

# CITY OF HUNTINGTON BEACH *California*

## Annual Comprehensive Financial Report

*For The Fiscal  
Year Ended  
June 30, 2021*



# **CITY OF HUNTINGTON BEACH, CALIFORNIA**



## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2021**

**Prepared by the Finance Department**

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# **INTRODUCTORY SECTION**

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**City of Huntington Beach  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2021**

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**INTRODUCTORY SECTION**

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# CITY OF HUNTINGTON BEACH

December 16, 2021

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 Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021.

As required by the City Charter, and to ensure the reliability of the information contained herein, the City of Huntington Beach (the City) 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 ACFR 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 assurance 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, 2021. 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 198,039 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.

As the fourth largest city in Orange County, and the 23rd largest in California by population, Huntington Beach is recognized as a prime location to live, work and play, ranking #1 in the nation for “Quality of City Services” and #18 for “Best-Run City in America Poll” by WalletHub (June 2020) and one of the top three “Best Cities to Live In” by the Orange County Register for the past five consecutive years. Huntington Beach was also ranked the 33rd Happiest City in America by WalletHub (March 2021). The City boasts an annual median household income of \$91,318, 51 percent higher than the median household income for the United States, 28 percent higher than the State of California and 6 percent higher than Orange County. In addition, more than half of its residents, or 53 percent, have a college education. There are over 105,600 people employed by public and private entities in Huntington Beach.

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.

A thriving beach community, Huntington Beach is home to numerous events, including the Great Pacific Airshow – the only beachfront airshow on the West Coast featuring the U.S. Navy Blue Angels, U.S. Marine Corps MV-22 Osprey Demo Team, U.S. Army Golden Knights, and many others. This unique airshow, which first premiered in October 2016, has gained tremendous popularity and attracts visitors from all over the world to view the two-day event.

The City’s century-old traditional Fourth of July Fireworks Show and Parade, known nationally as “the largest Fourth of July Parade west of the Mississippi,” which was adapted in 2020 to comply with State and County Shelter-in-Place orders, returned in 2021. In addition to the traditional parade, 5K run, and Pier Plaza festival, the three-day event also included an all-new Amusements Area, featuring a 75-foot tall ferris wheel, 90-foot Monster Slide, traditional carnival games, and other family-friendly activities.

The City also hosts a variety of other exciting events for families and visitors such as the annual Concours d'Elegance, Cherry Blossom Festival, Civil War Days, and other events. In November 2021, the City unveiled a new ice rink in Pier Plaza, kicking off its inaugural Winter Wonderland event. Surf City Winter Wonderland will transform downtown Huntington Beach into a holiday destination by providing various winter activities, such as ice-skating, live entertainment, festive programming, and more.

### ***Economic Condition and Outlook***

As the economy continues to recover from the impacts of the COVID-19 pandemic and public health guidelines become less restrictive, revenue sources such as Sales Tax and Transient Occupancy Tax are anticipated to increase considerably in coming fiscal years. In addition, low interest rates, recovering unemployment rates, rising consumer confidence, and recovery in the hospitality and travel industries are expected to improve Huntington Beach's economy; however, continuing volatility in the financial and equity markets, along with the rapidly changing economic picture and the length and continuing scope of the COVID-19 pandemic, adds a layer of uncertainty to the City's financial projections.

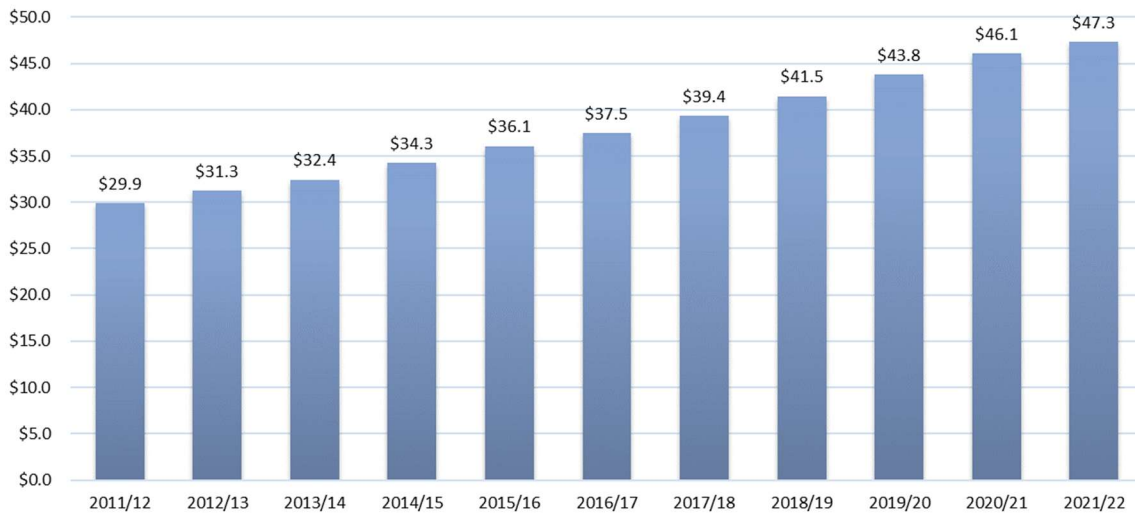
The City of Huntington Beach continues to thrive together through the motto "**OneHB**," which reflects the City's commitment to facing the unprecedented challenges created by the COVID-19 pandemic guided by the following principles:

- 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.

### ***Property Tax***

The City of Huntington Beach's assessed valuations are very strong, reflecting both new development and increased property values. The City's Fiscal Year 2021/22 assessed property value grew 2.6 percent to \$47.3 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 percent of parcels have an assessed valuation (AV) base year prior to 2004, representing a significant amount of untapped AV. For Fiscal Year 2020/21, secured property tax revenue collections totaled \$61.1 million. For Fiscal Year 2021/22, secured property taxes are estimated at \$62.6 million, reflecting a 2.5 percent increase.

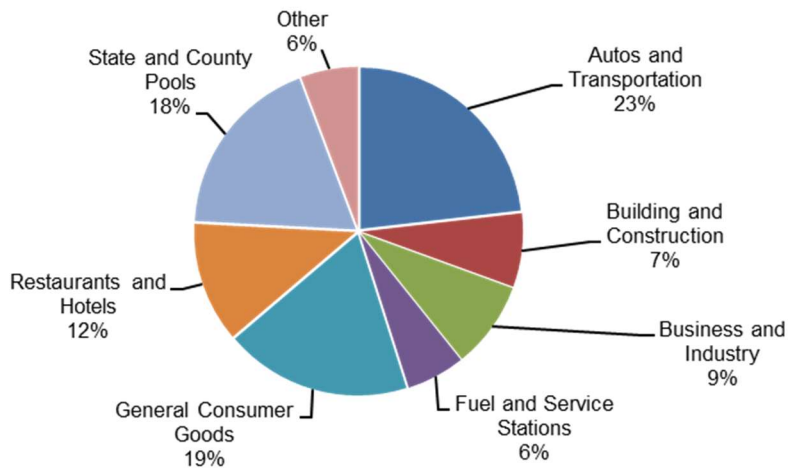
**City of Huntington Beach  
Total Assessed Valuation  
Fiscal Years 2011/12 - 2021/22  
(in billions)**



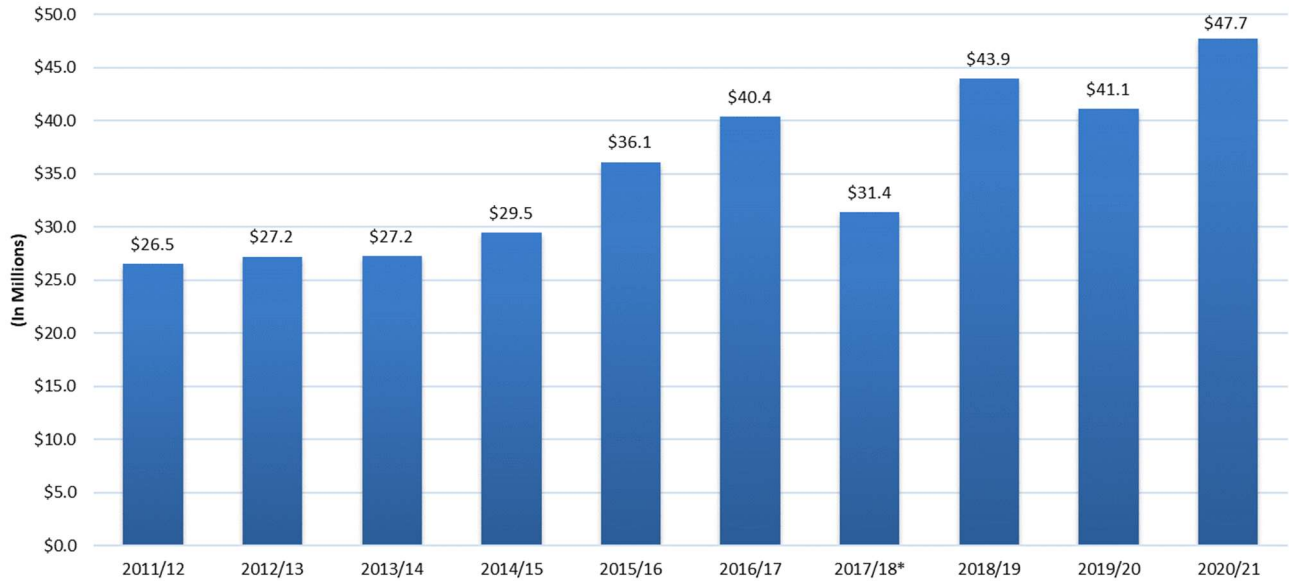
**Sales Tax**

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 2020/21**



### 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 \$10.4M in TOT revenues during Fiscal Year 2020/21, with the \$0.8M increase due to the lifting of Shelter-in-Place orders that was used 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 30<sup>th</sup> and may amend or revise

it 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, 2021 was 1.41 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 and Major Initiatives***

The Strategic Goals provides the framework for the goals and objectives of the City. The City Council has six Strategic Goals:

- Community Engagement
- Homelessness Response
- Economic Development & Housing
- Infrastructure and Parks
- COVID-19 Response
- Overall Organizational Fiscal Stability

The goals drive 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.

### ***Pension Obligation Bonds***

To meet the goal of strengthening overall financial sustainability, the City issued Pension Obligation Bonds (POBs) in April 2021 in the amount of \$363.6 million to refinance 85 percent of its Unfunded Pension Liability (UAL) with CalPERS. In conjunction with the issuance of the POBs, the City also implemented a robust plan to manage future pension liabilities which includes the following provisions:

- A minimum \$1 million annual contribution to the City's Section 115 Pension Trust
- 100% of the first year refinance savings will be contributed to the Section 115 Trust in Fiscal Year 2021/22, then 50 percent annually thereafter (increased for CPI)
- At the end of each fiscal year, 50 percent of any unassigned General Fund surplus would be dedicated to the Section 115 Trust
- Accelerated repayment of any new UAL to be paid from the Section 115 Trust or General Fund Pension Rate Stabilization Reserve

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.

### ***American Rescue Plan Act (ARPA)***

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law, which allocated \$1.9 trillion in economic recovery funding for families, businesses, schools, and governments impacted by the COVID-19 public health crisis. Pursuant to that legislation, the City was allocated \$29.6 million in funding, 50 percent of which was received in May 2021. City Council established a three-person City Council Ad-hoc Subcommittee in June 2021 to develop a proposed ARPA spending plan that either addressed immediate, current needs of the City, or constituted a transformative, "*Plan for the Future*" project with long-term positive community impacts. On September 7, 2021, City Council approved an ARPA spending plan which includes the following projects:

- *Oak View Rising Program*: to fund implementation efforts associated with livability/landscape improvements, parking impact mitigation, community center facility planning, and youth programming efforts in the Oakview area.
- *Community Loan Program*: to provide loan funding for start-ups and smaller, less established businesses where borrowers are making 80 percent of the Area Median Income (AMI) or less and to support existing mid-sized qualified businesses as they look to expand within the City.
- *Economic Development Fund*: to establish a fund to help support local business expansion efforts, with a particular focus on environmental mitigation.
- *Major City Facility Upgrade Project*: to fund the preliminary planning work associated with the City's proposed Design-Build-Finance-Operate-Maintain (DBFOM) major City facility upgrade project. Through this initial effort, the City will be able to fund site assessment work, facility master planning, and conceptual design efforts.
- *Police Technology Infrastructure Improvements*: to upgrade HBPD's Computer Aided Dispatch (CAD) & Records Management Systems (RMS) technology infrastructure for police department response.
- *World Skate Skatepark Development*: to ascertain the feasibility of developing local Olympic-quality recreational facilities to bring LA 2028 Olympics action sports to HB (for skateboarding, surfing, and BMX).
- *Joint Youth Training Center for Police & Fire*: to build a new Joint Youth Training Center on the CNET training ground with new Fire and Police equipment to develop a two-track program that provides vocational and educational pathways for local students and underserved youth.

### ***Healing Center Project***

During the past fiscal year, the City has made tremendous strides in its efforts to end homelessness in Huntington Beach through a multifaceted project which includes the development of a premier homeless prevention program that will incorporate transitional housing program options, shelter options for families and children, and additional permanent supportive housing units in the community. As a part of this effort, the City constructed a 174-

bed temporary Navigation Center at 17642 Beach Boulevard in partnership with the County of Orange, which opened in December 2020. The Navigation Center, operated by Mercy House, will provide homeless adults with access to healthcare, dental, and behavioral services. Staff will also assist in finding employment and permanent housing for this vulnerable population to help them on their path to housing security.

In April 2021, City Council also approved the creation of Orange County's first mobile mental health response program in partnership with Be Well OC. This mobile response team, launched in September 2021, is composed of two crisis counselors and assists with many non-emergency and non-medical situations, including public assistance with lack of basic needs (e.g., food, shelter, water) and homelessness, in collaboration with the Huntington Beach Homeless Task Force. Currently, the program is available seven days a week, 12 hours per day, and is planned to expand to 24-hour coverage by Winter 2021-22.

City Council also approved the use of \$2.5 million in ARPA funds to assist in the creation of a healing center campus facility that embeds medical, behavioral health, recuperative care, and respite housing options that integrate into a broader continuum of mental health/substance abuse care. An additional \$2.5 million was approved to facilitate the production of additional Permanent Support Housing units in the City to assist in homeless mitigation efforts.

### ***Downtown and Beach Enhancements***

In May 2021, the City rolled out its first Mobi-Mat to improve beach accessibility for visitors with disabilities, parents with strollers, and others with limited mobility. The mat, located near 6<sup>th</sup> Street and PCH, provides a stable walkway across the sand and to the water's edge. Due to immense popularity, a second Mobi-Mat was made available in October 2021.

The City also launched a five-month pilot micro-mobility program in July 2021. This free transit service, in partnership with Circuit, provides five low-speed, six-seat electric shuttles to transport residents, workers, and visitors over short distances within the downtown area using the Circuit app and is available seven days a week. This option will reduce greenhouse gas emissions and also encourage visitors to "park once" and explore all that Huntington Beach has to offer.

As part of the City's commitment to improving the downtown area, City Council approved the use of \$1.75 million in ARPA funds towards Downtown Revitalization Improvements to develop final plans for reconfiguring the broader downtown resort district, including enhancements to Main Street, while investing in improvements to enhance connectivity and revitalize businesses and activities.

### **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 35<sup>th</sup> consecutive year. Receipt of the award requires government entities to publish transparent, easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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, Zack Zithisakthanakul, Ian Wuh, John Willard, Ming Zhai, Leslie Zimmer, Michael Dolan, 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**

Barbara Delgleize, Mayor  
Mike Posey, Mayor Pro Tem

Rhonda Bolton, Councilmember  
Kim Carr, Councilmember  
Dan Kalmick, Councilmember  
Natalie Moser, Councilmember  
Erik Peterson, Councilmember

## **Executive Team**

Oliver Chi, City Manager  
Travis Hopkins, Assistant City Manager

## **Elected Department Heads**

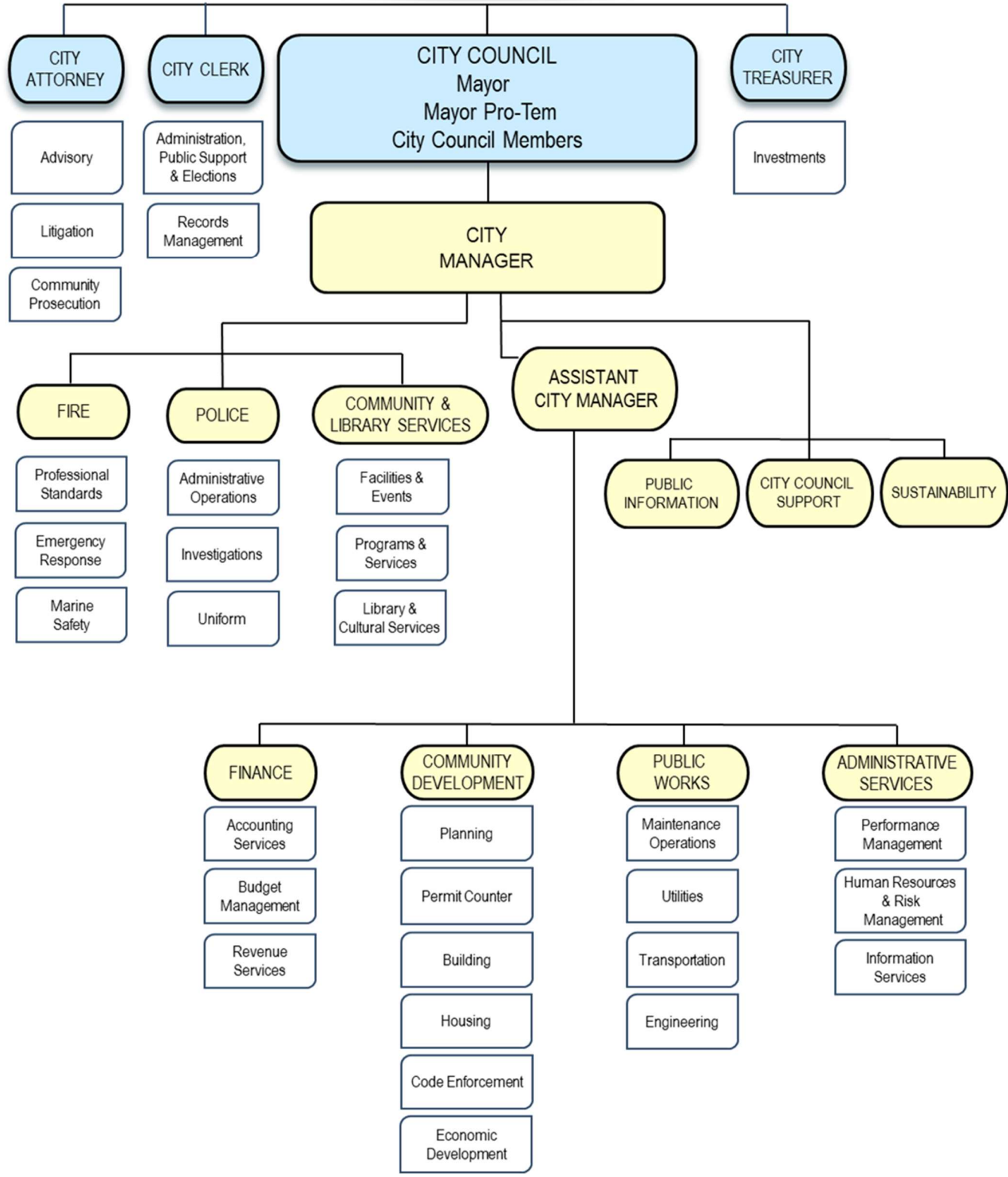
Alisa Backstrom, City Treasurer  
Robin Estanislau, City Clerk  
Michael Gates, City Attorney

## **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, Interim Administrative Services  
Chris Slama, Community & Library Services

# City of Huntington Beach Organizational Chart Adopted Budget – FY 2021/22

## 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, 2020

*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, 2021, 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, 2021, 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.

## **Emphasis of Matter**

During the year ended June 30, 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84: *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

The financial statements for the year ended June 30, 2021 reflect certain prior period adjustments as described further in note 19 to the financial statements. Our opinion is not modified with respect to this matter.

## **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, 2021 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 solely 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.



Irvine, California  
December 16, 2021

# **MANAGEMENT DISCUSSION AND ANALYSIS**





## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

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, 2021. 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-xi 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, 2021	June 30, 2020 (Restated)	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets	\$ 1,254,251	\$ 1,214,369	\$ 39,882	3.3%
Deferred Outflows of Resources	419,067	57,761	361,306	625.5%
Liabilities	962,271	569,678	392,593	68.9%
Deferred Inflows of Resources	19,317	14,289	5,028	35.2%
Total Net Position	691,730	688,163	3,567	0.5%
Unrestricted Net Position	(236,030)	(236,041)	11	0.0%
Long-Term Obligations	915,921	538,081	377,840	70.2%
Program Revenues	136,519	146,713	(10,194)	-6.9%
Taxes	186,787	175,663	11,124	6.3%
Other General Revenues	26,660	9,271	17,389	187.6%
Expenses	346,399	332,175	14,224	4.3%

- 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 \$691,730,000. Total net position increased modestly by \$3,567,000 or 0.5 percent in spite of the growth in assets primarily as a result of the ramp up in liabilities and increase in deferred outflows of resources related to pension and other postemployment benefits.
- Long-term obligations increased by \$377,840,000 or 70.2 percent. This increase is primarily due to issuance of Pension Obligation Bonds in the amount of \$363,645,000 to refinance 85 percent of the City's unfunded pension liability with CalPERS. In addition, a new lease in the amount of \$12,753,000 was approved in Fiscal Year 2020/21 to finance the purchase of three helicopters, one rescue boat, and one fire engine.

