts Receivable Billings Processed	25,687	30,217	25,000	34,963	30,826
City Clerk:					
Passports Issued	4,579	7,024	5,757	7,408	5,623
Planning:					
Entitlements Processed	162	221	206	216	221
Plan Reviews	1,358	1,542	1,466	1,376	1,653
Field Inspection Complaints	11,610	8,183	7,005	8,459	7,951
Code Violation Cases	3,260	4,786	4,219	3,981	4,324
Building:					
Number of Permits Issued	8,855	9,807	7,490	9,728	10,981
Number of Inspections Completed	32,859	36,562	30,501	38,796	39,380
Value of Construction Permits (Thousands of Dollars)	169,393	135,910	109,462	216,252	283,910
Processed Number of Certificate of Occupancies*	515	686	523	740	n/a
Completed Plan Reviews	3,469	3,491	2,771	4,172	4,172
Counter Visits	14,922	21,409	16,498	21,731	23,492
Fire:					
Inspections	5,965	6,140	3,963	2,758	5,132
Responses	21,068	20,354	14,490	20,555	20,279
Ocean Rescues	2,487	4,953	3,530	3,639	3,977
Estimated Beach Visitors	6,712,125	10,577,290	12,522,640	13,339,518	12,272,030
Police:					
Physical Arrests	5,785	5,979	4,614	5,298	5,112
Parking Violations	59,484	79,069	54,500	70,846	90,361
Traffic Violations	12,105	13,314	11,869	19,916	17,639
Community Services:					
Park/Open Space Acreage	1,066	1,066	1,065	1,065	1,062
Enrollment in Recreation Classes	28,952	37,978	27,152	37,968	34,424
Public Works:					
Water Sold (Acre Feet)**	25,966	26,251	19,777	25,944	24,505
Gallons of Sewage Pumped Per Day**	19 million	19 million	19 million	22 million	19 million
Library:					
Items in Collection	294,849	293,995	292,037	288,599	285,814
Items Borrowed	779,124	942,821	655,626	943,642	921,105

* Beginning the 2013/14 Fiscal Year, the Building Department no longer processes Certificate of Occupancies.

** Reduction of estimate is the result of the Governor's executive order to reduce water consumption.

*** The 2017-18 period reflects nine months of activity only as the fiscal year change resulted in a nine month reporting period from October 1, 2017 to June 30, 2018.

Source: Various departments of the City of Huntington Beach

CITY OF HUNTINGTON BEACH
OPERATING INDICATORS BY FUNCTION/ACTIVITY
LAST TEN FISCAL YEARS
(Continued)

Function/Program	2015	2014	2013	2012	2011
Finance:					
Water Bills Processed	536,684	630,240	628,207	646,229	630,268
Active Business Licenses	21,424	20,450	21,127	22,304	21,903
Accounts Receivable Billings Processed	38,594	42,360	45,422	45,422	42,968
City Clerk:					
Passports Issued	5,121	4,598	4,220	3,850	3,082
Planning:					
Entitlements Processed	280	204	231	205	195
Plan Reviews	1,595	1,466	1,575	1,184	1,524
Field Inspection Complaints	8,233	7,030	7,301	6,105	6,064
Code Violation Cases	4,710	2,545	2,385	2,573	2,521
Building:					
Number of Permits Issued	10,670	9,348	8,970	8,444	8,413
Number of Inspections Completed	38,320	36,142	33,962	31,224	29,905
Value of Construction Permits (Thousands of Dollars)	234,946	216,343	248,246	190,992	104,238
Processed Number of Certificate of Occupancies*	n/a	n/a	477	647	765
Completed Plan Reviews	3,815	3,148	n/a	n/a	n/a
Counter Visits	21,893	21,326	20,854	19,777	20,288
Fire:					
Inspections	6,499	6,641	5,087	6,974	7,858
Responses	19,562	15,815	15,608	15,040	15,940
Ocean Rescues	5,371	6,426	4,195	4,669	3,845
Estimated Beach Visitors	11,803,943	12,035,134	11,016,615	8,906,592	7,840,968
Police:					
Physical Arrests	4,854	4,303	4,237	5,774	6,457
Parking Violations	83,453	74,668	72,347	77,282	77,261
Traffic Violations	17,596	16,330	13,016	16,916	16,770
Community Services:					
Park/Open Space Acreage	1,062	1,062	1,062	1,062	998
Enrollment in Recreation Classes	30,228	30,184	30,218	32,817	32,565
Public Works:					
Water Sold (Acre Feet)**	24,763	29,279	28,354	27,784	26,868
Gallons of Sewage Pumped Per Day**	19 million	22 million	22 million	22 million	22 million
Library:					
Items in Collection	343,655	332,092	385,901	420,956	427,707
Items Borrowed	908,656	937,533	892,543	888,019	943,695

**CITY OF HUNTINGTON BEACH
CAPITAL ASSET STATISTICS BY FUNCTION/ACTIVITY
JUNE 30, 2020**

Library Services	One Main Library and Four Branches
Fire:	
Fire Stations	8
Police:	
Stations	One Main Station and Three Substations
Community Services:	
Acreage of Parks	1,066
Community Centers	6
Public Works:	
Centerline Square Miles of Streets Maintained	450
Miles of Beach Maintained	4.7
Miles of Storm Drains Maintained	120
Miles of Sewer Maintained	363

Source: Various departments of the City of Huntington Beach