Deferred outflows of resources increased by \$361,306,000 or 625.5 percent primarily due to pension contributions made subsequent to the measurement date including the unfunded liability payment to CalPERS totaling \$362,430,000 made from proceeds of the Pension Obligation Bond. Deferred inflows of resources increased by \$5,028,000 or 35.2 percent primarily due to changes in assumptions and the differences between the expected and actual experience used to determine the City's net pension liability.



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

- Program revenues decreased by \$10,194,000 or 6.9 percent. The decrease is primarily due to one-time revenues received in Fiscal Year 2019/20 for the payoff of Hermosa Vista and Huntington Pointe loan repayments totaling almost \$7,400,000, as well as 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. Additionally, the City experienced reductions in City-owned beach concessionaire and recreation class revenues as a result of a temporary rent abatement program beginning in March 2020 to help offset the loss in revenues small businesses are experiencing due to COVID-19, and the cancellation of in-person recreation programs in accordance with State and County health orders in place in prevent the spread of COVID-19.
- Expenses increased by \$14,224,000 or 4.3 percent largely due to additional costs incurred related to the COVID-19 pandemic. The City awarded \$5,423,000 in grants to 785 local small business and non-profits impacted by COVID-19 utilizing CARES and other funds passed through the County of Orange. Additionally, the City incurred other COVID-19 related expenses, primarily within the Police and Fire departments, for increased labor costs related to paramedic transport, vaccine pod staffing, and overtime to maintain essential levels of service which are anticipated to be reimbursed with FEMA Public Assistance funds. Expenses also increased due to rising pension and workers compensation costs allocated to all City functions.

### **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.

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).



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

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 26 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, Low and Moderate Income Housing Asset Fund (LMIHAF) and Pension Liability Debt Service 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.

The City provides an annual appropriated budget for its governmental funds. Budgetary comparison schedules for the General Fund and other major governmental funds (Grants Special Revenue Fund, LMIHAF Capital Projects Fund, and Pension Liability Debt



## **City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021**

Service Fund) are required to be presented and are included on pages 127-129 of this report and demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 27 and 30 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.

### **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 36-123 of this report.



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

### 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 126-137 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 141-148 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 \$691,730,000.

Below is a summary schedule of the City's net position at June 30, 2021 (in thousands):

	June 30, 2021	June 30, 2020 (Restated)	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Governmental Activities</b>				
Current and Other Assets	\$ 276,665	\$ 257,987	\$ 18,678	7.2%
Capital Assets	737,256	714,759	22,497	3.1%
<b>Total Assets</b>	<b>1,013,921</b>	<b>972,746</b>	<b>41,175</b>	<b>4.2%</b>
<b>Deferred Outflows of Resources</b>	<b>393,130</b>	<b>54,499</b>	<b>338,631</b>	<b>621.4%</b>
Current and Other Liabilities	34,751	20,645	14,106	68.3%
Long-Term Obligations	864,784	508,578	356,206	70.0%
<b>Total Liabilities</b>	<b>899,535</b>	<b>529,223</b>	<b>370,312</b>	<b>70.0%</b>
<b>Deferred Inflows of Resources</b>	<b>17,716</b>	<b>13,374</b>	<b>4,342</b>	<b>32.5%</b>
Net Position:				
Net Investment in Capital Assets	699,204	673,498	25,706	3.8%
Restricted	65,755	85,673	(19,918)	-23.2%
Unrestricted	(275,159)	(274,523)	(636)	-0.2%
<b>Total Net Position</b>	<b>\$ 489,800</b>	<b>\$ 484,648</b>	<b>\$ 5,152</b>	<b>1.1%</b>

	June 30, 2021	June 30, 2020 (Restated)	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Business-Type Activities</b>				
Current and Other Assets	\$ 97,861	\$ 98,838	\$ (977)	-1.0%
Capital Assets	142,469	142,785	(316)	-0.2%
<b>Total Assets</b>	<b>240,330</b>	<b>241,623</b>	<b>(1,293)</b>	<b>-0.5%</b>
<b>Deferred Outflows of Resources</b>	<b>25,937</b>	<b>3,262</b>	<b>22,675</b>	<b>695.1%</b>
Current and Other Liabilities	11,599	10,952	647	5.9%
Long-Term Obligations	51,137	29,503	21,634	73.3%
<b>Total Liabilities</b>	<b>62,736</b>	<b>40,455</b>	<b>22,281</b>	<b>55.1%</b>
<b>Deferred Inflows of Resources</b>	<b>1,601</b>	<b>915</b>	<b>686</b>	<b>75.0%</b>
Net Position:				
Net Investment in Capital Assets	142,469	142,785	(316)	-0.2%
Restricted	20,332	22,248	(1,916)	-8.6%
Unrestricted	39,129	38,482	647	1.7%
<b>Total Net Position</b>	<b>\$ 201,930</b>	<b>\$ 203,515</b>	<b>\$ (1,585)</b>	<b>-0.8%</b>



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

### Analysis of the City's Net Position

**Current and Other Assets:** The increase in current and other assets of \$18,678,000 for governmental activities is mainly due to the increase in cash and receivables balances related to increased property and sales tax revenues, as well as the receipt of the first tranche of American Rescue Plan Act funds in May 2021 totaling \$14,803,000.

The decrease in current and other assets of \$977,000 for business-type activities is primarily due to a reduced cash balance in the Water Master Plan fund due to ongoing large capital project costs in Fiscal Year 2020/21 that were delayed from prior year, including water main replacements and the City's share of slip lining the OC-44 imported water transmission line.

**Current and Other Liabilities:** Current and other liabilities for governmental activities increased by \$14,106,000 and increased by \$647,000 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 American Rescue Plan Act Funds received in May 2021 that was recorded as unearned revenue.

**Deferred Outflows and Inflows of Resources:** The increase in deferred outflows of resources of \$338,631,000 and \$22,675,000 for governmental activities and business-type activities, respectively, is mainly due to deferral of pension contributions made subsequent to the measurement date, including the unfunded liability payment to CalPERS totaling \$362,430,000 made from proceeds of the Pension Obligation Bond. The increase in deferred inflows of resources of \$4,342,000 for governmental activities and \$686,000 for business-type activities is related 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 increased by \$356,206,000 for governmental activities and \$21,634,000 for business-type activities primarily due to the City issuing a \$363,645,000 Pension Obligation Bond to refinance 85 percent of its unfunded pension liability with CalPERS.

**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 are not available for future spending. Although the City's investment in its capital assets are 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



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

activities increased \$25,706,000 or 3.8 percent, primarily due the acquisition of property and related construction of the City's 174-bed Navigation Center and residential street improvements. Net position invested in capital assets net of related debt from business-type activities decreased \$316,000 or 0.2 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 (\$65,755,000 for governmental activities, and \$20,332,000 for business-type activities). These amounts represent 13.4 percent and 10.1 percent of net position for governmental activities and business-type activities, respectively. Restricted net position from governmental activities decreased \$19,918,000 or 23.2 percent, largely due to the change in restricted net position in the LMIHAF Capital Project fund as funds were spent for the purchase of property to construct a 174-bed Navigation Center, and in the Gas Tax Special Revenue fund for the construction of various street improvements, including arterial rehabilitation and residential street overlay projects. Restricted net position from business-type activities decreased by \$1,916,000 or 8.6 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 \$275,159,000 for governmental activities and \$39,129,000 for business-type activities) represent negative 56.2 percent and 19.4 percent, respectively, of net position for governmental activities and business-type activities. Unrestricted net position for governmental activities decreased \$636,000 or 0.2 percent. Unrestricted net position for business-type activities increased by \$647,000 or 1.7 percent during the year due to the increase in Investment in Capital Assets from the Sewer fund in fiscal year 2020/21.



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

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

	Governmental Activities			
	June 30, 2021	June 30, 2020	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for Current Services	\$ 53,683	\$ 59,819	\$ (6,136)	-10.3%
Operating Grants and Contributions	6,013	8,141	(2,128)	-26.1%
Capital Grants and Contributions	10,192	14,483	(4,291)	-29.6%
<b>Total Program Revenues</b>	<b>69,888</b>	<b>82,443</b>	<b>(12,555)</b>	<b>-15.2%</b>
<b>General Revenues:</b>				
Property Taxes	99,958	94,263	5,695	6.0%
Sales Taxes	51,162	44,616	6,546	14.7%
Utility Taxes	18,374	18,149	225	1.2%
Franchise Taxes	8,040	7,872	168	2.1%
Transient Occupancy Tax	9,253	10,763	(1,510)	-14.0%
Use of Money and Property	4,399	3,208	1,191	37.1%
From Other Agencies - Unrestricted	22,000	3,317	18,683	563.2%
<b>Total General Revenues</b>	<b>213,186</b>	<b>182,188</b>	<b>30,998</b>	<b>17.0%</b>
<b>Total Revenues</b>	<b>283,074</b>	<b>264,631</b>	<b>18,443</b>	<b>7.0%</b>
<b>Expenses:</b>				
City Council	423	405	18	4.4%
City Manager	11,163	3,328	7,835	235.4%
City Treasurer	340	317	23	7.3%
City Attorney	3,140	3,136	4	0.1%
City Clerk	1,147	949	198	20.9%
Finance	6,828	6,661	167	2.5%
Community Development	19,716	15,722	3,994	25.4%
Fire	65,960	62,840	3,120	5.0%
Information Services	6,230	8,643	(2,413)	-27.9%
Police	102,415	97,204	5,211	5.4%
Community Services	11,365	12,539	(1,174)	-9.4%
Library Services	6,181	5,776	405	7.0%
Public Works	40,270	45,834	(5,564)	-12.1%
Interest on Long-Term Debt	2,706	1,686	1,020	60.5%
<b>Total Expenses</b>	<b>277,884</b>	<b>265,040</b>	<b>12,844</b>	<b>4.8%</b>
<b>Change in Net Position Before Transfers</b>	<b>5,190</b>	<b>(409)</b>		
Transfers	(38)	(38)		
<b>Change in Net Position</b>	<b>5,152</b>	<b>(447)</b>		
<b>Net Position - Beginning of Year</b>	<b>478,901</b>	<b>479,348</b>		
<b>Cumulative Effect of Changes in Accounting Principles</b>	<b>5,747</b>	<b>-</b>		
<b>Net Position - Beginning of Year as Restated</b>	<b>484,648</b>	<b>479,348</b>		
<b>Net Position - End of Year</b>	<b>\$ 489,800</b>	<b>\$ 478,901</b>		





## **City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021**

The cost of all governmental activities this year was \$277,884,000. However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities was \$207,996,000, because costs of \$53,683,000 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 \$6,013,000, and capital grants and contributions of \$10,192,000. Overall, the City's governmental program revenues were \$69,888,000. The City paid for the remaining "public benefit" portion of governmental activities with \$213,186,000 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 \$6,136,000 or 10.3 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 recreational fee revenue which caused the Charges for Current Services to drop.

Operating Grants and Contributions decreased by \$2,128,000 or 26.1 percent and Capital Grants and Contributions have decreased by \$4,291,000 or 29.6 percent, primarily due to the one-time Hermosa Vista and Huntington Pointe loan repayments of almost \$7,400,000 received in the prior fiscal year.

Program expenses increased by \$12,844,000 or 4.8 percent due to the rise in pension and workers compensation costs coupled with the increase in spending to mitigate the effects of COVID-19. As mentioned previously, the City awarded \$5,423,000 in grants to 785 local small business and non-profits impacted by COVID-19 using grant funds provided by the County of Orange. Police and Fire also incurred additional COVID-19 related personnel costs by providing services such as paramedic transport of COVID-19 patients, vaccine pod staffing, and overtime to maintain essential levels of service, which is anticipated to be reimbursed through FEMA Public Assistance funds. To help fund some of these increased costs by other departments, Public Works decreased their overall spending by \$5,564,000.

Total resources available during the year to finance governmental operations were \$767,722,000 consisting of restated net position at July 1, 2020 of \$484,648,000, program revenues of \$69,888,000, and general revenues of \$213,186,000. Total expenses for governmental activities during the year were \$277,884,000 plus transfers of \$38,000. Thus, net position increased by \$5,152,000 or 1.1 percent, to \$489,800,000.



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

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

	Business-Type Activities			Percent Increase (Decrease)
	June 30, 2021	June 30, 2020	Amount Increase (Decrease)	
<b>Program Revenues:</b>				
Charges for Current Services	\$ 66,631	\$ 64,270	\$ 2,361	3.7%
<b>Total Program Revenues</b>	<b>66,631</b>	<b>64,270</b>	<b>2,361</b>	<b>3.7%</b>
Use of Money and Property	261	2,746	(2,485)	-90.5%
<b>Total Revenues</b>	<b>66,892</b>	<b>67,016</b>	<b>(124)</b>	<b>-0.2%</b>
<b>Expenses:</b>				
Water Utility	46,054	44,463	1,591	3.6%
Sewer Service	9,284	9,828	(544)	-5.5%
Refuse Collection	12,936	12,609	327	2.6%
Hazmat Service	241	235	6	2.6%
<b>Total Expenses</b>	<b>68,515</b>	<b>67,135</b>	<b>1,380</b>	<b>2.1%</b>
<b>Increase (Decrease) in Net Position</b>				
<b>Before Transfers</b>	<b>(1,623)</b>	<b>(119)</b>		
Transfers	38	38		
<b>Total Change In Net Position</b>	<b>(1,585)</b>	<b>(81)</b>		
<b>Net Position - Beginning of Year</b>	<b>203,515</b>	<b>203,596</b>		
<b>Net Position - End of Year</b>	<b>\$ 201,930</b>	<b>\$ 203,515</b>		

The City's net position from business-type activities decreased by \$1,623,000 before transfers. This is mainly due to increases in Water expenses for capital projects including the City's share of slip lining the OC-44 imported water transmission line and water main replacements.

The cost of all business-type activities this year was \$68,515,000. As shown in the Statement of Activities, the amount paid by users of the systems was \$66,631,000, other revenue was \$261,000, and transfers were \$38,000. Beginning net position was \$203,515,000 and ending net position was \$201,930,000, a decrease of \$1,585,000 which is less than a tenth of a percentage. Of the ending net position amount, \$142,469,000, or 70.6 percent, was invested in capital assets, \$20,332,000 or 10.1 percent was restricted for expenses for the Water Master Plan, and \$39,129,000, or 19.4 percent was unrestricted.

Transfers in for business-type activities were \$38,000 for the current year, which is the same as prior year.



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

### 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, 2021	June 30, 2020 (Restated)	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Total Fund Equity:</b>				
General Fund	\$ 94,609	\$ 82,123	\$ 12,486	15.2%
Grants Special Revenue Fund	2,354	4,561	(2,207)	-48.4%
LMIHAF Capital Projects Fund	3,622	9,485	(5,863)	-61.8%
Pension Liability Fund	16,943	7,860	9,083	0.0%
<b>Total Fund Equity</b>	<b>\$ 117,528</b>	<b>\$ 104,029</b>	<b>\$ 13,499</b>	<b>13.0%</b>

The General Fund Balance increased by \$12,486,000 due to increased property and sales tax revenues. The City also received one-time revenues from AES Southland Development, Inc. totaling \$4,900,000 related to improvements in the Southeast area, as well as Strike Team revenues totaling \$1,458,000 for Fire department wildfire response through the California Fire Service and Rescue Emergency Mutual Aid System managed by CalOES. The Section 115 trust fund balance also increased by \$2,875,000 due to budgeted contributions to the trust and strong investment returns.

The Grants Special Revenue Fund Balance decreased by \$2,207,000 primarily due to the increase in COVID-19 related expenditures that is anticipated to be reimbursed with FEMA Public Assistance Disaster Relief funds, and other capital projects that have not been reimbursed by the granting agencies. The bulk of the expenditure increase is related to the Small Business Grant Program and construction of a temporary Navigation Center Program totaling \$5,423,000 and \$5,610,000, respectively.

The LMIHAF Capital Projects Fund Balance decreased by \$5,863,000 primarily as a result of the acquisition of property for the construction of a 174-bed Navigation Center.

The Pension Liability Fund increased by \$9,083,000, largely due to revenues set aside from the voter-approved property tax override dedicated to the payment of Public Safety pension costs. The Fiscal Year 2020/21 revenues includes a one-time true up payment of \$908,000 from the County for override tax generated from the former Redevelopment area.



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

### 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, 2021	June 30, 2020	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Net Position:</b>				
Water Fund	\$ 121,825	\$ 125,233	\$ (3,408)	-2.7%
Sewer Fund	79,953	78,275	1,678	2.1%
Refuse Fund	48	(83)	131	157.8%
Hazmat Service Fund	104	90	14	15.6%
<b>Total Net Position</b>	<b>\$ 201,930</b>	<b>\$ 203,515</b>	<b>\$ (1,585)</b>	<b>-0.8%</b>
<b>Unrestricted Net Position:</b>				
Water Fund	\$ 10,246	\$ 11,125	\$ (879)	-7.9%
Sewer Fund	28,865	27,506	1,359	4.9%
Refuse Fund	(86)	(239)	153	64.0%
Hazmat Service Fund	104	90	14	15.6%
<b>Total Unrestricted Net Position</b>	<b>\$ 39,129</b>	<b>\$ 38,482</b>	<b>\$ 647</b>	<b>1.7%</b>

The Water Fund total net position decreased by \$3,408,000 due to planned capital expenditures exceeding revenues in Fiscal Year 2020/21, which caused the unrestricted net position to decline by \$879,000. The Sewer Fund net position increased by \$1,678,000 and unrestricted net position increased by \$1,359,000 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):

	June 30, 2020	Additions	Retirements	June 30, 2021
<b>Governmental Activities:</b>				
Revenue Bonds	\$ 35,665	\$ 19,275	\$ (25,395)	\$ 29,545
Compensated Absences	12,633	5,971	(5,199)	13,405
Claims Payable	37,155	23,258	(13,634)	46,779
Pollution Remediation	2,000	-	-	2,000
LED Lighting Phase I	546	-	(114)	432
I-Bank CLEEN Loan	2,171	-	(289)	1,882
CEC Loan	2,588	-	(131)	2,457
Pension Obligation Bonds	-	341,501	-	341,501
Leases Payable	5,241	12,753	(5,241)	12,753
<b>Total Long-Term Obligations Governmental Activities</b>	<b>97,999</b>	<b>402,758</b>	<b>(50,003)</b>	<b>450,754</b>
<b>Business-Type Activities:</b>				
Compensated Absences	1,615	542	(731)	1,426
Pension Obligation Bonds	-	22,144	-	22,144
<b>Business-Type Activities:</b>	<b>1,615</b>	<b>22,686</b>	<b>(731)</b>	<b>23,570</b>
<b>Total Long-Term Obligations</b>	<b>\$ 99,614</b>	<b>\$ 425,444</b>	<b>\$ (50,734)</b>	<b>\$ 474,324</b>



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021

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 increased by \$374,710,000 or 376.2 percent from the prior fiscal year as the City issued a \$363,645,000 Pension Obligation Bond and \$12,753,000 lease for public safety equipment in Fiscal Year 2020/21.

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.

The following are the ratings as determined by Standard and Poors and Fitch Ratings as of June 30, 2021.

<u>Debt Instrument</u>	<u>S &amp; P</u>	<u>Fitch</u>
1999 Tax Allocation Refunding Bonds	AA-	AA
2002 Tax Allocation Refunding Bonds	AA-	N/A
2020(a) Lease Revenue Bonds	AA	AA+
2020(b) Lease Revenue Bonds	AA	AA+
2021 Pension Obligation Bonds	AA+	AA+

### **Capital Assets**

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. The City has elected to use the "Basic Approach" as defined by GASB Statement 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, 2021

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

	June 30, 2021	June 30, 2020	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Governmental Activities:</b>				
Land	\$ 368,795	\$ 362,069	\$ 6,726	1.9%
Buildings	126,122	126,779	(657)	-0.5%
Machinery and Equipment	19,583	13,962	5,621	40.3%
Construction in Progress	8,584	7,515	1,069	14.2%
Infrastructure	214,172	204,434	9,738	4.8%
<b>Total Governmental Activities</b>	<b>737,256</b>	<b>714,759</b>	<b>22,497</b>	<b>3.1%</b>
<b>Business-Type Activities:</b>				
Land	3,907	3,907	-	0.0%
Buildings	65,847	68,359	(2,512)	-3.7%
Machinery and Equipment	6,786	7,025	(239)	-3.4%
Construction in Progress	1,782	442	1,340	303.2%
Infrastructure	64,147	63,052	1,095	1.7%
<b>Total Business-Type Activities</b>	<b>142,469</b>	<b>142,785</b>	<b>(316)</b>	<b>-0.2%</b>
<b>Total Capital Assets</b>	<b>\$ 879,725</b>	<b>\$ 857,544</b>	<b>\$ 22,181</b>	<b>2.6%</b>

Capital assets from governmental activities increased \$22,497,000 or 3.1 percent. This increase is largely due to street replacement infrastructure costs and the acquisition of property and construction of a 174-bed Navigation Center. Capital assets from business-type activities decreased \$316,000 or 0.2 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 Fiscal Year 2020/21 General Fund Original (i.e. Adopted) Budget expenditures amount of \$206,060,000 to the final budgeted amount of \$220,756,000 shows a net increase of \$14,696,000, or 7.1 percent. This overall increase is due to budget carryovers from the previous year and increased transfers to the Infrastructure and Equipment Replacement funds of \$4,400,000 and \$1,319,000, respectively.

Final budgeted revenues for the General Fund increased \$19,928,000 or 9.2 percent from the original (adopted) budget for the fiscal year ended June 30, 2021. The change from original to final budget occurred primarily as a result of adjustments made to budgeted property tax, sales tax, utility tax, other taxes, and transfers to other funds.



## **City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021**

### **Variance with Final Budget**

General Fund actual revenues were greater than the final budget by \$1,543,000 for the fiscal year ended June 30, 2021. This favorable budget variance is due in large part to actual investment returns exceeding budgeted amounts in the City's Section 115 Trust.

General Fund expenditures were \$4,910,000 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 \$2,758,000 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 \$1,050,000 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 \$2,207,000, largely due to COVID-19 related expenditures that are expected to be reimbursed through FEMA Public Assistance funds.

#### **LMIHAF Capital Projects Fund**

The fund balance in the LMIHAF Capital Projects Fund decreased by \$5,863,000 due to the purchase of property to construct a temporary 174-bed Navigation Center in partnership with the County of Orange.

#### **Pension Liability Debt Service Fund**

The fund balance in the Pension Liability Debt Service Fund increased by \$9,083,000 due to revenues set-aside from the voter-approved property tax override dedicated to the payment of Public Safety pension costs. The Fiscal Year 2020/21 revenues includes a one-time true up payment of \$908,000 from the County for override tax generated from the former Redevelopment area.



## **City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021**

### **Economic Factors and Next Year's Budget**

The Adopted Fiscal Year 2021/22 Budget is structurally balanced, totaling \$424.4 million in All Funds. This reflects a \$65.4 million, or 18.2 percent, increase from the Fiscal Year 2020/21 Adopted All Funds Budget of \$359.0 million. A significant portion of the increase is due to added investment in essential infrastructure and equipment and the restoration of COVID-19 temporary cost saving measures. The larger increases were due to the following funds: Infrastructure Fund (\$13.3 million), Equipment Fund (\$3.4 million), Pension Liability Fund (\$22.6 million), Retirement Supplement Fund (\$5.3 million), and General Liability Fund (\$2.6 million).

The General Fund budget, which provides the majority of public services to the community, totals \$228.0 million, reflecting a \$11.1 million, or 5.1 percent increase from the Fiscal Year 2020/21 budget of \$216.9 million. This increase is a result of the added Section 115 Trust pension liability set-aside, increased investment in infrastructure and equipment, and restoration of temporary expenditure reductions made in response to the COVID-19 pandemic. 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 55 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 \$125.3 million to these core services.

In the Police Department, the budget adds \$2.3 million in equipment funds, largely to finance the purchase of three new helicopters and the replacement of 39 police vehicles. The CIP includes \$1,624,000 for relocation and expansion of the Police Department Communications Center and Traffic Office, Helipad Lot Replacement, and the installation of street cameras to assist with traffic monitoring and investigations.

In the Fire Department, the Adopted Budget includes \$1.1 million in Equipment Replacement Fund comprising the replacement of a Fire Engine, Rescue Boat, Command Vehicle, and Cardiac Monitors/Defibrillators. The General Fund CIP includes \$590,000 for Lifeguard and Jr. Lifeguard upgrades and signals at Murdy and Heil Fire Stations.

The Fiscal Year 2021/22 Adopted Budget is a balanced budget. As the economy continues to bounce back and public health guidelines become less restrictive, revenue sources such as Sales Tax and Transient Occupancy Tax are anticipated to increase considerably in the coming year. The Fiscal Year 2021/22 Adopted Budget includes the continuation of Citywide restructuring measures implemented during Fiscal Year 2020/21, restores a number of operating cuts made in response to the COVID-19 pandemic,





## **City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2021**

includes mandated savings along with the debt service payment for the City's recently instituted Pension Obligation Bonds, and prioritizes improvements to the City's facilities, roads and parks. The Fiscal Year 2021/22 budget remains committed to improving the quality of life for our residents, businesses, and visitors by increasing funding for core services such as public safety, community & library service programs, and improving the City's infrastructure.

### **General Fund Revenue**

General Fund revenue is projected to be \$228.0 million, a \$11.1 million or 5.1 percent decrease from the Fiscal Year 2020/21 Adopted Budget resulting from projected positive economic impacts resulting from widespread COVID-19 vaccinations, loosening public health orders, and the re-opening of businesses for indoor dining and shopping.

- Property Taxes are estimated at \$93.2 million, reflecting an increase of 1.2 percent due to the low interest rates leading to accelerated growth in assessed valuations and Employee Retirement Override revenues being transferred to the Pension Liability Fund and no longer being budgeted in the General Fund.
- Sales Tax revenues are projected to be \$44.6 million, an increase of 13.8 percent from Fiscal Year 2020/21. Transient Occupancy Taxes are anticipated to increase \$3.8 million, or 55.1 percent. The increases in these two revenue sources is attributable to the projected positive economic impacts resulting from widespread COVID-19 vaccinations, loosening public health orders, and the re-opening of businesses for indoor dining and shopping.
- Licenses and Permits, estimated at \$7.8 million, reflect a 5.7 percent increase, as economic and development activity are anticipated to increase in the coming year. Franchise Taxes are anticipated at \$7.1 million, a 29.0 percent increase. Use of Money & Property, which includes parking revenues and lease concessions, is projected to increase \$1.7 million, or 11.5 percent, due to business re-openings and expected increases in visitors to our beach and downtown areas, especially as international travel continues to become less restrictive.

### **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](mailto:tvi@surfcity-hb.org).

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# **BASIC FINANCIAL STATEMENTS**

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**  
(In Thousands)

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and Investments	\$ 227,029	\$ 88,351	\$ 315,380
Cash and Investments with Fiscal Agent	9,902	-	9,902
Receivables, Net	36,889	6,496	43,385
Advances to Successor Agency	1,363	-	1,363
Inventories	-	1,442	1,442
Prepays	1,297	-	1,297
Joint Venture	185	1,572	1,757
<b>Subtotal</b>	<b>276,665</b>	<b>97,861</b>	<b>374,526</b>
Capital Assets:			
Non-Depreciable	377,379	5,689	383,068
Depreciable, Net	359,877	136,780	496,657
<b>Total Capital Assets</b>	<b>737,256</b>	<b>142,469</b>	<b>879,725</b>
<b>Total Assets</b>	<b>1,013,921</b>	<b>240,330</b>	<b>1,254,251</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	390,427	25,616	416,043
Deferred Outflows Related to Other Postemployment Benefits	2,703	321	3,024
<b>Total Deferred Outflows of Resources</b>	<b>393,130</b>	<b>25,937</b>	<b>419,067</b>
 <b>LIABILITIES</b>			
Accounts Payable	9,927	9,346	19,273
Accrued Payroll	5,877	631	6,508
Unearned Revenue	15,846	-	15,846
Accrued Interest Payable	2,341	131	2,472
Deposits	760	1,491	2,251
<b>Subtotal</b>	<b>34,751</b>	<b>11,599</b>	<b>46,350</b>
Long-Term Obligations:			
Long-Term Obligations Due Within One Year	30,295	1,165	31,460
Long-Term Obligations Due in More than One Year	420,459	22,405	442,864
Net Pension Liability	411,153	27,224	438,377
Net Other Postemployment Benefits Liability	2,877	343	3,220
<b>Total Long-Term Obligations</b>	<b>864,784</b>	<b>51,137</b>	<b>915,921</b>
<b>Total Liabilities</b>	<b>899,535</b>	<b>62,736</b>	<b>962,271</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	15,306	1,314	16,620
Deferred Inflows Related to Other Postemployment Benefits	2,410	287	2,697
<b>Total Deferred Inflow of Resources</b>	<b>17,716</b>	<b>1,601</b>	<b>19,317</b>
 <b>NET POSITION</b>			
Net Investment in Capital Assets	699,204	142,469	841,673
Restricted for:			
Debt Service	4,435	-	4,435
Capital Projects	13,927	20,332	34,259
Public Works and Community Services Projects	47,393	-	47,393
<b>Total Restricted Net Position</b>	<b>65,755</b>	<b>20,332</b>	<b>86,087</b>
Unrestricted	(275,159)	39,129	(236,030)
<b>Total Net Position</b>	<b>\$ 489,800</b>	<b>\$ 201,930</b>	<b>\$ 691,730</b>

**CITY OF HUNTINGTON BEACH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021  
(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
<b>Governmental Activities:</b>							
City Council	\$ 423	\$ 162	\$ -	\$ -	\$ (261)	\$ -	\$ (261)
City Manager	11,163	4,208	33	14	(6,908)	-	(6,908)
City Treasurer	340	149	-	-	(191)	-	(191)
City Attorney	3,140	6	-	-	(3,134)	-	(3,134)
City Clerk	1,147	30	-	-	(1,117)	-	(1,117)
Finance	6,828	3,055	-	-	(3,773)	-	(3,773)
Community Development	19,716	8,353	2,142	964	(8,257)	-	(8,257)
Fire	65,960	8,877	25	-	(57,058)	-	(57,058)
Information Services	6,230	610	-	-	(5,620)	-	(5,620)
Police	102,415	6,477	1,519	-	(94,419)	-	(94,419)
Community Services	11,365	15,558	427	28	4,648	-	4,648
Library Services	6,181	153	401	-	(5,627)	-	(5,627)
Public Works	40,270	6,045	1,466	9,186	(23,573)	-	(23,573)
Interest on Long-Term Debt	2,706	-	-	-	(2,706)	-	(2,706)
<b>Total Governmental Activities</b>	<b>277,884</b>	<b>53,683</b>	<b>6,013</b>	<b>10,192</b>	<b>(207,996)</b>	<b>-</b>	<b>(207,996)</b>
<b>Business-type Activities:</b>							
Water Utility	46,054	42,523	-	-	-	(3,531)	(3,531)
Sewer Service	9,284	10,828	-	-	-	1,544	1,544
Refuse Collection	12,936	13,014	-	-	-	78	78
Hazmat Service	241	266	-	-	-	25	25
<b>Total Business-Type Activities</b>	<b>68,515</b>	<b>66,631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,884)</b>	<b>(1,884)</b>
<b>Total Governmental and Business Type Activities</b>	<b>\$ 346,399</b>	<b>\$ 120,314</b>	<b>\$ 6,013</b>	<b>\$ 10,192</b>	<b>\$ (207,996)</b>	<b>\$ (1,884)</b>	<b>\$ (209,880)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes					\$ 99,958	\$ -	\$ 99,958
Sales Taxes					51,162	-	51,162
Utility Taxes					18,374	-	18,374
Franchise Taxes					8,040	-	8,040
Transient Occupancy Tax					9,253	-	9,253
<b>Total Taxes</b>					<b>186,787</b>	<b>-</b>	<b>186,787</b>
<b>Other:</b>							
Use of Money and Property					4,399	261	4,660
From Other Agencies - Unrestricted					22,000	-	22,000
<b>Total General Revenues</b>					<b>213,186</b>	<b>261</b>	<b>213,447</b>
<b>Transfers</b>					<b>(38)</b>	<b>38</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>213,148</b>	<b>299</b>	<b>213,447</b>
<b>Change in Net Position</b>					<b>5,152</b>	<b>(1,585)</b>	<b>3,567</b>
<b>Net Position - Beginning of Year</b>					<b>478,901</b>	<b>203,515</b>	<b>682,416</b>
<b>Cumulative Effect of Changes in Accounting Principles</b>					<b>5,747</b>	<b>-</b>	<b>5,747</b>
<b>Net Position - Beginning of Year as Restated</b>					<b>484,648</b>	<b>203,515</b>	<b>688,163</b>
<b>Net Position - End of Year</b>					<b>\$ 489,800</b>	<b>\$ 201,930</b>	<b>\$ 691,730</b>

**CITY OF HUNTINGTON BEACH  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021  
(In Thousands)**

	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Pension Liability	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and Investments	\$ 86,267	\$ 17,434	\$ 2,263	\$ 16,762	\$ 70,447	\$ 193,173
Cash and Investments with Fiscal Agent	-	30	-	36	9,836	9,902
Taxes Receivable	13,258	-	-	98	1,494	14,850
Other Receivables, Net	8,163	5,094	8,092	47	547	21,943
Advances to Successor Agency	-	-	1,363	-	-	1,363
Prepays	115	-	-	-	105	220
<b>TOTAL ASSETS</b>	<b>\$ 107,803</b>	<b>\$ 22,558</b>	<b>\$ 11,718</b>	<b>\$ 16,943</b>	<b>\$ 82,429</b>	<b>\$ 241,451</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 3,803	\$ 862	\$ 3	\$ -	\$ 4,544	\$ 9,212
Accrued Payroll	5,567	95	7	-	192	5,861
Unearned Revenue	1,020	14,826	-	-	-	15,846
Deposits Payable	760	-	-	-	-	760
<b>Total Liabilities</b>	<b>11,150</b>	<b>15,783</b>	<b>10</b>	<b>-</b>	<b>4,736</b>	<b>31,679</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable Revenue	2,044	4,421	8,086	-	209	14,760
<b>Total Deferred Inflows of Resources</b>	<b>2,044</b>	<b>4,421</b>	<b>8,086</b>	<b>-</b>	<b>209</b>	<b>14,760</b>
<b>Fund Balances:</b>						
<b>Nonspendable</b>						
Prepays	115	-	-	-	105	220
<b>Restricted</b>						
Underground Utilities	364	-	-	-	-	364
Restitution	282	-	-	-	-	282
Donations	767	-	-	-	-	767
Section 115 Trust	11,378	-	-	-	-	11,378
Pollution Remediation	-	-	-	-	355	355
Debt Service	-	-	-	16,943	4,435	21,378
Highways, Streets and Transportation	-	-	-	-	10,443	10,443
Low Income Housing	-	-	3,622	-	2,698	6,320
Air Quality	-	-	-	-	1,518	1,518
Other Capital Projects	-	-	-	-	25,775	25,775
Other Purposes	770	2,354	-	-	2,018	5,142
<b>Committed</b>						
Economic Uncertainties	25,381	-	-	-	-	25,381
Parks	-	-	-	-	1,389	1,389
Other Capital Projects	184	-	-	-	21,852	22,036
Other Purposes	-	-	-	-	3,616	3,616
<b>Assigned</b>						
Litigation Reserves	3,650	-	-	-	-	3,650
AES Reserve	4,900	-	-	-	-	4,900
Capital Improvement Reserve	8,230	-	-	-	3,280	11,510
Equipment Replacement	8,295	-	-	-	-	8,295
General Plan Maintenance	791	-	-	-	-	791
General Liability Plan Migration	2,801	-	-	-	-	2,801
Pension Rate Stabilization	741	-	-	-	-	741
Cityview Replacement	1,028	-	-	-	-	1,028
Section 115 Trust	1,500	-	-	-	-	1,500
Triple Flip	749	-	-	-	-	749
Strategic Initiatives	16,536	-	-	-	-	16,536
Housing Agreement	174	-	-	-	-	174
Year-End Fair Value	1,983	-	-	-	-	1,983
Other Purposes	3,990	-	-	-	-	3,990
<b>TOTAL FUND BALANCES</b>	<b>94,609</b>	<b>2,354</b>	<b>3,622</b>	<b>16,943</b>	<b>77,484</b>	<b>195,012</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 107,803</b>	<b>\$ 22,558</b>	<b>\$ 11,718</b>	<b>\$ 16,943</b>	<b>\$ 82,429</b>	<b>\$ 241,451</b>

**CITY OF HUNTINGTON BEACH**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**  
**(In Thousands)**

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

<b>Total Fund Balances Governmental Funds</b>	<b>\$</b>	<b>195,012</b>
-----------------------------------------------	-----------	----------------

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	1,113,591	
Accumulated Depreciation	<u>(381,639)</u>	
Total Capital Assets	<u>731,952</u>	731,952
Joint Venture		185

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.		(8,441)
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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.		14,760
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Deferred outflows related to pensions		389,193
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Deferred outflows related to Other Postemployment Benefits (OPEB)		2,688
-------------------------------------------------------------------	--	-------

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.		(409,844)
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Deferred inflows related to pensions		(15,245)
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Deferred inflows related to Other Postemployment Benefits (OPEB)		(2,397)
------------------------------------------------------------------	--	---------

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.		(2,861)
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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		(2,337)
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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		(20,138)
Long-Term Obligations Due in More than One Year		<u>(382,727)</u>

<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>489,800</u></b>
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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, 2021**  
(In Thousands)

	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Pension Liability	Other Governmental Funds	Total
<b>REVENUES</b>						
Property Taxes	\$ 91,708	\$ -	\$ -	\$ 8,250	\$ -	\$ 99,958
Sales Taxes	47,676	-	-	-	3,486	51,162
Utility Taxes	18,374	-	-	-	-	18,374
Other Taxes	18,428	-	-	-	7,317	25,745
Licenses and Permits	7,805	-	-	-	408	8,213
Fines and Forfeitures	4,619	-	-	-	-	4,619
From Use of Money and Property	16,196	222	964	300	1,481	19,163
Intergovernmental	9,967	18,075	-	-	1,794	29,836
Charges for Current Services	21,878	-	-	1,493	2,018	25,389
Other	2,001	-	-	-	38	2,039
<b>Total Revenues</b>	<b>238,652</b>	<b>18,297</b>	<b>964</b>	<b>10,043</b>	<b>16,542</b>	<b>284,498</b>
<b>EXPENDITURES</b>						
Current:						
City Council	397	-	-	646	-	1,043
City Manager	3,867	5,453	-	6,284	372	15,976
City Treasurer	319	-	-	518	-	837
City Attorney	2,938	-	-	4,776	-	7,714
City Clerk	1,068	8	-	1,734	-	2,810
Finance	6,025	18	-	9,788	342	16,173
Community Development	8,920	8,450	6,421	14,492	929	39,212
Fire	57,002	1,880	-	89,773	1,071	149,726
Information Services	6,991	64	-	11,358	682	19,095
Police	89,440	2,141	-	140,857	-	232,438
Community Services	7,708	553	-	12,523	4,280	25,064
Library Services	5,150	233	-	8,367	349	14,099
Public Works	24,116	1,569	-	39,177	23,145	88,007
Debt Service:						
Principal	1,723	-	-	-	2,260	3,983
Interest	182	-	-	-	755	937
<b>Total Expenditures</b>	<b>215,846</b>	<b>20,369</b>	<b>6,421</b>	<b>340,293</b>	<b>34,185</b>	<b>617,114</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>22,806</b>	<b>(2,072)</b>	<b>(5,457)</b>	<b>(330,250)</b>	<b>(17,643)</b>	<b>(332,616)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	548	1,271	-	-	11,239	13,058
Issuance of Long-Term Debt	-	-	-	(453)	-	(453)
Issuance Premium	-	-	-	-	1,743	1,743
Issuance Discount	-	-	-	(649)	-	(649)
Proceeds of Long Term Debt	-	-	-	340,435	32,028	372,463
Payments to Escrow	-	-	-	-	(28,256)	(28,256)
Transfers Out	(10,868)	(1,406)	(406)	-	(416)	(13,096)
<b>Total Other Financing Sources (Uses)</b>	<b>(10,320)</b>	<b>(135)</b>	<b>(406)</b>	<b>339,333</b>	<b>16,338</b>	<b>344,810</b>
<b>Net Change In Fund Balances</b>	<b>12,486</b>	<b>(2,207)</b>	<b>(5,863)</b>	<b>9,083</b>	<b>(1,305)</b>	<b>12,194</b>
<b>Fund Balances - Beginning of Year</b>	<b>80,088</b>	<b>4,561</b>	<b>9,485</b>	<b>7,860</b>	<b>75,077</b>	<b>177,071</b>
<b>Cumulative Effect of Changes in Accounting Principles</b>	<b>2,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,712</b>	<b>5,747</b>
<b>Fund Balances - Beginning of Year as Restated</b>	<b>82,123</b>	<b>4,561</b>	<b>9,485</b>	<b>7,860</b>	<b>78,789</b>	<b>182,818</b>
<b>Fund Balances - End of Year</b>	<b>\$ 94,609</b>	<b>\$ 2,354</b>	<b>\$ 3,622</b>	<b>\$ 16,943</b>	<b>\$ 77,484</b>	<b>\$ 195,012</b>

**CITY OF HUNTINGTON BEACH  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021  
(In Thousands)**

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

Net Changes in Fund Balances - Total Governmental funds	<b>\$ 12,194</b>
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.	
Depreciable Assets Purchased	29,506
Non-Depreciable Assets Purchased	11,575
Non-Depreciable Assets Disposition	(3,780)
Capital Asset Depreciation	(16,050)
Joint Venture	(72)
Accrual of Revenues - Certain revenues in the Statement of Activities do not meet the "availability" criteria for revenue recognition in the governmental funds and are not reported in the governmental funds as revenue.	
Current Year Grant and Other Revenue Accrual	3,010
Prior Year Grant and Other Revenue Accrual	(2,922)
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.	(1,064)
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.	(9,994)
Governmental funds report expenditures for retirement contributions whereas these amounts are reported as deferred outflows of resources on the Statement of Net Position.	339,296
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).	454
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.	(13,168)
Liabilities not liquidated with current resources - Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Current Year Interest Accrual	(2,337)
Prior Year Interest Accrual	568
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.	31,170
The issuance of long-term debt provides current financial resources to governmental funds.	(372,463)
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.	(771)
 <b>Change in Net Position of Governmental Activities</b>	 <b><u>\$ 5,152</u></b>

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2021**  
**(In Thousands)**

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Funds
<b>ASSETS</b>						
Current Assets:						
Cash and Investments	\$ 31,348	\$ 35,763	\$ 420	\$ 488	\$ 68,019	\$ 33,856
Restricted Cash and Investments	20,332	-	-	-	20,332	-
Other Receivables, Net	2,575	579	606	9	3,769	96
Prepays	-	-	-	-	-	1,077
Joint Ventures	1,572	-	-	-	1,572	-
Inventories	1,442	-	-	-	1,442	-
Unbilled Receivables	1,727	441	559	-	2,727	-
<b>Total Current Assets</b>	<b>58,996</b>	<b>36,783</b>	<b>1,585</b>	<b>497</b>	<b>97,861</b>	<b>35,029</b>
Capital Assets:						
Land	3,907	-	-	-	3,907	-
Buildings and Improvements	57,298	42,784	-	-	100,082	-
Machinery and Equipment	16,797	4,584	215	-	21,596	6,831
Infrastructure	104,496	44,808	-	-	149,304	-
Construction in Progress	294	1,488	-	-	1,782	-
Less Accumulated Depreciation	(91,545)	(42,576)	(81)	-	(134,202)	(1,527)
<b>Total Capital Assets</b>	<b>91,247</b>	<b>51,088</b>	<b>134</b>	<b>-</b>	<b>142,469</b>	<b>5,304</b>
<b>Total Assets</b>	<b>150,243</b>	<b>87,871</b>	<b>1,719</b>	<b>497</b>	<b>240,330</b>	<b>40,333</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows Related to Pensions	17,925	6,705	600	386	25,616	1,234
Deferred Outflows Related to Other Postemployment Benefits	231	79	8	3	321	15
<b>Total Deferred Outflows of Resources</b>	<b>18,156</b>	<b>6,784</b>	<b>608</b>	<b>389</b>	<b>25,937</b>	<b>1,249</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 168,399</b>	<b>\$ 94,655</b>	<b>\$ 2,327</b>	<b>\$ 886</b>	<b>\$ 266,267</b>	<b>\$ 41,582</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	\$ 7,630	\$ 693	\$ 1,023	\$ -	\$ 9,346	\$ 715
Accrued Payroll	433	174	14	10	631	16
Deposits Payable	1,491	-	-	-	1,491	-
Interest Payable	91	35	3	2	131	4
Current Portion of Claims Payable	-	-	-	-	-	10,108
Current Portion of Compensated Absences	274	103	10	2	389	12
<b>Total Current Liabilities</b>	<b>9,919</b>	<b>1,005</b>	<b>1,050</b>	<b>14</b>	<b>11,988</b>	<b>10,855</b>
Non-Current Liabilities:						
Compensated Absences	731	275	24	7	1,037	32
Long-Term Obligations Due Within One Year	543	203	18	12	776	37
Long-Term Obligations Due in More than One Year	14,953	5,593	501	321	21,368	1,029
Net Pension Liability	19,053	7,126	639	406	27,224	1,309
Net Other Postemployment Benefits Liability	246	84	9	4	343	16
Claims Payable	-	-	-	-	-	36,671
<b>Total Non-Current Liabilities</b>	<b>35,526</b>	<b>13,281</b>	<b>1,191</b>	<b>750</b>	<b>50,748</b>	<b>39,094</b>
<b>Total Liabilities</b>	<b>45,445</b>	<b>14,286</b>	<b>2,241</b>	<b>764</b>	<b>62,736</b>	<b>49,949</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows Related to Pensions	923	345	31	15	1,314	61
Deferred Inflows Related to Other Postemployment Benefits	206	71	7	3	287	13
<b>Total Deferred Inflows of Resources</b>	<b>1,129</b>	<b>416</b>	<b>38</b>	<b>18</b>	<b>1,601</b>	<b>74</b>
<b>NET POSITION</b>						
Investment in Capital Assets	91,247	51,088	134	-	142,469	5,304
Restricted for:						
Capital Projects	20,332	-	-	-	20,332	-
Unrestricted	10,246	28,865	(86)	104	39,129	(13,745)
<b>Total Net Position</b>	<b>121,825</b>	<b>79,953</b>	<b>48</b>	<b>104</b>	<b>201,930</b>	<b>(8,441)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 168,399</b>	<b>\$ 94,655</b>	<b>\$ 2,327</b>	<b>\$ 886</b>	<b>\$ 266,267</b>	<b>\$ 41,582</b>

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(In Thousands)

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Funds
<b>OPERATING REVENUES</b>						
Sales	\$ 38,995	\$ -	\$ -	\$ -	\$ 38,995	\$ -
Fees and Charges for Service	-	10,814	12,968	266	24,048	14,130
Other	3,528	14	46	-	3,588	73
<b>Total Operating Revenues</b>	<b>42,523</b>	<b>10,828</b>	<b>13,014</b>	<b>266</b>	<b>66,631</b>	<b>14,203</b>
<b>OPERATING EXPENSES</b>						
Water Purchases	17,144	-	-	-	17,144	-
Supplies and Operations	9,664	7,096	12,911	239	29,910	4,486
Engineering	3,013	-	-	-	3,013	-
Production and Distribution	8,339	-	-	-	8,339	-
Maintenance	561	-	-	-	561	-
Water Meters	2,178	-	-	-	2,178	-
Water Quality	834	-	-	-	834	-
Water Use Efficiency	244	-	-	-	244	-
Claims and Judgments	-	-	-	-	-	22,073
Depreciation	3,986	2,153	22	-	6,161	714
<b>Total Operating Expenses</b>	<b>45,963</b>	<b>9,249</b>	<b>12,933</b>	<b>239</b>	<b>68,384</b>	<b>27,273</b>
<b>Operating Income (Loss)</b>	<b>(3,440)</b>	<b>1,579</b>	<b>81</b>	<b>27</b>	<b>(1,753)</b>	<b>(13,070)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment Income (Loss)	123	134	2	2	261	(90)
Interest Expense	(91)	(35)	(3)	(2)	(131)	(4)
Debt Service	-	-	-	-	-	(4)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>32</b>	<b>99</b>	<b>(1)</b>	<b>-</b>	<b>130</b>	<b>(98)</b>
<b>Income (Loss) Before Transfers</b>	<b>(3,408)</b>	<b>1,678</b>	<b>80</b>	<b>27</b>	<b>(1,623)</b>	<b>(13,168)</b>
<b>TRANSFERS</b>						
Transfers In	-	-	51	-	51	-
Transfers Out	-	-	-	(13)	(13)	-
<b>Total Transfers</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>(13)</b>	<b>38</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(3,408)</b>	<b>1,678</b>	<b>131</b>	<b>14</b>	<b>(1,585)</b>	<b>(13,168)</b>
<b>Net Position - Beginning of Year</b>	<b>125,233</b>	<b>78,275</b>	<b>(83)</b>	<b>90</b>	<b>203,515</b>	<b>4,727</b>
<b>Net Position - End of Year</b>	<b>\$ 121,825</b>	<b>\$ 79,953</b>	<b>\$ 48</b>	<b>\$ 104</b>	<b>\$ 201,930</b>	<b>\$ (8,441)</b>

**CITY OF HUNTINGTON BEACH  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021  
(In Thousands)**

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received from Customers and Users	\$ 41,916	\$ 10,797	\$ 12,802	\$ 265	\$ 65,780	\$ 14,241
Cash Paid to Employees for Services	(24,920)	(9,342)	(844)	(573)	(35,679)	(1,561)
Cash Paid to Suppliers of Goods and Services	(32,327)	(3,565)	(12,593)	(3)	(48,488)	(16,762)
<b>Net Cash and Investment Provided by Operating Activities</b>	<b>(15,331)</b>	<b>(2,110)</b>	<b>(635)</b>	<b>(311)</b>	<b>(18,387)</b>	<b>(4,082)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers In	-	-	51	-	51	-
Transfers Out	-	-	-	(13)	(13)	-
Debt Service	-	-	-	-	-	(4)
Proceeds from Issuance of Long-Term Debt	15,496	5,796	519	333	22,144	1,066
<b>Net Cash and Investments Provided (Used) by Noncapital Financing Activities</b>	<b>15,496</b>	<b>5,796</b>	<b>570</b>	<b>320</b>	<b>22,182</b>	<b>1,062</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of Capital Assets	(3,373)	(2,472)	-	-	(5,845)	(1,960)
<b>Net Cash and Investments Used by Capital and Related Financing Activities</b>	<b>(3,373)</b>	<b>(2,472)</b>	<b>-</b>	<b>-</b>	<b>(5,845)</b>	<b>(1,960)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment Income (Loss)	123	134	2	2	261	(90)
<b>Net Cash and Investments Provided by Investing Activities</b>	<b>123</b>	<b>134</b>	<b>2</b>	<b>2</b>	<b>261</b>	<b>(90)</b>
Net Increase (Decrease) in Cash and Investments	(3,085)	1,348	(63)	11	(1,789)	(5,070)
<b>Cash and Investments - Beginning of Year</b>	<b>54,765</b>	<b>34,415</b>	<b>483</b>	<b>477</b>	<b>90,140</b>	<b>38,926</b>
<b>Cash and Investments - End of Year</b>	<b>\$ 51,680</b>	<b>\$ 35,763</b>	<b>\$ 420</b>	<b>\$ 488</b>	<b>\$ 88,351</b>	<b>\$ 33,856</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND INVESTMENTS PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ (3,440)	\$ 1,579	\$ 81	\$ 27	\$ (1,753)	\$ (13,070)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash and Investments Provided (Used) by Operating Activities</b>						
Depreciation	3,986	2,153	22	-	6,161	714
(Increase) Decrease in Other Receivables, Net	(446)	(66)	(223)	(1)	(736)	38
Decrease in Unbilled Receivables	141	35	11	-	187	-
Decrease (Increase) in Prepays	-	-	-	-	-	(477)
(Increase) in Joint Ventures	(254)	-	-	-	(254)	-
(Increase) in Inventory	(9)	-	-	-	(9)	-
Increase (Decrease) in Accounts Payable	692	29	14	-	735	177
Increase (Decrease) in Accrued Payroll	63	17	3	-	83	(7)
Increase (Decrease) in Deposits Payable	(302)	-	-	-	(302)	-
Increase (Decrease) in Claims Payable	-	-	-	-	-	9,624
Increase (Decrease) in Compensated Absences	(150)	(18)	(26)	5	(189)	-
(Increase) Decrease in Deferred Pension Outflow	(15,878)	(5,939)	(532)	(342)	(22,691)	(1,093)
Increase (Decrease) in Deferred Pension Inflow	501	187	17	6	711	32
Increase (Decrease) in Net Pension Liability	(196)	(73)	-	(6)	(275)	(19)
Decrease in Deferred Other Postemployment Benefits Outflow	12	4	-	-	16	1
(Decrease) in Deferred Other Postemployment Benefits Inflow	(18)	(6)	(1)	-	(25)	(1)
(Decrease) in Net Other Postemployment Benefits Liability	(33)	(12)	(1)	-	(46)	(1)
<b>Net Cash and Investments Provided by Operating Activities</b>	<b>\$ (15,331)</b>	<b>\$ (2,110)</b>	<b>\$ (635)</b>	<b>\$ (311)</b>	<b>\$ (18,387)</b>	<b>\$ (4,082)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>						
There were no noncash investing, capital, or financing activities during the year ended June 30, 2021.						

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF FIDUCIARY FUND NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2021**  
(In Thousands)

	Custodial Funds	Pension Trust Fund - Retirement Supplemental Fund	Huntington Beach Redevelopment Successor Agency Private Purpose Trust
<b>ASSETS</b>			
Cash and Investments	\$ 4,490	\$ 3	\$ 6,647
Cash and Investments with Fiscal Agent	3,265	-	2,582
Mutual Funds	-	69,928	-
Money Market Funds	-	433	-
Accounts Receivable, Net	699	-	20
<b>Total Assets</b>	<b>8,454</b>	<b>70,364</b>	<b>9,249</b>
<b>LIABILITIES</b>			
Accounts Payable	1,928	-	427
Accrued Payroll	-	-	6
Advances from City of Huntington Beach	-	-	1,363
Long-Term Obligations:			
Long-Term Obligations Due Within One Year	-	-	4,171
Long-Term Obligations Due in More than One Year	-	-	25,550
<b>Total Long-Term Obligations</b>	<b>-</b>	<b>-</b>	<b>29,721</b>
<b>Total Liabilities</b>	<b>1,928</b>	<b>-</b>	<b>31,517</b>
<b>NET POSITION</b>			
Restricted for Pension Benefits	-	70,364	-
Held in Trust For Other Purposes	-	-	(22,268)
Restricted for Individuals and Organizations	6,526	-	-
<b>Total Net Position</b>	<b>\$ 6,526</b>	<b>\$ 70,364</b>	<b>\$ (22,268)</b>

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(In Thousands)

	Custodial Funds	Pension Trust Fund - Retirement Supplemental Fund	Huntington Beach Redevelopment Successor Agency Private Purpose Trust
<b>ADDITIONS</b>			
Employer Contributions	\$ -	\$ 933	\$ -
Special Assessments or Special Taxes			
Collected from Property Owners	1,512	-	5,201
Business Improvement District Taxes	4,093	-	-
Parking Assessments	2,442	-	-
<b>Total Additions Before Investment Income</b>	<b>8,047</b>	<b>933</b>	<b>5,201</b>
Investment Income:			
Investment Income	13	15,846	10
Less Investment Expense	-	(129)	-
<b>Net Investment Income</b>	<b>13</b>	<b>15,717</b>	<b>10</b>
<b>Total Additions</b>	<b>8,060</b>	<b>16,650</b>	<b>5,211</b>
<b>DEDUCTIONS</b>			
Benefits	-	5,494	-
Administrative Costs	51	314	-
Payments to other Organizations	4,748	-	-
Economic Development	-	-	223
Interest and Fiscal Agency Expenses	1,511	-	1,822
Principal	1,810	-	-
<b>Total Deductions</b>	<b>8,120</b>	<b>5,808</b>	<b>2,045</b>
<b>Change in Net Position</b>	<b>(60)</b>	<b>10,842</b>	<b>3,166</b>
<b>Net Position - Beginning of Year</b>	<b>-</b>	<b>59,522</b>	<b>(25,434)</b>
<b>Cumulative Effect of Changes in Accounting Principles</b>	<b>6,586</b>	<b>-</b>	<b>-</b>
<b>Net Position - Beginning of Year as Restated</b>	<b>6,586</b>	<b>59,522</b>	<b>(25,434)</b>
<b>Net Position - End of Year</b>	<b>\$ 6,526</b>	<b>\$ 70,364</b>	<b>\$ (22,268)</b>

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**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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# City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

## 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, 2021

### 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, 2021

### 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 \$65,755,000 of governmental activities restricted net position, of which \$36,839,000 is restricted by enabling legislation. The government-wide Statement of Net Position reports \$20,332,000 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, 2021

### 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 \$275,159,000 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, 2021 is \$438,377,000 and Net OPEB Liability is \$3,220,000, respectively, of which \$411,153,000 and \$2,877,000, respectively, is payable from Governmental Activities. The government-wide Statement of Net Position reports \$39,129,000 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, 2021

### 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, 2021

## 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, 2021, by major fund (in thousands):

General Fund	\$	3,940
Grants Special Revenue		1,782
LMIHAF Capital Projects		12
Other Governmental Funds		19,067
<b>Total Encumbrance All Funds</b>	<b>\$</b>	<b>24,801</b>

### **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, 2021

## 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, 2021

## 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 Custodial and Trust Funds. The City's fiduciary funds include Custodial and Trust Funds. Custodial Funds report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The Custodial funds present results of operations and include net position. Custodial 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.

**Pension Liability Debt Service** – 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.

### **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.





# City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

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

**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.

**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**

**Custodial Funds** – are used to account for debt service activities related to the Parking Structure – Bella Terra and Community Facilities District conduit debt issues, in which the City acts as an agent, not as a principal. The Business Improvement District fund is used to account for taxes received and held until disbursement.

**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, 2021

### 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, 2021

## 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, 2021

### 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, 2021

### 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, 2021

### 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, 2021**

### **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, 2021

### 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, 2019	June 30, 2019
Measurement Date (MD)	June 30, 2021	June 30, 2020	June 30, 2020
Measurement Period (MP)	July 1, 2020 to June 30, 2021	July 1, 2019 to June 30, 2020	July 1, 2019 to June 30, 2020





## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 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 inputs 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, 2021

### 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	Up to \$75,000,000	None
Joint Powers Authority	N/A	None / \$20,000,000	See 10.0N of IPS



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
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, 2021**

**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
<b>Cash or Equivalents</b>	<b>0%</b>	<b>0%</b>	<b>10%</b>
Money Market	0%	0%	10%
<b>Fixed Income</b>	<b>30%</b>	<b>40%</b>	<b>50%</b>
Intermediate Bond	30%	40%	50%
Short-Term Bond	0%	0%	10%
Long-Term Bond	0%	0%	10%
High Yield Bond	0%	0%	10%
Inflation Protected Bond	0%	0%	10%
World Bond	0%	0%	10%
<b>Domestic Equity</b>	<b>17%</b>	<b>27%</b>	<b>37%</b>
Large Cap Equity (Value, Blend, Growth)	8%	18%	28%
Mid Cap Equity (Value, Blend, Growth)	0%	6%	16%
Small Cap Equity (Value, Blend, Growth)	0%	3%	13%
<b>Foreign Equity</b>	<b>11%</b>	<b>21%</b>	<b>31%</b>
Foreign Large Equity (Value, Blend, Growth)	7%	17%	27%
Foreign Sm / Mid Equity (Value, Growth)	0%	0%	10%
Emerging Markets	0%	4%	14%
<b>Real Estate</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>
Real Estate	0%	10%	20%
<b>Commodities</b>	<b>0%</b>	<b>2%</b>	<b>12%</b>
Natural Resources	0%	2%	12%



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 2. CASH AND INVESTMENTS (Continued)

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

<b>Primary Government:</b>		
Cash and Investments	\$ 315,380	
Cash and Investments with Fiscal Agent	9,902	
<b>Total Primary Government</b>	<b>325,282</b>	
<b>Fiduciary Funds:</b>		
Cash and Investments	11,140	
Cash and Investments with Fiscal Agent	76,208	
<b>Total Fiduciary Funds</b>	<b>87,348</b>	
<b>Total Deposits and Investments</b>	<b>\$ 412,630</b>	

### 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	\$ 13,129	\$ -	\$ 3,065	\$ 10,064	\$ -	\$ 13,129
US Agency Securities*	113,063	10,018	32,424	70,621	-	113,063
Mutual Funds	69,928	69,928	-	-	-	69,928
Money Market Funds	1,578	1,578	-	-	-	1,578
Medium Term Notes - IADB	30,616	-	15,596	15,020	-	30,616
Corporate Bonds	45,968	18,155	23,806	4,007	-	45,968
Local Agency Investment Fund	44,677	44,677	-	-	-	44,677
Orange County Investment Pool	65,337	65,337	-	-	-	65,337
California Asset Mgmt Program	2,773	2,773	-	-	-	2,773
PARS Pension Rate Stabilization Program	11,378	11,378	-	-	-	11,378
<b>Total Investments</b>	<b>\$ 398,447</b>	<b>\$ 223,844</b>	<b>\$ 74,891</b>	<b>\$ 99,712</b>	<b>\$ -</b>	<b>398,447</b>
						Total Deposits
						14,183
						<b>Total Deposits and Investments</b>
						<b>\$ 412,630</b>

\* 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, 2021

### 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	BBB+	Not Rated
US Treasuries	N/A	\$ 13,129	\$ 13,129	\$ -	\$ -	\$ -	\$ -
US Agency Securities*	N/A	113,063	113,063	-	-	-	-
Mutual Funds	N/A	69,928	-	-	-	-	69,928
Money Market Funds	AAA	1,578	1,578	-	-	-	-
Medium Term Notes - IADB	AA	30,616	30,616	-	-	-	-
Corporate Bonds	A	45,968	-	12,531	27,431	6,006	-
Local Agency Investment Fund	N/A	44,677	-	-	-	-	44,677
Orange County Investment Pool	N/A	65,337	-	-	-	-	65,337
California Asset Mgmt Program	N/A	2,773	2,773	-	-	-	-
PARS Pension Rate Stabilization Program	N/A	11,378	-	-	-	-	11,378
<b>Total Investments</b>		<b>\$ 398,447</b>	<b>\$ 161,159</b>	<b>\$ 12,531</b>	<b>\$ 27,431</b>	<b>\$ 6,006</b>	<b>\$ 191,320</b>

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

#### 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	\$ 73,200
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	\$ 16,313
Inter-American Development Bank	Medium Term Notes	\$ 15,596



## **City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021**

### **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, 2021, 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, 2021**

### **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, 2021 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 Annual Comprehensive 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, 2021

### 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, 2021 (in thousands):

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
<b>INVESTMENTS:</b>				
U.S. Treasuries	\$ -	\$ 13,129	\$ -	\$ 13,129
U.S. Agency Securities	-	113,063	-	113,063
Medium Term Notes - IADB	-	30,616	-	30,616
Corporate Bonds	-	45,968	-	45,968
Total Investments	<u>\$ -</u>	<u>\$ 202,776</u>	<u>\$ -</u>	<u>\$ 202,776</u>

### 3. OTHER RECEIVABLES

A summary of Other Receivables as of June 30, 2021 is as follows (in thousands):

Description	Amount
Developer Loans Receivable	\$ 39,286
Emerald Cove Loan Receivable	6,640
Housing Rehabilitation Loans Receivable	2,207
First Time Homebuyers Receivable	1,446
Emergency Medical Fee Receivable	1,500
CDBG Program Receivable	1,076
Affordable Housing In-Lieu Receivable	84
Infrastructure Fund	209
Other Grants Receivable	1,586
Other Receivable	7,195
<b>Total Other Receivables</b>	<b>61,229</b>
Allowance for Uncollectible Developer Loans	(39,286)
<b>Net Other Receivables on Governmental Fund Financial Statements</b>	<b>\$ 21,943</b>
 <b>Other Receivables Reconciliation</b>	
<b>Net Receivable on Government-wide Financial Statements</b>	<b>\$ 36,889</b>
Taxes Receivable on Governmental Fund Financial Statements	(14,850)
Other Receivables on Internal Service Fund	(96)
<b>Net Other Receivables on Governmental Fund Financial Statements</b>	<b>\$ 21,943</b>



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 3. OTHER RECEIVABLES (Continued)

#### a. Developer Loans

Loans made to developers to construct or rehabilitate certain facilities under deferred loan agreements total \$39,286,000 at year-end. These loans are allowed until a future event occurs. Loans to the Low and Moderate Income Housing Asset Fund total \$20,935,000, loans made under the Home Program total \$14,040,000 and loans made under the Affordable Housing In-Lieu Program total \$4,311,000. Interest rates on these loans range from 0% to 10%. The allowance for uncollectible developer loans is \$39,286,000 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, 2021 is \$6,640,000.

#### 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 \$2,207,000 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 \$1,446,000 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, 2021**

**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
Comm Services Unearned Revenue (Classes)	\$ 1,020	\$ -	\$ 1,020
Grants	-	14,826	14,826
<b>Total</b>	<b>\$ 1,020</b>	<b>\$ 14,826</b>	<b>\$ 15,846</b>

**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	Other Governmental Funds	Total Unavailable Revenue
Grants	\$ -	\$ 2,214	\$ -	\$ -	\$ 2,214
Deferred Loans:					
Emerald Cove	-	-	6,640	-	6,640
Housing Rehabilitation	-	2,207	-	-	2,207
First Time Homebuyers	-	-	1,446	-	1,446
Related Party Transaction (City Manager's Housing Loan)	1,457	-	-	-	1,457
Other Unavailable Revenue	587	-	-	209	796
<b>Total</b>	<b>\$ 2,044</b>	<b>\$ 4,421</b>	<b>\$ 8,086</b>	<b>\$ 209</b>	<b>\$ 14,760</b>

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, 2021**

**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	\$ 160,441
CalPERS Safety Plan	271,528
Supplemental Plan (Note 7)	6,408
<b>Total</b>	<b>\$ 438,377</b>

***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	Differences between Expected and Actual Experience	Deferred employer pension contributions made after measurement date	Total
CalPERS Miscellaneous Plan	\$ 3,239	\$ -	\$ 150,880	\$ 154,119
CalPERS Safety Plan	4,106	489	257,329	261,924
<b>Total</b>	<b>\$ 7,345</b>	<b>\$ 489</b>	<b>\$ 408,209</b>	<b>\$ 416,043</b>

***Deferred Inflows of Resources***

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

	Changes in assumptions	Differences between Expected and Actual Experience	Total
CalPERS Miscellaneous Plan	\$ -	\$ 3,587	\$ 3,587
CalPERS Safety Plan	692	4,104	4,796
Supplemental Plan (Note 7)	-	8,237	8,237
<b>Total</b>	<b>\$ 692</b>	<b>\$ 15,928</b>	<b>\$ 16,620</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

Pension expenses for the measurement period ending June 30, 2020 (the measurement date), are included in the accompanying financial statements as follows:

	Net Pension Expense
CalPERS Miscellaneous Plan	\$ 14,962
CalPERS Safety Plan	36,664
Supplemental Plan (Note 7)	5,381
<b>Total</b>	<b>\$ 57,007</b>

**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, 2021

### 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, 2021

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

The Plans' provisions and benefits in effect at June 30, 2021 are summarized as follows:

	<b>Miscellaneous Agent Plans</b>	
	<b>Classic</b>	<b>PEPRA</b>
	Prior to January 1, 2013	January 1, 2013 and after
Hire date		
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, 2020 - June 30, 2021	38.855%	38.855%
	<b>Safety Agent Plans</b>	
	<b>Classic</b>	<b>PEPRA</b>
	Prior to January 1, 2013	January 1, 2013 and after
Hire date		
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, 2020 - June 30, 2021	60.780%	60.780%



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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, 2020, 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 38.855% and 60.780% for the miscellaneous and safety plans, respectively, for the period July 1, 2020 through June 30, 2021.

At June 30, 2019, the valuation date, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active members	593	377
Transferred members	439	79
Terminated members	329	58
Retired members and beneficiaries	1003	610





# City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

## 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, 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 net pension liability is illustrated below:

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2019 actuarial valuation, rolled forward to June 30, 2020 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 CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of 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 projected mortality improvement using 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, 2021

### 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 <sup>1</sup>	Current Target Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
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%

<sup>1</sup> In the System's ACFR, 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.

<sup>2</sup> An expected inflation of 2.00% used for this period

<sup>3</sup> An expected inflation of 2.92% used for this period.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

**Discount Rate** – The discount rate used to measure the total pension liability at June 30, 2020 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:

<b>Miscellaneous Plan</b>			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (Valuation Date)	\$ 591,598	\$ 432,522	\$ 159,076
Changes in the year:			
Service cost	7,779	-	7,779
Interest on the total pension liabilities	41,058	-	41,058
Differences between expected and actual experience	(6,087)	-	(6,087)
Benefit payments, including refunds of members contributions	(30,321)	(30,321)	-
Contributions - employer	-	16,879	(16,879)
Contributions - employee	-	3,630	(3,630)
Net investment income	-	21,486	(21,486)
Administrative expenses	-	(610)	610
Net changes	<u>12,429</u>	<u>11,064</u>	<u>1,365</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$ 604,027</u>	<u>\$ 443,586</u>	<u>\$ 160,441</u>

<b>Safety Plan</b>			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (Valuation Date)	\$ 782,327	\$ 518,645	\$ 263,682
Changes in the year:			
Service cost	13,226	-	13,226
Interest on the total pension liabilities	54,597	-	54,597
Differences between expected and actual experience	(4,721)	-	(4,721)
Benefit payments, including refunds of members contributions	(41,247)	(41,247)	-
Contributions - employer	-	25,848	(25,848)
Contributions - employee	-	4,355	(4,355)
Net investment income	-	25,784	(25,784)
Administrative expenses	-	(731)	731
Net changes	<u>21,855</u>	<u>14,009</u>	<u>7,846</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$ 804,182</u>	<u>\$ 532,654</u>	<u>\$ 271,528</u>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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:

	<b>Plan's Aggregate Net Pension Liability/(Asset)</b>		
	<b>Discount Rate - 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
<b>Miscellaneous Plan</b>	\$ 237,719	\$ 160,441	\$ 96,583
<b>Safety Plan</b>	376,752	271,528	184,923
<b>Aggregate Total</b>	\$ 614,471	\$ 431,969	\$ 281,506

***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***

As of the start of the measurement period (July 1, 2019), the net pension liability was \$159,076,000 for the Miscellaneous Plan and \$263,682,000 for the Safety Plan. For the measurement period ending June 30, 2020 (the measurement date), the City incurred a pension expense of \$14,962,000 and \$36,664,000 for the Miscellaneous and Safety Plans, respectively.

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, 2021

### 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 2019-20 measurement period, the EARSL for each plan is as follows:

	Miscellaneous	Safety
Expected Average Remaining Service Lifetime	2.4	3.9

At June 30, 2021 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	\$ 3,239	\$ -
Difference between expected and actual experience Contributions made subsequent to the measurement date	-	(3,587)
	150,880	-
Total	\$ 154,119	\$ (3,587)

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$ 4,106	\$ -
Changes in assumptions	-	(692)
Difference between expected and actual experience Contributions made subsequent to the measurement date	489	(4,104)
	257,329	-
Total	\$ 261,924	\$ (4,796)



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

For the Miscellaneous Plan and Safety Plan, \$150,880,000 and \$257,329,000, 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, 2022. 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,	<b>Deferred Outflows/ (Inflows) of Resources</b>	
	<b>Miscellaneous</b>	<b>Safety</b>
2021	\$ (4,427)	\$ (3,860)
2022	101	(67)
2023	2,183	1,555
2024	1,795	2,171
	<u>\$ (348)</u>	<u>\$ (201)</u>

**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, 2021**

**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 \$625. 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, 2021, the measurement date, the following employees were covered by the benefit terms for the Plan:

Inactive employees receiving benefits	753
Active employees	65
Total	818

**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, 2018 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, 2021. 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, 2021, the contributions were (in thousands):

Contributions - employer	\$ 1,435
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**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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 2021 with an effective date of July 1, 2021. 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, 2021 is listed below:

<u>Asset Class</u>	<u>Strategic Allocation</u>	<u>Allocation as of June 30,2019</u>	<u>Long-Term Expected Rate of Return</u>
Fixed Income	40.00%	38.36%	1.55%
Equities	27.00%	56.08%	5.35%
Real Estate	10.00%	4.95%	0.00%
Commodities	2.00%	0.00%	0.00%
Cash and Equivalents	0.00%	0.61%	0.45%
<b>Total</b>	<b>79.00%</b>	<b>100.00%</b>	

Quoted market prices have been used to value investments as of June 30, 2021. 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, 2021:

**Concentration of Investments Equaling or Exceeding 5%**

AssetsVanguard International Growth Adm	17.22%
Fidelity® US Bond Index	14.11%
DoubleLine Total Return Bond I	10.08%
PGIM Total Return Bond R6	10.06%
Harbor Capital Appreciation Inst	8.13%
Parnassus Core Equity Institutional	7.78%
Vanguard Equity-Income Adm	7.51%





## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 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, 2021, the annual money-weighted rate of return on the Plan's investments, net of pension plan investment expenses, was 26.88%. 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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2021

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

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2019 actuarial valuations for the June 30, 2021 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	5.25%
Inflation	2.50%
Salary Increases	CalPERS 1997-2015 Experience Study plus 2.75% aggregate increase
Investment Rate of Return	5.25% 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 5.25%, based on the inflation assumption of 2.50% 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, 2021

### 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, 2021**

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

***Changes in the Net Pension Liability***

	<b>Supplemental Plan</b>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2020	\$ 71,074	\$ 59,017	\$ 12,057
Changes in the year:			
Service cost	350	-	350
Interest on the total pension liabilities	4,292	-	4,292
Changes of Assumptions	6,547	-	6,547
Benefit payments, including refunds of members contributions	(5,494)	(5,494)	-
Contributions - employer	-	1,435	(1,435)
Net investment income	-	15,717	(15,717)
Administrative expenses	-	(314)	314
Net changes	<u>5,695</u>	<u>11,344</u>	<u>(5,649)</u>
Balance at June 30, 2021	<u>\$ 76,769</u>	<u>\$ 70,361</u>	<u>\$ 6,408</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:

<b>Plan's Aggregate Net Pension Liability/(Asset)</b>		
<b>(in thousands)</b>		
<b>Discount Rate - 1%</b> <b>(4.25%)</b>	<b>Current Discount</b> <b>Rate (5.25%)</b>	<b>Discount Rate + 1%</b> <b>(6.25%)</b>
\$ 14,397	\$ 6,408	\$ (368)



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

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

For the year ended June 30, 2021, the City recognized pension expense in the amount of \$5,381,000 for the Supplemental Plan.

At June 30, 2021, the City reported deferred inflows of resources related to the supplemental pension plan from the following source (in thousands):

	Deferred Inflows of Resources
Difference between projected and actual earnings on pension plan investments	\$ (8,237)

For the Supplemental Plan, \$8,237,000 was reported as deferred inflows 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
2022	\$ (1,825)
2023	(1,908)
2024	(2,097)
2025	(2,407)
	\$ (8,237)



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 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, 2021**

**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, 2020 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	263	189
Inactive employees not yet receiving benefits	301	-
Active Plan Members	861	384
Total Plan Participants	1,425	573

**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 \$842,000 for year ended June 30, 2021. 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](http://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 (\$136 in 2019, \$139 in 2020, and \$143 in 2021). 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 \$71.50 per employee for the Huntington Beach Firefighter's Association (HBFA) and \$121.55 for all other Safety groups in 2021. 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, 2021

### 8. OTHER POST EMPLOYMENT BENEFITS (Continued)

The City's net OPEB liability was measured as of June 30, 2020 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 Rate<sup>1</sup> – Derived using CalPERS' membership data for all funds
- Pre-Retirement Turnover<sup>2</sup> – Derived using CalPERS' membership data for all funds
- PEMCHA minimum increases for actives - \$145 in 2021, 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
2021	7.25%	6.30%	2029	5.40%	4.85%
2022	7.00%	6.10%	2030	5.20%	4.70%
2023	6.75%	5.90%	2031-35	5.05%	4.60%
2024	6.50%	5.70%	2036-45	4.90%	4.50%
2025	6.25%	5.50%	2046-55	4.75%	4.45%
2026	6.00%	5.30%	2056-65	4.60%	4.40%
2027	5.80%	5.15%	2066-75	4.30%	4.20%
2028	5.60%	5.00%	2076+	4.00%	4.00%

<sup>1</sup> 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](http://www.calpers.ca.gov) under Forms and Publications. Post-retirement mortality rates include mortality projected fully generational with Scale MP-19.

<sup>2</sup> 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](http://www.calpers.ca.gov) under Forms and Publications.





**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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:

	<b>CERBT Strategy 2</b>	
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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%
<b>Total</b>	<b>100%</b>	

\* 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, 2021**

**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)
<b>Balance at June 30, 2020</b> (Measurement Date June 30, 2019)	\$ 32,845	\$ 29,193	\$ 3,652
<b>Changes recognized for the measurement period:</b>			
Service Cost	1,096	-	1,096
Interest	2,064	-	2,064
Assumption Changes	(298)	-	(298)
Contributions - Employer	-	1,959	(1,959)
Net Investment Income	-	1,580	(1,580)
Benefit Payments	(1,848)	(1,848)	-
Administrative Expenses	-	(245)	245
<b>Net Changes</b>	<b>1,014</b>	<b>1,446</b>	<b>(432)</b>
<b>Balance at June 30, 2021</b> (Measurement Date June 30, 2020)	<b>\$ 33,859</b>	<b>\$ 30,639</b>	<b>\$ 3,220</b>

***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, 2020 (in thousands):

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
<b>Net OPEB Liability</b>	\$ 7,368	\$ 3,220	\$ (178)



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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, 2020 (in thousands):

	<b>1% Decrease</b> (6.25% Non-Medicare / 5.30% Medicare, decreasing to 3.0% Non-Medicare / 3.0% Medicare)	<b>Current Trend</b> (7.25% Non-Medicare / 6.30% Medicare, decreasing to 4.0% Non-Medicare / 4.0% Medicare)	<b>1% Increase</b> (8.25% Non-Medicare / 7.30% Medicare, decreasing to 5.0% Non-Medicare / 5.0% Medicare)
<b>Net OPEB Liability</b>	\$ (504)	\$ 3,220	\$ 7,950

***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
-------------------------------------------------------------------------------	---------



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**8. OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

As of June 30, 2021, the City recognized OPEB expense of \$1,373,000. As of June 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB Contributions subsequent to the measurement date	\$ 1,882	\$ -
Difference between expected and actual experience	1,025	-
Changes in Assumptions	-	2,697
Net difference between projected and actual earnings on	117	-
	<u>\$ 3,024</u>	<u>\$ 2,697</u>

The \$1,882,000 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows (in thousands):

<b>Measurement Periods Ended June 30,</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2022	\$ (205)
2023	(302)
2024	(343)
2025	(257)
2026	(306)
Thereafter	(142)
	<u>\$ (1,555)</u>



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 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 three years that exceeded the coverage limit. Although, there is a claim that exceeds the self-insured retention of \$1,000,000 and is not covered under the City's liability insurance plan. Refer to note 18d. for further details.

#### **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, 2021**

**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 \$19.6 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):

	<b>Workers' Compensation</b>	<b>General Liability</b>	<b>Total</b>
<b>Balance June 30, 2019</b>	<b>\$ 26,630</b>	<b>\$ 8,396</b>	<b>\$ 35,026</b>
Additions	9,758	3,310	13,068
Reductions	(6,782)	(4,157)	(10,939)
Net Increase (Decrease)	2,976	(847)	2,129
<b>Balance June 30, 2020</b>	<b>29,606</b>	<b>7,549</b>	<b>37,155</b>
Additions	12,200	11,058	23,258
Reductions	(7,012)	(6,622)	(13,634)
Net Increase (Decrease)	5,188	4,436	9,624
<b>Balance June 30, 2021</b>	<b>\$ 34,794</b>	<b>\$ 11,985</b>	<b>\$ 46,779</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**10. INTERFUND TRANSACTIONS**

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

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

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

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, 2021 for Main Pier property acquisitions prior to the dissolution of the Redevelopment Agency on February 1, 2012. No set interest rates or fixed repayment terms have been established.



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 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	\$ -	\$ 135	\$ -	\$ 400	\$ 535	\$ 13	\$ 548
Grants Special Revenue	-	1,271	-	-	1,271	-	1,271
Other Governmental Funds	10,817	-	406	16	11,239	-	11,239
<b>Total Governmental Funds</b>	<b>10,817</b>	<b>1,406</b>	<b>406</b>	<b>416</b>	<b>13,045</b>	<b>13</b>	<b>13,058</b>
Refuse Fund	51	-	-	-	51	-	51
<b>Total Enterprise Funds</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>-</b>	<b>51</b>
<b>Total Transfers Out</b>	<b>\$ 10,868</b>	<b>\$ 1,406</b>	<b>\$ 406</b>	<b>\$ 416</b>	<b>\$ 13,096</b>	<b>\$ 13</b>	<b>\$ 13,109</b>

The following is a summary of the significant transfers:

- \$10,817,000 was transferred from the General Fund to Other Governmental Funds for debt service payments of \$1,371,000 and for infrastructure related projects including road repairs, police facility repairs and enhancement, equipment, and other capital improvement projects of \$9,400,000.
- \$51,000 was transferred from the General Fund to the Refuse Enterprise Fund to fund the senior citizen rate reduction on refuse charges.
- \$406,000 was transferred from the LMIHAF Fund to Other Governmental Funds for debt service payments.
- \$135,000 was transferred from the Grants Special Revenue Fund to the General Fund for lost EMS revenue related to COVID-19 reimbursed by HHS Grant Funds.
- \$16,000 was transferred from the 2014A Bond Project Fund to the Infrastructure Fund to utilize 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, 2021

### 11. LONG-TERM OBLIGATIONS

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

Governmental Activities:	June 30, 2020	Additions	Retirements	June 30, 2021	Accrued Interest	Due Within One Year
<b>Public Financing Authority:</b>						
2010(a) Lease Revenue Bonds	\$ 7,410	\$ -	\$ (7,410)	\$ -	\$ -	\$ -
2011(a) Lease Revenue Bonds	15,725	-	(15,725)	-	-	-
2014(a) Lease Revenue Bonds	12,530	-	(650)	11,880	138	665
2020(a) Lease Revenue Bonds	-	4,835	-	4,835	36	-
2020(b) Lease Revenue Bonds	-	14,440	(1,610)	12,830	25	1,515
<b>Total Public Financing Authority</b>	<b><u>35,665</u></b>	<b><u>19,275</u></b>	<b><u>(25,395)</u></b>	<b><u>29,545</u></b>	<b><u>199</u></b>	<b><u>2,180</u></b>
<b>Other Long-Term Obligations:</b>						
Compensated Absences	12,633	5,971	(5,199)	13,405	-	4,432
Claims Payable	37,155	23,258	(13,634)	46,779	-	10,108
Pollution Remediation	2,000	-	-	2,000	-	-
LED Lighting Phase I	546	-	(114)	432	2	119
I-Bank CLEEN Loan	2,171	-	(289)	1,882	18	296
CEC Loan	2,588	-	(131)	2,457	13	394
Pension Obligation Bonds	-	341,501	-	341,501	2,101	10,859
Leases Payable	5,241	12,753	(5,241)	12,753	8	1,907
<b>Total Other Long-Term Obligations</b>	<b><u>62,334</u></b>	<b><u>383,483</u></b>	<b><u>(24,608)</u></b>	<b><u>421,209</u></b>	<b><u>2,142</u></b>	<b><u>28,115</u></b>
<b>Total Long-Term Obligations - Governmental Activities</b>	<b><u>\$ 97,999</u></b>	<b><u>\$ 402,758</u></b>	<b><u>\$ (50,003)</u></b>	<b><u>\$ 450,754</u></b>	<b><u>\$ 2,341</u></b>	<b><u>\$ 30,295</u></b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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 <sup>st</sup> , September 1 <sup>st</sup>
Principal Payment Dates	September 1 <sup>st</sup>
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)

Bonds of \$6,545,000 were advance refunded by the 2020(a) Lease Revenue Bonds on September 1, 2020.

**(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 <sup>st</sup> , September 1 <sup>st</sup>
Principal Payment Dates	September 1 <sup>st</sup>
Purpose of Debt	Defease 2001(a) Leasehold Revenue Bonds (Construct Sports Complex and South Beach Phase II Improvements) and 2001(b) Lease Revenue Bonds (Defease Civic Improvement Corporation Certificates)

Bonds of \$13,570,000 were advance refunded by the 2020(b) Lease Revenue Bonds on August 12, 2020. The 2011(a) Lease Revenue were paid on September 1, 2021 but in substance defeased as of June 30, 2021.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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 <sup>st</sup> , September 1 <sup>st</sup>
Principal Payment Dates	September 1 <sup>st</sup>
Purpose of Debt	Finance the construction of a new Senior Center

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 665	\$ 411	\$ 1,076
2023	685	384	1,069
2024	720	352	1,072
2025	750	319	1,069
2026	785	289	1,074
2027-2031	4,305	1,067	5,372
2032-2035	3,970	310	4,280
<b>Total</b>	<b>\$ 11,880</b>	<b>\$ 3,132</b>	<b>\$ 15,012</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

**(4) 2020(a) Public Financing Authority Lease Revenue Bonds**

Year of Issuance	2020
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$4,835,000
Security	Lease with City
Interest Rates	4.0% to 5.0%
Interest Payment Dates	May 1 <sup>st</sup> , November 1 <sup>st</sup>
Principal Payment Dates	May 1 <sup>st</sup>
Purpose of Debt	Defease 2010(a) Lease revenue Bonds which Defeased 1997 Leasehold Revenue Bonds (Construct Pier Plaza and Purchase 800 MHZ system), 2000 Lease Revenue Bonds (Capital Improvements and defeasance of Emerald Cove Certificate of Participation)

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ -	\$ 223	\$ 223
2023	-	223	223
2024	-	224	224
2025	-	224	224
2026	-	224	224
2027-2031	3,020	1,053	4,073
2032	1,815	73	1,888
<b>Total</b>	<b>\$ 4,835</b>	<b>\$ 2,244</b>	<b>\$ 7,079</b>

On August 12, 2020, the Public Financing Authority issued \$4,835,000 of 2020 Series A Lease Revenue Bonds on behalf of the City. The bond proceeds were used to advance refund the outstanding 2010 Series A Lease Revenue Bonds. The 2020 Series A bonds bear fixed interest rates ranging from 4.00 percent to 5.00 percent and have a final maturity date of May 1, 2032. The 2020 Series A bonds payments to escrow from net proceeds are reported as other financing uses. The 2010 Series A bonds in the amount of \$6,545,000 were redeemed on September 1, 2020. The Public Financing Authority in effect reduced its aggregate debt service payments by approximately \$2,118,000 over the next 12 years and obtained a net economic gain (difference between the present values of the old and new debt service payments) of \$1,246,000.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

**(5) 2020(b) Public Financing Authority Lease Revenue Bonds**

Year of Issuance	2020
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$14,440,000
Security	Lease with City
Interest Rates	.329% to 1.831%
Interest Payment Dates	May 1 <sup>st</sup> , November 1 <sup>st</sup>
Principal Payment Dates	May 1 <sup>st</sup>
Purpose of Debt	Defease 2011(a) Lease revenue Bonds which Defeased 2001(a) Leasehold Revenue Bonds (Construct Sports Complex and South Beach Phase II Improvements) and 2001(b) Lease Revenue Bonds (Defeased Civic Improvement Corporation Certificates)

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,515	\$ 145	\$ 1,660
2023	1,520	138	1,658
2024	1,530	129	1,659
2025	1,545	117	1,662
2026	1,560	103	1,663
2027-2030	5,160	186	5,346
<b>Total</b>	<b>\$ 12,830</b>	<b>\$ 818</b>	<b>\$ 13,648</b>

On August 12, 2020, the Public Financing Authority issued \$14,440,000 of 2020 Series B Lease Revenue Bonds on behalf of the City. The bond proceeds were used to advance refund the outstanding 2011 Series A Lease Revenue Bonds. The 2020 Series B bonds bear fixed interest rates ranging from 0.329 percent to 1.831 percent and have a final maturity date of May 1, 2030. The 2020 Series B bond payments to escrow from net proceeds are reported as other financing uses. The 2011 Series A bonds in the amount of \$13,570,000 were paid on September 1, 2021 but in substance defeased as of June 30, 2021. The Public Financing Authority in effect reduced its aggregate debt service payments by approximately \$4,533,000 over the next 10 years and obtained a net economic gain (difference between the present values of the old and new debt service payments) of \$1,738,000.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

**b. Other Long-Term Obligations**

**(1) Compensated Absences**

There is no repayment schedule to pay the compensated absences amount of \$13,405,000 relating to governmental operations. The General Fund typically liquidates the vacation and sick leave liability.

**(2) Claims Payable**

There is no repayment schedule for the claims payable for governmental activities of \$46,779,000 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.

**(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 <sup>st</sup> and August 1 <sup>st</sup>
Principal Payment Dates	August 1 <sup>st</sup>
Purpose of Debt	To purchase and upgrade street, area and pole lighting to energy efficient LED light sources



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 119	\$ 14	\$ 133
2023	122	10	132
2024	126	5	131
2025	65	1	66
<b>Total</b>	<b>\$ 432</b>	<b>\$ 30</b>	<b>\$ 462</b>

**(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 <sup>st</sup> and August 1 <sup>st</sup>
Principal Payment Dates	August 1 <sup>st</sup>
Purpose of Debt	To purchase and upgrade street pole lighting to energy efficient LED light sources

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 296	\$ 40	\$ 336
2023	303	33	336
2024	310	26	336
2025	317	19	336
2026	324	11	335
2027	332	4	336
<b>Total</b>	<b>\$ 1,882</b>	<b>\$ 133</b>	<b>\$ 2,015</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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 <sup>nd</sup> and December 22 <sup>nd</sup>
Principal Payment Dates	June 22 <sup>nd</sup> and December 22 <sup>nd</sup>
Purpose of Debt	To upgrade street pole lighting to energy efficient LED light sources

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 394	\$ 34	\$ 428
2023	266	20	286
2024	269	17	286
2025	272	13	285
2026	274	12	286
2027-2030	982	20	1,002
<b>Total</b>	<b>\$ 2,457</b>	<b>\$ 116</b>	<b>\$ 2,573</b>





**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

**(7) Pension Obligation Bonds**

Year of Issuance	2021
Type of Debt	Pension Obligation Bonds
Principal Amount	Original \$341,501,000
Interest Rates	0.221% to 3.376%
Interest Payment Dates	June 15 <sup>th</sup> and December 15 <sup>th</sup>
Principal Payment Dates	June 15 <sup>th</sup>
Purpose of Debt	Pay 85% of CalPERS UAL as of the June 30, 2019 valuation report.

In June 2021, the City issued a Pension Obligation Bond to pay for 85 percent of its current unfunded pension liability with CalPERS.

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 10,859	\$ 10,290	\$ 21,149
2023	12,637	8,511	21,148
2024	12,683	8,463	21,146
2025	12,768	8,384	21,152
2026	12,898	8,248	21,146
2027-2031	67,921	37,818	105,739
2032-2036	76,573	29,162	105,735
2037-2041	88,914	16,828	105,742
2042	46,248	2,919	49,167
<b>Total</b>	<b>\$ 341,501</b>	<b>\$ 130,623</b>	<b>\$ 472,124</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

**(8) Leases Payable**

Year of Issuance	2021
Type of Debt	Capital Leases
Principal Amount	Various
Security	Master Lease Agreement
Interest Rates	1.249% and 1.775%
Interest Payment Dates	Semi-Annually
Principal Payment Dates	Semi-Annually
Purpose of Debt	Public Safety Equipment Financing

In June 2021, a new ten-year lease agreement was approved by City Council in the amount of \$12,753,130 to finance the replacement of a one fire engine, one rescue boat, three helicopters. Additionally, the City refinanced its existing capital leases into a single lease with a six-year term.

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,907	\$ 172	\$ 2,079
2023	1,901	177	2,078
2024	1,930	149	2,079
2025	1,268	121	1,389
2026	1,022	100	1,122
2027-2031	4,725	248	4,973
<b>Total</b>	<b>\$ 12,753</b>	<b>\$ 967</b>	<b>\$ 13,720</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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, 2020	Additions	Retirements	June 30, 2021	Accrued Interest	Due Within One Year
Compensated Absences	\$ 1,615	\$ 542	\$ (731)	\$ 1,426	\$ -	\$ 389
Pension Obligation Bonds	-	22,144	-	22,144	131	776
<b>Total Long-Term Obligations - Business-Type Activities</b>	<b>\$ 1,615</b>	<b>\$ 22,686</b>	<b>\$ (731)</b>	<b>\$ 23,570</b>	<b>\$ 131</b>	<b>\$ 1,165</b>

**(1) Compensated Absences**

There is no repayment schedule for the compensated absences amount of \$1,426,000 relating to business-type activities. The balance for the outstanding business-type compensated absences is predominately related to the Water and Sewer funds.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

**(2) Pension Obligation Bond**

Year of Issuance	2021
Type of Debt	Pension Obligation Bonds
Principal Amount	Original \$22,144,000
Interest Rates	0.221% to 3.376%
Interest Payment Dates	June 15 <sup>th</sup> and December 15 <sup>th</sup>
Principal Payment Dates	June 15 <sup>th</sup>
Purpose of Debt	Pay 85% of CalPERS UAL as of the June 30, 2019 valuation report.

In June 2021, the City issued a Pension Obligation Bond to pay for 85 percent of its current unfunded pension liability with CalPERS.

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 776	\$ 647	\$ 1,423
2023	888	535	1,423
2024	892	531	1,423
2025	897	527	1,424
2026	907	518	1,425
2027-2031	4,774	2,342	7,116
2032-2036	5,382	1,734	7,116
2037-2041	6,251	866	7,117
2042	1,377	46	1,423
<b>Total</b>	<b>\$ 22,144</b>	<b>\$ 7,746</b>	<b>\$ 29,890</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

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

**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):

<b>Community Facilities Districts:</b>	<b>June 30, 2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2021</b>
Community Facilities District No. 1990-1				
Special Tax Refunding Bonds	\$ 170	\$ -	\$ (170)	\$ -
Community Facilities District No. 2000-1				
2013 Special Tax Refunding Bonds	9,675	-	(625)	9,050
Community Facilities District No. 2002-1				
Special Assessment Tax Bonds	3,945	-	(160)	3,785
Community Facilities District No. 2003-1				
2013 Special Tax Refunding Bonds	16,415	-	(855)	15,560
<b>Total Community Facilities Districts</b>	<b>30,205</b>	<b>-</b>	<b>(1,810)</b>	<b>28,395</b>
Residential Redevelopment Bonds	2,900	-	(2,900)	-
<b>Total Obligations Not Recorded in Financial Statements</b>	<b>\$ 33,105</b>	<b>\$ -</b>	<b>\$ (4,710)</b>	<b>\$ 28,395</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**12. CAPITAL ASSETS**

**a. Changes in Capital Assets**

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

	June 30, 2020	Additions	Dispositions	June 30, 2021
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated:				
Land	\$ 362,069	\$ 6,726	\$ -	\$ 368,795
Construction in Progress	7,515	4,848	(3,779)	8,584
<b>Total Capital Assets -Not Depreciated</b>	<b>369,584</b>	<b>11,574</b>	<b>(3,779)</b>	<b>377,379</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	211,278	4,228	-	215,506
Machinery and Equipment	67,003	9,533	-	76,536
Infrastructure	434,072	17,704	(775)	451,001
<b>Total Capital Assets Being Depreciated</b>	<b>712,353</b>	<b>31,465</b>	<b>(775)</b>	<b>743,043</b>
Less Accumulated Depreciation:				
Buildings	(84,499)	(4,885)	-	(89,384)
Machinery and Equipment	(53,041)	(3,912)	-	(56,953)
Infrastructure	(229,638)	(7,966)	775	(236,829)
<b>Total Accumulated Depreciation</b>	<b>(367,178)</b>	<b>(16,763)</b>	<b>775</b>	<b>(383,166)</b>
Total Depreciated - Net	345,175	14,702	-	359,877
<b>Total Capital Assets</b>	<b>1,081,937</b>	<b>43,039</b>	<b>(4,554)</b>	<b>1,120,422</b>
Total Accumulated Depreciation	(367,178)	(16,763)	775	(383,166)
<b>Capital Assets of Governmental Activities - Net</b>	<b>\$ 714,759</b>	<b>\$ 26,276</b>	<b>\$ (3,779)</b>	<b>\$ 737,256</b>



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 12. CAPITAL ASSETS (Continued)

	June 30, 2020	Additions	Dispositions	June 30, 2021
<b>Business-Type Activities:</b>				
Capital Assets, Not Depreciated:				
Land	\$ 3,907	\$ -	\$ -	\$ 3,907
Construction in Progress	442	1,340	-	1,782
<b>Total Capital Assets -Not Depreciated</b>	<b>4,349</b>	<b>1,340</b>	<b>-</b>	<b>5,689</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	100,082	-	-	100,082
Machinery and Equipment	20,657	939	-	21,596
Infrastructure	145,961	3,566	(223)	149,304
<b>Total Capital Assets Being Depreciated</b>	<b>266,700</b>	<b>4,505</b>	<b>(223)</b>	<b>270,982</b>
Less Accumulated Depreciation:				
Buildings	(31,723)	(2,512)	-	(34,235)
Machinery and Equipment	(13,632)	(1,178)	-	(14,810)
Infrastructure	(82,909)	(2,471)	223	(85,157)
<b>Total Accumulated Depreciation</b>	<b>(128,264)</b>	<b>(6,161)</b>	<b>223</b>	<b>(134,202)</b>
Total Depreciated - Net	138,436	(1,656)	-	136,780
<b>Total Capital Assets</b>	<b>271,049</b>	<b>5,845</b>	<b>(223)</b>	<b>276,671</b>
Total Accumulated Depreciation	(128,264)	(6,161)	223	(134,202)
<b>Capital Assets of Business Activities - Net</b>	<b>\$ 142,785</b>	<b>\$ (316)</b>	<b>\$ -</b>	<b>\$ 142,469</b>

#### b. Depreciation Expense

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

<b>Department:</b>	
City Manager	\$ 23
Finance	30
Community Development	122
Fire	299
Information Services	25
Police	190
Community & Library Services	2,435
Library Services	334
Public Works	12,592
Internal Service Fund depreciation charged to functions	713
<b>Total</b>	<b>\$ 16,763</b>



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 12. CAPITAL ASSETS (Continued)

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

<b>Fund:</b>		
Water	\$	3,986
Sewer Service		2,153
Refuse		<u>22</u>
<b>Total</b>	<b>\$</b>	<b><u>6,161</u></b>

### 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 percent of CNOA net assets as Joint Venture Investments.

### 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, 2021 is \$1,456,867.





## **City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021**

### **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, 2021**

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

**b. 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, 2020	Additions	Retirements	June 30, 2021	Accrued Interest	Due Within One Year
<b>Bonds Payable</b>						
1999 Tax Allocation Refunding Bonds	\$ 1,935	\$ -	\$ (365)	\$ 1,570	\$ 33	\$ 380
2002 Tax Allocation Bonds	4,215	-	(800)	3,415	71	840
<b>Total Bonds Payable</b>	<u>6,150</u>	<u>-</u>	<u>(1,165)</u>	<u>4,985</u>	<u>104</u>	<u>1,220</u>
<b>Other Long-Term Obligations</b>						
Mayer DDA	1,854	-	(600)	1,254	20	599
Bella Terra OPA (Parking)	6,328	-	(1,343)	4,985	-	1,343
Bella Terra AHA (Phase II)	13,553	-	(686)	12,867	-	686
CIM DDA (Parking & Infrastructure)	5,567	-	(288)	5,279	276	308
CIM DDA (Additional Parking)	364	-	(13)	351	26	15
<b>Total Other Long-Term Obligations</b>	<u>27,666</u>	<u>-</u>	<u>(2,930)</u>	<u>24,736</u>	<u>322</u>	<u>2,951</u>
<b>Total Long-Term Obligations</b>	<u>\$ 33,816</u>	<u>\$ -</u>	<u>\$ (4,095)</u>	<u>\$ 29,721</u>	<u>\$ 426</u>	<u>\$ 4,171</u>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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 <sup>st</sup> and August 1 <sup>st</sup>
Principal Payment Dates	August 1 <sup>st</sup>
Purpose of Debt	Prepay Agency's 1992 Loans to Public Financing Authority

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 380	\$ 69	\$ 449
2023	405	49	454
2024	425	29	454
2025	360	9	369
<b>Total</b>	<b>\$ 1,570</b>	<b>\$ 156</b>	<b>\$ 1,726</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**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 <sup>st</sup> and August 1 <sup>st</sup>
Principal Payment Dates	August 1 <sup>st</sup>
Purpose of Debt	Prepay Agency's 1992 Loans to Public Financing Authority and fully defease 1992 Public Financing Authority bonds

Debt service requirements to maturity are (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 840	\$ 150	\$ 990
2023	875	107	982
2024	920	62	982
2025	780	20	800
<b>Total</b>	<b>\$ 3,415</b>	<b>\$ 339</b>	<b>\$ 3,754</b>

***Pledged Revenues***

The Successor Agency will repay a total of \$5,480,000, principal and interest, for the outstanding 1999 and 2002 Tax Allocation Refunding Bonds as of June 30, 2021 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, 2021**

**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 \$1,254,000. 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 \$4,985,000. 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 \$12,867,000. 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, 2021**

**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	7.00%
Interest Payment Dates	September 30 <sup>th</sup>
Principal Payment Dates	September 30 <sup>th</sup>
Purpose of Debt	Strand Parking Structure and Infrastructure

As of year-end, the Successor Agency obligation under the agreement amounted to \$5,279,000. 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, 2021**

**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	10.00%
Interest Payment Dates	September 30 <sup>th</sup>
Principal Payment Dates	September 30 <sup>th</sup>
Purpose of Debt	Additional Strand Parking Structure and Infrastructure

As of year-end, the Successor Agency obligation under the agreement amounted to \$351,000. 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, 2021**

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

**c. 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 2024, 2033, and 2038. Sales tax rebates totaled \$1,097,750 for the year ended June 30, 2021. 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, and McKenna Subaru Huntington Beach through 2033 with a 45%/55% McKenna/City split with base sales of \$150,800.





## **City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021**

### **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.



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 16. COMMITMENTS AND CONTINGENCIES (Continued)

Below is a schedule of the activity for the year (in thousands):

	June 30, 2020	Additions	Reductions	June 30, 2021
<b>General Fund</b>				
Direct Advances	\$ 2,312	\$ -	\$ -	\$ 2,312
Indirect Advances	6,567	-	-	6,567
Land Sales	32,833	-	-	32,833
Interest	30,480	404	-	30,884
<b>Total General Fund</b>	<b>72,192</b>	<b>404</b>	<b>-</b>	<b>72,596</b>
<b>Sewer Fund</b>				
Direct Advances	298	2	-	300
Deferred Development Fees	186	1	-	187
<b>Total Sewer Fund</b>	<b>484</b>	<b>3</b>	<b>-</b>	<b>487</b>
<b>Drainage Fund</b>				
Direct Advances	720	4	-	724
Deferred Development Fees	199	1	-	200
<b>Total Drainage Fund</b>	<b>919</b>	<b>5</b>	<b>-</b>	<b>924</b>
<b>Park Acquisition and Development Fund</b>				
Direct Advances	5,927	33	-	5,960
Deferred Development Fees	440	2	-	442
<b>Total Park Acquisition and Development Fund</b>	<b>6,367</b>	<b>35</b>	<b>-</b>	<b>6,402</b>
<b>Water Fund</b>				
Direct Advances	4,461	25	-	4,486
<b>Total Water Fund</b>	<b>4,461</b>	<b>25</b>	<b>-</b>	<b>4,486</b>
<b>Total All Funds</b>	<b>\$ 84,423</b>	<b>\$ 472</b>	<b>\$ -</b>	<b>\$ 84,895</b>

#### 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 was 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, 2020	Additions	Reductions	June 30, 2021
<b>General Fund</b>				
Emerald Cove	\$ 3,245	\$ -	\$ -	\$ 3,245



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 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, 2021

### 16. COMMITMENTS AND CONTINGENCIES (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):

**Internal Service Fund:**

Self Insurance Workers' Comp	\$ 19,584
Self Insurance General Liability	\$ 1,834

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 Self Insurance General Liability fund has a deficit due to increases in claims judgement, cost of litigation and rising number of lawsuits against the City. As such, the City set aside \$3,650,000 in litigation reserve for general liability claims in the General Fund.

The City has established plans to reduce and eliminate the deficits in these funds. 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. American Rescue Plan Act of 2021 (ARPA)

As a response to COVID-19, the federal government passed the American Rescue Plan Act of 2021 to help combat the disease outbreak and its impacts. Enacted March 11, 2021, the ARPA bill provides \$1.9 trillion in pandemic relief and authorized \$350 billion in state and local government financial assistance. Through the ARPA bill, the City is eligible to receive \$29.6 million in funding for allowable expenditures. ARPA funding is provided in two tranches covering 50 percent each tranche. In fiscal year 2020/21, the City received its first tranche in May 2021 of \$14.8 million and will be receiving the remaining \$14.8 million one year later.



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 18. SUBSEQUENT EVENTS (Continued)

A three-person City Council ARPA subcommittee was established in June 2021 to develop and review a list of potential projects. On September 7, 2021, City Council approved a spending plan which addresses both immediate, current needs of the City and transformative, “*Plan for the Future*” projects with long-term community impacts including Downtown Revitalization Improvements, Police Technology Infrastructure Improvements, and a comprehensive Homeless Response Plan.

#### b. Orange County Oil Spill Response

On October 2, 2021, the United State Coast Guard notified the City of a possible oil spill in the area of Huntington Beach, which was classified as a major spill later in the day. The oil spill was originally estimated to be 5.8 nautical miles long, running from the Huntington Beach Pier down to Newport Beach. Given the oil spill impacts, a decision was made by the City and State to close the ocean from the Pier to the Santa Ana River jetty. Additionally, a decision was made by City leadership to cancel the third day of the Pacific Airshow on October 3<sup>rd</sup>. The oil spill was declared a State emergency by the Governor on October 4<sup>th</sup>, with a local emergency declaration following the same day. The oil spill has significantly affected the City, with substantial ecological impacts occurring at the beach and at the Huntington Beach Wetlands. In response, Huntington Beach Fire and Marine Safety personnel were deployed to implement oil containment efforts.

The U.S. Coast Guard, acting as the lead agency, formed an Incident Management Team (comprised of federal, state and regional agencies) to respond to the oil spill incident and coordinate clean-up efforts. A Unified Command Team that includes the U.S. Coast Guard, California Department of Fish and Wildlife, and Amplify Energy Corporation has also been established to investigate the oil spill incident. As of October 11, 2021, both City and State beaches have reopened after water quality testing results showed non-detectable amounts of oil associated toxins. The City continues to actively monitor the water quality so that any further impacts may be avoided and safety measures deployed as needed.

The financial impacts of the oil spill are still being evaluated at this time.



## City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2021

### 18. SUBSEQUENT EVENTS (Continued)

#### c. Community Choice Energy (CCE)

The City of Irvine began efforts to create a regional Community Choice Energy (CCE) program known as the Orange County Power Authority (OCPA), which would allow local governments to purchase energy on behalf of their communities, while still receiving transmission and distribution service from their existing utility provider. On December 10, 2020, Huntington Beach voted to join the OCPA as a founding member, along with the cities of Buena Park and Fullerton. There is no direct fiscal impact to join OCPA. Per the Joint Powers Agreement with OCPA, member agencies are not required to make any financial contributions, with the City of Irvine financing all initial start-up costs. Currently, commercial service is planned to begin April 2022, with residential service following in October 2022.

#### d. Kennedy Commission v. Huntington Beach

The Kennedy Commission case arises from an amendment to City's Beach and Edinger Corridors Specific Element Plan to limit the development of multifamily housing. The case, filed by the Kennedy Commission in July 2015 stating that the amendment was in violation of California's Housing Element laws, was tried in Superior Court and ruled in favor of the Plaintiff. The City appealed the trial court decision and prevailed upon appeal. The Kennedy Commission then appealed the decision with the Supreme Court, which upheld the Court of Appeal's decision in favor of the City. In February 2020, the City adopted a revised Housing Element to comply with clarifying language in Senate Bill 1333 regarding the applicability of key provisions of state planning and zoning laws to charter cities which was certified by the California Department of Housing and Community Development as compliant with Housing Element Law. In response, the Kennedy Commission requested its remaining claims against the City be dismissed and filed a motion for attorney's fees. In July 2021, the Superior Court awarded the Kennedy Commission \$3.5 million in attorney's fees, which is currently under appeal.

### 19. PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2021, the City adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this change in accounting principles has resulted in altering the presentation of the financial statements as the City is no longer required to report the following three funds: General Deposit, Central Net Operation and West Orange County Water Board. The implementation also resulted in splitting the Parking Structure Fiduciary Fund into two separate funds, the Bella Terra Parking Structure Custodial Fund, and the Strand Parking Fund.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended June 30, 2021**

**19. PRIOR PERIOD ADJUSTMENTS (Continued)**

The implementation of the Statement required the City to make prior period adjustments as shown below (in thousands):

	Statement of Activities Governmental Activities	Statement of Changes in Fiduciary Net Position Fiduciary Activities
Beginning net position/fund balance, as previously reported	\$ 478,901	\$ -
Implementation of GASB 84	5,747	6,586
Beginning net position/fund balance, as restated	\$ 484,648	\$ 6,586

# **REQUIRED SUPPLEMENTARY INFORMATION**



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## City of Huntington Beach Notes to Required Supplementary Information For the Year Ended June 30, 2021

### **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 28<sup>th</sup> 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 1<sup>st</sup>, 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, Grants Special Revenue, LMIHAF Capital Projects, and Pension Liability Debt Service Fund. 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, Grants Special Revenue, LMIHAF Capital Projects and Pension Liability Debt Service 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, 2021**  
(In Thousands)

**General Fund**

<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Property Taxes	\$ 94,350	\$ 91,708	\$ 91,708	\$ -
Sales Taxes	39,227	47,676	47,676	-
Utility Taxes	16,605	18,374	18,374	-
Other Taxes	12,416	18,428	18,428	-
Licenses and Permits	7,358	7,805	7,805	-
Fines, Forfeitures and Penalties	3,282	4,619	4,619	-
Use of Money and Property	14,500	14,183	16,196	2,013
Intergovernmental	3,138	9,881	9,967	86
Charges for Current Service	25,326	22,560	21,878	(682)
Other	979	1,875	2,001	126
<b>Total Revenues</b>	<b>217,181</b>	<b>237,109</b>	<b>238,652</b>	<b>1,543</b>
<b>EXPENDITURES</b>				
Current:				
City Council	389	404	397	7
City Manager	4,075	3,873	3,867	6
City Treasurer	280	319	319	-
City Attorney	2,980	3,103	2,938	165
City Clerk	988	1,080	1,068	12
Finance	6,054	6,529	6,025	504
Community Development	9,088	9,675	8,920	755
Fire	49,994	57,003	57,002	1
Information Services	7,341	7,248	6,991	257
Police	82,267	89,440	89,440	-
Community Services	8,929	9,910	7,708	2,202
Library Services	5,259	5,706	5,150	556
Public Works	26,361	24,411	24,116	295
Debt Service:				
Principal	1,861	1,861	1,723	138
Interest	194	194	182	12
<b>Total Expenditures</b>	<b>206,060</b>	<b>220,756</b>	<b>215,846</b>	<b>4,910</b>
<b>Excess of Revenues Over Expenditures</b>	<b>11,121</b>	<b>16,353</b>	<b>22,806</b>	<b>6,453</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,433	1,581	548	(1,033)
Transfers Out	(11,426)	(10,868)	(10,868)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(9,993)</b>	<b>(9,287)</b>	<b>(10,320)</b>	<b>(1,033)</b>
<b>Net Change In Fund Balance</b>	<b>1,128</b>	<b>7,066</b>	<b>12,486</b>	<b>5,420</b>
<b>Fund Balance - Beginning of Year</b>	<b>80,088</b>	<b>80,088</b>	<b>80,088</b>	<b>-</b>
<b>Cumulative Effects of Changes in</b>				
<b>Accounting Principles</b>	<b>-</b>	<b>-</b>	<b>2,035</b>	<b>2,035</b>
<b>Fund Balance - Beginning of Year as Restated</b>	<b>80,088</b>	<b>80,088</b>	<b>82,123</b>	<b>2,035</b>
<b>Fund Balance - End of Year</b>	<b>\$ 81,216</b>	<b>\$ 87,154</b>	<b>\$ 94,609</b>	<b>\$ 7,455</b>

See Accompanying Notes to Required Supplementary Information

**CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021  
(In Thousands)**

**Grants Special Revenue**

<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Use of Money and Property	\$ -	\$ 6	\$ 222	\$ 216
Intergovernmental	3,100	16,443	18,075	1,632
<b>Total Revenues</b>	<b>3,100</b>	<b>16,449</b>	<b>18,297</b>	<b>1,848</b>
<b>EXPENDITURES</b>				
Current:				
City Manager	6	5,530	5,453	77
City Clerk	-	8	8	-
Finance	-	18	18	-
Community Development	1,573	14,633	8,450	6,183
Fire	-	1,919	1,880	39
Information Systems	-	89	64	25
Police	1,039	3,547	2,141	1,406
Community Services	258	675	553	122
Library Services	70	239	233	6
Public Works	809	6,148	1,569	4,579
<b>Total Expenditures</b>	<b>3,755</b>	<b>32,806</b>	<b>20,369</b>	<b>12,437</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(655)</b>	<b>(16,357)</b>	<b>(2,072)</b>	<b>14,285</b>
<b>OTHER FINANCING USES</b>				
Transfers In	-	1,271	1,271	-
Transfers Out	-	(1,399)	(1,406)	(7)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(128)</b>	<b>(135)</b>	<b>(7)</b>
<b>Net Change In Fund Balance</b>	<b>(655)</b>	<b>(16,485)</b>	<b>(2,207)</b>	<b>14,278</b>
<b>Fund Balance - Beginning of Year</b>	<b>4,561</b>	<b>4,561</b>	<b>4,561</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 3,906</b>	<b>\$ (11,924)</b>	<b>\$ 2,354</b>	<b>\$ 14,278</b>

**CITY OF HUNTINGTON BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(In Thousands)

**LMIHAF Capital Projects Fund**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ 380	\$ 380	\$ 964	\$ 584
<b>EXPENDITURES:</b>				
Community Development	334	6,579	6,421	158
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>46</b>	<b>(6,199)</b>	<b>(5,457)</b>	<b>742</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(406)	(406)	(406)	-
Total Other Financing Sources (Uses)	(406)	(406)	(406)	-
<b>Net Change in Fund Balance</b>	<b>(360)</b>	<b>(6,605)</b>	<b>(5,863)</b>	<b>742</b>
<b>Fund Balance - Beginning of Year</b>	<b>9,485</b>	<b>9,485</b>	<b>9,485</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 9,125</b>	<b>\$ 2,880</b>	<b>\$ 3,622</b>	<b>\$ 742</b>

**Pension Liability Debt Service Fund**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Property Taxes	\$ -	\$ 8,250	\$ 8,250	\$ -
Use of Money and Property	-	300	300	-
Charges for Current Service	-	1,493	1,493	-
<b>Total Revenues</b>	<b>-</b>	<b>10,043</b>	<b>10,043</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
City Council	-	647	646	1
City Manager	-	6,294	6,284	10
City Treasurer	-	519	518	1
City Attorney	-	4,784	4,776	8
City Clerk	-	1,737	1,734	3
Finance	-	9,803	9,788	15
Community Development	-	14,514	14,492	22
Fire	-	89,896	89,773	123
Information Systems	-	11,375	11,358	17
Police	-	141,052	140,857	195
Community Services	-	12,542	12,523	19
Library Services	-	8,380	8,367	13
Public Works	-	39,238	39,177	61
<b>Total Expenditures</b>	<b>-</b>	<b>340,781</b>	<b>340,293</b>	<b>488</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(330,738)</b>	<b>(330,250)</b>	<b>488</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds of Long-Term Debt	-	340,435	340,435	-
Issuance of Long-Term Debt	-	(453)	(453)	-
Issuance Discount	-	(649)	(649)	-
Total Other Financing Sources (Uses)	-	339,333	339,333	-
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>8,595</b>	<b>9,083</b>	<b>488</b>
<b>Fund Balance - Beginning of Year</b>	<b>7,860</b>	<b>7,860</b>	<b>7,860</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 7,860</b>	<b>\$ 16,455</b>	<b>\$ 16,943</b>	<b>\$ 488</b>

**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	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Total Pension Liability</b>							
Service cost	\$ 7,779	\$ 8,327	\$ 8,314	\$ 8,084	\$ 7,436	\$ 7,102	\$ 7,263
Interest on total pension liability	41,058	40,150	38,769	37,749	37,194	35,653	34,412
Differences between expected and actual experience	(6,087)	(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	(30,321)	(28,508)	(26,685)	(25,312)	(24,316)	(23,377)	(22,444)
<b>Net change in total pension liability</b>	<b>12,429</b>	<b>19,786</b>	<b>14,722</b>	<b>42,135</b>	<b>21,386</b>	<b>7,913</b>	<b>19,231</b>
<b>Total pension liability - beginning</b>	<b>591,598</b>	<b>571,812</b>	<b>557,090</b>	<b>514,955</b>	<b>493,569</b>	<b>485,656</b>	<b>466,425</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 604,027</b>	<b>\$ 591,598</b>	<b>\$ 571,812</b>	<b>\$ 557,090</b>	<b>\$ 514,955</b>	<b>\$ 493,569</b>	<b>\$ 485,656</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 16,879	\$ 14,816	\$ 13,495	\$ 12,316	\$ 10,982	\$ 9,747	\$ 9,066
Contributions - employee	3,630	3,779	3,649	3,869	3,736	3,790	3,909
Investment income	21,485	27,288	32,963	40,328	1,856	8,230	56,429
Administrative Expense	(609)	(296)	(614)	(536)	(226)	(418)	(472)
Benefit payments	(30,321)	(28,508)	(26,685)	(25,312)	(24,316)	(23,377)	(22,444)
Plan to Plan Resource Movement	-	(13)	1	-	-	-	-
Other	-	1	(1,166)	-	-	2	-
<b>Net change in plan fiduciary net position</b>	<b>11,064</b>	<b>17,067</b>	<b>21,643</b>	<b>30,665</b>	<b>(7,968)</b>	<b>(2,026)</b>	<b>46,488</b>
<b>Plan fiduciary net position - beginning</b>	<b>432,522</b>	<b>415,455</b>	<b>393,812</b>	<b>363,147</b>	<b>371,115</b>	<b>373,141</b>	<b>326,653</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 443,586</b>	<b>\$ 432,522</b>	<b>\$ 415,455</b>	<b>\$ 393,812</b>	<b>\$ 363,147</b>	<b>\$ 371,115</b>	<b>\$ 373,141</b>
<b>Net pension liability - beginning</b>	<b>159,076</b>	<b>156,357</b>	<b>163,278</b>	<b>151,808</b>	<b>122,454</b>	<b>112,515</b>	<b>139,771</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 160,441</b>	<b>\$ 159,076</b>	<b>\$ 156,357</b>	<b>\$ 163,278</b>	<b>\$ 151,808</b>	<b>\$ 122,454</b>	<b>\$ 112,515</b>
Plan fiduciary net position as a percentage of the total pension liability	73.44%	73.11%	72.66%	70.69%	70.52%	75.19%	76.83%
Covered payroll	\$ 45,952	\$ 45,419	\$ 45,431	\$ 44,848	\$ 44,365	\$ 44,233	\$ 41,142
Net pension liability as a percentage of covered payroll	349.15%	350.24%	344.16%	364.07%	342.18%	276.84%	273.48%

**Notes to Schedule:**

**Benefit changes:** the figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

**Changes in assumptions:** None in 2019 or 2020. 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 seven years are shown.

\* For covered employee payroll, the measurement period of July 1, 2019 to June 30, 2020 was used.

**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**

<b>Measurement Period</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Total Pension Liability</b>							
Service cost	\$ 13,226	\$ 13,644	\$ 13,509	\$ 13,657	\$ 12,159	\$ 11,119	\$ 11,096
Interest on total pension liability	54,597	53,048	51,223	49,350	48,390	46,160	44,246
Differences between expected and actual experience	(4,721)	(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	(41,247)	(38,958)	(37,128)	(34,222)	(32,116)	(30,535)	(29,540)
<b>Net change in total pension liability</b>	<b>21,855</b>	<b>26,514</b>	<b>26,531</b>	<b>58,318</b>	<b>31,111</b>	<b>14,870</b>	<b>25,802</b>
<b>Total pension liability - beginning</b>	<b>782,326</b>	<b>755,812</b>	<b>729,281</b>	<b>670,963</b>	<b>639,852</b>	<b>624,982</b>	<b>599,180</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 804,181</b>	<b>\$ 782,326</b>	<b>\$ 755,812</b>	<b>\$ 729,281</b>	<b>\$ 670,963</b>	<b>\$ 639,852</b>	<b>\$ 624,982</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 25,848	\$ 23,063	\$ 21,058	\$ 20,629	\$ 18,703	\$ 17,791	\$ 15,152
Contributions - employee	4,355	4,337	4,164	4,570	4,058	4,110	3,850
Investment income	25,784	32,776	39,336	48,413	2,144	9,661	66,805
Administrative Expense	(731)	(355)	(736)	(640)	(270)	(497)	(555)
Benefit payments	(41,247)	(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)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>14,009</b>	<b>20,877</b>	<b>25,293</b>	<b>38,750</b>	<b>(7,510)</b>	<b>530</b>	<b>55,712</b>
<b>Plan fiduciary net position - beginning</b>	<b>518,644</b>	<b>497,767</b>	<b>472,474</b>	<b>433,724</b>	<b>441,234</b>	<b>440,704</b>	<b>384,992</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 532,653</b>	<b>\$ 518,644</b>	<b>\$ 497,767</b>	<b>\$ 472,474</b>	<b>\$ 433,724</b>	<b>\$ 441,234</b>	<b>\$ 440,704</b>
<b>Net pension liability - beginning</b>	<b>263,682</b>	<b>258,045</b>	<b>256,807</b>	<b>237,239</b>	<b>198,618</b>	<b>184,278</b>	<b>214,188</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 271,528</b>	<b>\$ 263,682</b>	<b>\$ 258,045</b>	<b>\$ 256,807</b>	<b>\$ 237,239</b>	<b>\$ 198,618</b>	<b>\$ 184,278</b>
Plan fiduciary net position as a percentage of the total pension liability	66.24%	66.30%	65.86%	64.79%	64.64%	68.96%	70.51%
Covered payroll	\$ 43,783	\$ 43,684	\$ 43,371	\$ 43,283	\$ 42,619	\$ 42,252	\$ 38,397
Net pension liability as a percentage of covered payroll	620.17%	603.61%	594.97%	593.32%	556.65%	470.08%	479.93%

**Notes to Schedule:**

**Benefit changes:** the figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

**Changes in assumptions:** None in 2019 or 2020. 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 seven years are shown.

\* For covered employee payroll, the measurement period of July 1, 2019 to June 30, 2020 was used.

**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**

<b>Total Pension Liability</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18**</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
Service cost	\$ 350	\$ 338	\$ 398	\$ 344	\$ 487	\$ 552	\$ 495	\$ 544
Interest on total pension liability	4,292	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	6,547	1,756	-	2,115	1,515	2,928	-	-
Benefit payments, including refunds of employee contributions	(5,494)	(5,012)	(4,771)	(3,388)	(4,144)	(3,773)	(3,588)	(3,548)
<b>Net change in total pension liability</b>	<b>5,695</b>	<b>5,630</b>	<b>(383)</b>	<b>1,241</b>	<b>1,834</b>	<b>4,634</b>	<b>826</b>	<b>824</b>
<b>Total pension liability - beginning</b>	<b>71,074</b>	<b>65,444</b>	<b>65,827</b>	<b>64,586</b>	<b>62,752</b>	<b>58,118</b>	<b>57,292</b>	<b>56,468</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 76,769</b>	<b>\$ 71,074</b>	<b>\$ 65,444</b>	<b>\$ 65,827</b>	<b>\$ 64,586</b>	<b>\$ 62,752</b>	<b>\$ 58,118</b>	<b>\$ 57,292</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 1,435	\$ 3,506	\$ 4,962	\$ 3,507	\$ 5,346	\$ 7,277	\$ 4,678	\$ 4,539
Investment income	15,717	2,114	2,582	2,128	6,373	4,282	(1,313)	3,465
Administrative Expense	(314)	(444)	(191)	(145)	(182)	(189)	(170)	(176)
Benefit payments	(5,494)	(5,012)	(4,771)	(3,388)	(4,144)	(3,773)	(3,588)	(3,548)
Section 115 Trust Segregation	-	-	-	(3,788)	-	-	-	-
Other	-	-	-	-	-	-	3,183	258
<b>Net change in plan fiduciary net position</b>	<b>11,344</b>	<b>164</b>	<b>2,582</b>	<b>(1,686)</b>	<b>7,393</b>	<b>7,597</b>	<b>2,790</b>	<b>4,538</b>
<b>Plan fiduciary net position - beginning</b>	<b>59,017</b>	<b>58,853</b>	<b>56,271</b>	<b>57,957</b>	<b>50,564</b>	<b>42,967</b>	<b>40,177</b>	<b>35,639</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 70,361</b>	<b>\$ 59,017</b>	<b>\$ 58,853</b>	<b>\$ 56,271</b>	<b>\$ 57,957</b>	<b>\$ 50,564</b>	<b>\$ 42,967</b>	<b>\$ 40,177</b>
<b>Net pension liability - beginning</b>	<b>12,057</b>	<b>6,591</b>	<b>9,556</b>	<b>6,629</b>	<b>12,188</b>	<b>15,151</b>	<b>17,115</b>	<b>20,829</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 6,408</b>	<b>\$ 12,057</b>	<b>\$ 6,591</b>	<b>\$ 9,556</b>	<b>\$ 6,629</b>	<b>\$ 12,188</b>	<b>\$ 15,151</b>	<b>\$ 17,115</b>
Plan fiduciary net position as a percentage of the total pension liability	91.65%	83.04%	89.93%	85.48%	89.74%	80.58%	73.93%	70.13%
Covered payroll	\$ 7,684	\$ 8,469	\$ 12,863	\$ 10,890	\$ 17,167	\$ 19,517	\$ 22,069	\$ 22,004
Net pension liability as a percentage of covered payroll	83.39%	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 eight 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	2020	2019	2018	2017
<b>Total OPEB Liability</b>				
Service cost	\$ 1,096	\$ 1,241	\$ 1,205	\$ 877
Interest on the total OPEB liability	2,064	1,859	1,787	1,293
Actual and expected experience difference	-	1,411	-	-
Changes in assumptions	(298)	(3,358)	-	-
Benefit payments	<u>(1,848)</u>	<u>(1,742)</u>	<u>(1,683)</u>	<u>(1,036)</u>
<b>Net change in total OPEB liability</b>	1,014	(589)	1,309	1,134
<b>Total OPEB liability - beginning</b>	<u>32,845</u>	<u>33,434</u>	<u>32,125</u>	<u>30,991</u>
<b>Total OPEB liability - ending (a)</b>	<b><u>\$ 33,859</u></b>	<b><u>\$ 32,845</u></b>	<b><u>\$ 33,434</u></b>	<b><u>\$ 32,125</u></b>
<b>Plan Fiduciary Net Position</b>				
Contribution - employer**	\$ 1,959	\$ 2,270	\$ 4,191	\$ 1,036
Net investment income	1,580	1,901	1,126	471
Benefit payments	(1,848)	(1,742)	(1,683)	(1,036)
Administrative expense	<u>(245)</u>	<u>(61)</u>	<u>(131)</u>	<u>(9)</u>
<b>Net change in plan fiduciary net position</b>	1,446	2,368	3,503	462
<b>Plan fiduciary net position - beginning</b>	<u>29,193</u>	<u>26,825</u>	<u>23,322</u>	<u>22,860</u>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 30,639</u></b>	<b><u>\$ 29,193</u></b>	<b><u>\$ 26,825</u></b>	<b><u>\$ 23,322</u></b>
Net OPEB liability - ending (a)-(b)	<u>\$ 3,220</u>	<u>\$ 3,652</u>	<u>\$ 6,609</u>	<u>\$ 8,803</u>
Plan fiduciary net position as a percentage of the total OPEB liability	90.49%	88.88%	80.23%	72.60%
Covered employee payroll	\$ 76,521	\$ 79,682	\$ 81,458	\$ 60,985
Net OPEB liability as a percentage of covered employee payroll	4.21%	4.58%	8.11%	14.43%

**Notes to Schedule:**

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

\*\*Contributions to the OPEB plan are not based on employee pay.

**City of Huntington Beach**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2021**  
**(in Thousands)**

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

	<u>2020-21<sup>1</sup></u>	<u>2019-20<sup>1</sup></u>	<u>2018-19<sup>1</sup></u>	<u>2017-18<sup>1,2</sup></u>	<u>2016-17<sup>1</sup></u>	<u>2015-16<sup>1</sup></u>	<u>2014-15<sup>1</sup></u>	<u>2013-14<sup>1</sup></u>
Actuarially determined contribution	\$ 18,086	\$ 16,878	\$ 14,819	\$ 9,734	\$ 11,921	\$ 11,238	\$ 10,510	\$ 8,685
Contributions in relation to the actuarially determined contributions	(18,086)	(16,878)	(14,819)	(9,734)	(11,921)	(11,238)	(10,510)	(8,685)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 45,740	\$ 45,952	\$ 45,419	\$ 33,210	\$ 45,118	\$ 44,253	\$ 46,337	\$ 43,327
Contributions as a percentage of covered payroll	39.54%	36.73%	32.63%	29.31%	26.42%	25.39%	22.68%	20.05%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> 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: 6/30/2012 through 06/30/2018

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see Miscellaneous Plan of the City of Huntington Beach Annual Valuation Report as of June 30, 2020.
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, 2016 and 2017).
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Discount Rate	The prescribed discount rate assumption, adopted by the Board on December 21, 2016, is 7.00 percent compounded annually (net of investment and administrative expenses) as of June 30, 2018.
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. For 7/1/19-6/30/20, the probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
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. For 7/1/19-6/30/20, the probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 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.

Note: The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

**City of Huntington Beach**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2021**  
**(in Thousands)**

**Last Ten Fiscal Years\***  
**CalPERS City Safety Plan - 100**

	<u>2020-21</u> <sup>1</sup>	<u>2019-20</u> <sup>1</sup>	<u>2018-19</u> <sup>1</sup>	<u>2017-18</u> <sup>1,2</sup>	<u>2016-17</u> <sup>1</sup>	<u>2015-16</u> <sup>1</sup>	<u>2014-15</u> <sup>1</sup>	<u>2013-14</u> <sup>1</sup>
Actuarially determined contribution	\$ 27,691	\$ 25,847	\$ 23,062	\$ 15,223	\$ 19,468	\$ 19,129	\$ 18,125	\$ 14,759
Contributions in relation to the actuarially determined contributions	(27,691)	(25,847)	(23,062)	(15,223)	(19,468)	(19,129)	(19,125)	(14,759)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ -</u>
Covered payroll	\$ 45,665	\$ 43,783	\$ 43,684	\$ 31,943	\$ 43,269	\$ 42,607	\$ 44,055	\$ 41,167
Contributions as a percentage of covered payroll	60.64%	59.03%	52.79%	47.66%	44.99%	44.90%	43.41%	35.85%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> 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: 6/30/2012 through 06/30/2018

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see Safety Plan of the City of Huntington Beach Annual Valuation Report as of June 30, 2020.
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, 2016 and 2017).
Inflation	2.50%
Salary increases	Varies by entry age and service.
Payroll growth	2.75%
Discount Rate	The prescribed discount rate assumption, adopted by the Board on December 21, 2016, is 7.00 percent compounded annually (net of investment and administrative expenses) as of June 30, 2018.
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. For 7/1/19-6/30/20, the probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
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. For 7/1/19-6/30/20, the probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 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.

Note: The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

**City of Huntington Beach**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2021**  
**(in Thousands)**

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

	<u>2020-21<sup>1</sup></u>	<u>2019-20<sup>1</sup></u>	<u>2018-19<sup>1</sup></u>	<u>2017-18<sup>1,2</sup></u>	<u>2016-17<sup>1</sup></u>	<u>2015-16<sup>1</sup></u>	<u>2014-15<sup>1</sup></u>	<u>2013-14<sup>1</sup></u>
Actuarially determined contribution	\$ 933	\$ 1,689	\$ 2,258	\$ 2,879	\$ 3,895	\$ 3,576	\$ 3,634	\$ 4,534
Contributions in relation to the actuarially determined contributions	(1,435)	(3,506)	(4,962)	(3,507)	(5,346)	(7,277)	(4,678)	(4,539)
<b>Contribution deficiency (excess)</b>	<u>\$ (502)</u>	<u>\$ (1,817)</u>	<u>\$ (2,704)</u>	<u>\$ (628)</u>	<u>\$ (1,451)</u>	<u>\$ (3,701)</u>	<u>\$ (1,044)</u>	<u>\$ (5)</u>
Covered payroll	\$ 7,684	\$ 8,469	\$ 12,863	\$ 10,890	\$ 17,167	\$ 19,517	\$ 22,069	\$ 22,004
Contributions as a percentage of covered payroll	18.68%	41.40%	38.58%	32.20%	31.14%	37.29%	21.20%	20.63%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> 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 6/30/2019 9/30/2017 9/30/2017 9/30/2015 9/30/2013 9/30/2013 9/30/2011

**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. 20-year closed period for 2020/2021. Level dollar amortization.
Amortization method/period	
Asset valuation method	Investment gains/losses spread over a 3-year rolling period.
Inflation	2.50%
Salary increases	Aggregate - 2.75% annually. Merit - CalPERS 1997-2015 Experience Study.
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. Merit - CalPERS 1997-2015 Experience Study plus 2.75% annually increase for the July 1, 2019 - June 30, 2020.
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, 2021 measurement period.
Retirement age	The probabilities of retirement are based on the CalPERS 1997-2015 Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS 1997-2015 Experience Study. Pre-retirement and Post-retirement mortality rates include mortality projected fully generational with Scale MP-2019, 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-2019 for the July 1, 2019 to June 30, 2021 measurement period.

	<b>Schedule of Money Weighted Rate of Return</b>							
	<u>2021<sup>2</sup></u>	<u>2020<sup>2</sup></u>	<u>2019<sup>2</sup></u>	<u>2018<sup>2</sup></u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money Weighted Rate of Return, net of investment expense	26.88%	3.79%	4.79%	4.04%	12.87%	10.20%	-2.82%	9.20%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> 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, 2021**  
**(in Thousands)**

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

Fiscal Year Ended June 30	2021	2020	2019	2018**
Actuarially Determined Contribution (ADC)	\$ 1,364	\$ 1,793	\$ 1,746	\$ 2,022
Contributions in relation to the ADC***	<u>(1,882)</u>	<u>(1,959)</u>	<u>(2,270)</u>	<u>(4,192)</u>
Contribution deficiency (excess)	<u>\$ (518)</u>	<u>\$ (166)</u>	<u>\$ (524)</u>	<u>\$ (2,170)</u>
Covered-employee payroll**	\$ 70,881	\$ 76,521	\$ 79,682	\$ 59,589
Contributions as a percentage of covered-employee payroll	2.66%	2.56%	2.85%	7.03%

Notes to Schedule:

Valuation date:	6/30/2019	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	Investment gains and losses spread over 5-year rolling period.
Inflation	3% for 10/1/17-6/30/18 and 2.75% per annum for the measurement period July 1, 2019 to June 30, 2020.
Payroll Growth	3.00% 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. Tier 1 employees - 2.5% @55 and Tier 2 employees - 2.0% @ 62. The probabilities of retirement are based on the CalPERS 1997-2015 experience Study for Measurement period as of 6/30/20.
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. Mortality based on CalPERS 1997-2015 Experience Study 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.

\*\*\*Contributions to the OPEB plan are not based on employee pay.

# **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 **Strand Parking Structure Fund** accounts for the activities of the Strand Parking Structure.
- 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 **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, 2021  
(In Thousands)**

	<b>SPECIAL REVENUE FUNDS</b>					
	<b>Air Quality</b>	<b>Development Impact Fee</b>	<b>Disability Access</b>	<b>Drainage</b>	<b>Fourth of July Parade</b>	<b>Strand Parking Structures</b>
<b>ASSETS</b>						
Cash and Investments	\$ 1,446	\$ 14,535	\$ 294	\$ 2,714	\$ -	\$ 3,797
Taxes Receivable	-	-	-	-	-	-
Other Receivables	72	43	1	8	-	11
<b>Total Assets</b>	<b><u>\$ 1,518</u></b>	<b><u>\$ 14,578</u></b>	<b><u>\$ 295</u></b>	<b><u>\$ 2,722</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,808</u></b>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ 273	\$ 4	\$ -	\$ -	\$ 192
Accrued Payroll	-	5	-	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>278</u></b>	<b><u>4</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>192</u></b>
<b>FUND BALANCES</b>						
<b>Restricted</b>						
Pollution Remediation	-	-	-	-	-	-
Highways, Streets and Transportation	-	-	-	-	-	-
Low Income Housing	-	-	-	-	-	-
Air Quality	1,518	-	-	-	-	-
Other Capital Projects	-	14,300	-	2,722	-	-
Other Purposes	-	-	291	-	-	-
<b>Committed</b>						
Parks	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	3,616
<b>Total Fund Balances</b>	<b><u>1,518</u></b>	<b><u>14,300</u></b>	<b><u>291</u></b>	<b><u>2,722</u></b>	<b><u>-</u></b>	<b><u>3,616</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,518</u></b>	<b><u>\$ 14,578</u></b>	<b><u>\$ 295</u></b>	<b><u>\$ 2,722</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,808</u></b>

**CITY OF HUNTINGTON BEACH  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 June 30, 2021  
 (In Thousands)  
 (continued)**

SPECIAL REVENUE FUNDS								
Gas Tax	Housing Residual Receipt	Park Acquisition and Development	Surf City "3"	ELM Automation Fund	Traffic Congestion Relief	Traffic Impact Fee	Transportation	Total Special Revenue Funds
\$ 3,829	\$ 1,247	\$ 1,749	\$ 1,259	\$ 274	\$ 2,064	\$ 2,915	\$ 2,434	\$ 38,557
680	-	-	229	-	-	-	585	1,494
11	4	5	4	1	6	9	7	182
<b>\$ 4,520</b>	<b>\$ 1,251</b>	<b>\$ 1,754</b>	<b>\$ 1,492</b>	<b>\$ 275</b>	<b>\$ 2,070</b>	<b>\$ 2,924</b>	<b>\$ 3,026</b>	<b>\$ 40,233</b>
\$ 1,803	\$ -	\$ 10	\$ 32	\$ -	\$ 35	\$ 2	\$ 158	\$ 2,509
48	-	-	-	8	-	-	51	112
<b>1,851</b>	<b>-</b>	<b>10</b>	<b>32</b>	<b>8</b>	<b>35</b>	<b>2</b>	<b>209</b>	<b>2,621</b>
-	-	355	-	-	-	-	-	355
2,669	-	-	-	-	2,035	2,922	2,817	10,443
-	1,251	-	-	-	-	-	-	1,251
-	-	-	-	-	-	-	-	1,518
-	-	-	-	-	-	-	-	17,022
-	-	-	1,460	267	-	-	-	2,018
-	-	1,389	-	-	-	-	-	1,389
-	-	-	-	-	-	-	-	3,616
<b>2,669</b>	<b>1,251</b>	<b>1,744</b>	<b>1,460</b>	<b>267</b>	<b>2,035</b>	<b>2,922</b>	<b>2,817</b>	<b>37,612</b>
<b>\$ 4,520</b>	<b>\$ 1,251</b>	<b>\$ 1,754</b>	<b>\$ 1,492</b>	<b>\$ 275</b>	<b>\$ 2,070</b>	<b>\$ 2,924</b>	<b>\$ 3,026</b>	<b>\$ 40,233</b>

**CITY OF HUNTINGTON BEACH  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
June 30, 2021  
(In Thousands)  
(continued)**

	DEBT SERVICE FUNDS		CAPITAL PROJECT FUNDS	
	Public Financing Authority	Total Debt Service Fund	Affordable Housing In-Lieu	Infrastructure
<b>ASSETS</b>				
Cash and Investments	\$ 3,350	\$ 3,350	\$ 1,359	\$ 18,712
Cash and Investments with Fiscal Agent	1,086	1,086	-	-
Taxes Receivable	-	-	-	-
Other Receivables	1	1	88	250
Prepays	-	-	-	105
<b>Total Assets</b>	<b>\$ 4,437</b>	<b>\$ 4,437</b>	<b>\$ 1,447</b>	<b>\$ 19,067</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2	\$ 2	\$ -	\$ 1,713
Accrued Payroll	-	-	-	80
<b>Total Liabilities</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>1,793</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	209
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209</b>
<b>FUND BALANCES</b>				
<b>Nonspendable</b>				
Prepaid Insurance	-	-	-	105
<b>Restricted</b>				
Pollution Remediation	-	-	-	-
Debt Service	4,435	4,435	-	-
Highways, Streets and Transportation	-	-	-	-
Low Income Housing	-	-	1,447	-
Air Quality	-	-	-	-
Other Capital Projects	-	-	-	-
Other Purposes	-	-	-	-
<b>Committed</b>				
Parks	-	-	-	-
Other Capital Projects	-	-	-	16,960
Other Purposes	-	-	-	-
<b>Assigned</b>				
Capital Improvement Reserve	-	-	-	-
<b>Total Fund Balances</b>	<b>4,435</b>	<b>4,435</b>	<b>1,447</b>	<b>17,065</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,437</b>	<b>\$ 4,437</b>	<b>\$ 1,447</b>	<b>\$ 19,067</b>

**CITY OF HUNTINGTON BEACH  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
June 30, 2021  
(In Thousands)  
(continued)**

CAPITAL PROJECT FUNDS							
Lease Capital Project	Parking In-Lieu	Senior Center Development	Sewer Development	Technology	Total Capital Projects Funds	Total Other Governmental Funds	
\$ 3	\$ 655	\$ -	\$ 4,540	\$ 3,271	\$ 28,540	\$ 70,447	
8,750	-	-	-	-	8,750	9,836	
-	-	-	-	-	-	1,494	
-	3	-	13	10	364	547	
-	-	-	-	-	105	105	
<u>\$ 8,753</u>	<u>\$ 658</u>	<u>\$ -</u>	<u>\$ 4,553</u>	<u>\$ 3,281</u>	<u>\$ 37,759</u>	<u>\$ 82,429</u>	
\$ -	\$ -	\$ -	\$ 319	\$ 1	\$ 2,033	\$ 4,544	
-	-	-	-	-	80	192	
-	-	-	<u>319</u>	<u>1</u>	<u>2,113</u>	<u>4,736</u>	
-	-	-	-	-	209	209	
-	-	-	-	-	<u>209</u>	<u>209</u>	
-	-	-	-	-	105	105	
-	-	-	-	-	-	355	
-	-	-	-	-	-	4,435	
-	-	-	-	-	-	10,443	
-	-	-	-	-	1,447	2,698	
-	-	-	-	-	-	1,518	
8,753	-	-	-	-	8,753	25,775	
-	-	-	-	-	-	2,018	
-	-	-	-	-	-	1,389	
-	658	-	4,234	-	21,852	21,852	
-	-	-	-	-	-	3,616	
-	-	-	-	3,280	3,280	3,280	
<u>8,753</u>	<u>658</u>	<u>-</u>	<u>4,234</u>	<u>3,280</u>	<u>35,437</u>	<u>77,484</u>	
<u>\$ 8,753</u>	<u>\$ 658</u>	<u>\$ -</u>	<u>\$ 4,553</u>	<u>\$ 3,281</u>	<u>\$ 37,759</u>	<u>\$ 82,429</u>	

**CITY OF HUNTINGTON BEACH  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021  
(In Thousands)**

	SPECIAL REVENUE FUNDS					
	Air Quality	Development Impact Fee	Disability Access	Drainage	Fourth of July Parade	Strand Parking Structures
<b>REVENUES</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Licenses and Permits	-	-	69	-	-	-
Use of Money and Property	8	19	2	12	16	1,232
Intergovernmental	263	-	-	-	-	-
Charges for Current Service	-	1,148	-	218	-	-
Other	-	-	-	-	-	-
<b>Total Revenues</b>	<u>271</u>	<u>1,167</u>	<u>71</u>	<u>230</u>	<u>16</u>	<u>1,232</u>
<b>EXPENDITURES</b>						
Current:						
City Manager	-	-	-	-	-	-
Community Development	-	-	-	-	-	928
Finance	-	-	11	-	-	-
Information Systems	-	-	-	-	-	-
Community Services	-	3,557	-	-	99	-
Library Services	-	349	-	-	-	-
Public Works	15	-	-	27	-	-
<b>Total Expenditures</b>	<u>15</u>	<u>3,906</u>	<u>11</u>	<u>27</u>	<u>99</u>	<u>928</u>
<b>Excess Of Revenues Over (Under) Expenditures</b>	<u>256</u>	<u>(2,739)</u>	<u>60</u>	<u>203</u>	<u>(83)</u>	<u>304</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In	-	-	-	-	45	-
Transfers Out	-	-	-	-	-	(400)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>(400)</u>
<b>Net Change in Fund Balances</b>	<u>256</u>	<u>(2,739)</u>	<u>60</u>	<u>203</u>	<u>(38)</u>	<u>(96)</u>
<b>Fund Balances - Beginning of Year</b>	<u>1,262</u>	<u>17,039</u>	<u>231</u>	<u>2,519</u>	<u>38</u>	<u>-</u>
<b>Cumulative Effect of Changes in Accounting Principles</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,712</u>
<b>Fund Balance as Restated</b>	<u>1,262</u>	<u>17,039</u>	<u>231</u>	<u>2,519</u>	<u>38</u>	<u>3,712</u>
<b>Fund Balances - End of Year</b>	<u>\$ 1,518</u>	<u>\$ 14,300</u>	<u>\$ 291</u>	<u>\$ 2,722</u>	<u>\$ -</u>	<u>\$ 3,616</u>

**CITY OF HUNTINGTON BEACH  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021  
(In Thousands)  
(continued)**

SPECIAL REVENUE FUNDS								
Gas Tax	Housing Residual Receipt	Park Acquisition and Development	Surf City "3"	ELM Automation Fund	Traffic Congestion Relief	Traffic Impact Fee	Transportation	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,486	\$ 3,486
6,783	-	-	534	-	-	-	-	7,317
-	-	-	-	-	-	-	-	69
-	5	-	6	-	4	9	14	1,327
42	-	-	-	-	1,456	-	21	1,782
-	-	-	-	335	-	225	-	1,926
-	28	-	-	-	-	-	-	28
<u>6,825</u>	<u>33</u>	<u>-</u>	<u>540</u>	<u>335</u>	<u>1,460</u>	<u>234</u>	<u>3,521</u>	<u>15,935</u>
-	-	-	372	-	-	-	-	372
-	-	-	-	-	-	-	-	928
-	-	-	-	-	-	-	-	11
-	-	-	-	428	-	-	-	428
-	-	562	-	-	-	-	-	4,218
-	-	-	-	-	-	-	-	349
11,262	-	-	-	-	1,208	52	3,124	15,688
<u>11,262</u>	<u>-</u>	<u>562</u>	<u>372</u>	<u>428</u>	<u>1,208</u>	<u>52</u>	<u>3,124</u>	<u>21,994</u>
<u>(4,437)</u>	<u>33</u>	<u>(562)</u>	<u>168</u>	<u>(93)</u>	<u>252</u>	<u>182</u>	<u>397</u>	<u>(6,059)</u>
-	-	-	-	-	-	-	-	45
-	-	-	-	-	-	-	-	(400)
-	-	-	-	-	-	-	-	(355)
<u>(4,437)</u>	<u>33</u>	<u>(562)</u>	<u>168</u>	<u>(93)</u>	<u>252</u>	<u>182</u>	<u>397</u>	<u>(6,414)</u>
<u>7,106</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>
-	-	-	-	-	-	-	-	3,712
<u>7,106</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>44,026</u>
<u>\$ 2,669</u>	<u>\$ 1,251</u>	<u>\$ 1,744</u>	<u>\$ 1,460</u>	<u>\$ 267</u>	<u>\$ 2,035</u>	<u>\$ 2,922</u>	<u>\$ 2,817</u>	<u>\$ 37,612</u>

**CITY OF HUNTINGTON BEACH**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(In Thousands)  
(continued)

	DEBT SERVICE FUNDS		CAPITAL PROJECT FUNDS	
	Public Financing Authority	Total Debt Service Funds	Affordable Housing In-Lieu	Infrastructure
<b>REVENUES</b>				
Sales Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Licenses and Permits	-	-	224	-
Use of Money and Property	9	9	92	46
Intergovernmental	-	-	-	-
Charges for Current Service	-	-	-	-
Other	-	-	-	10
<b>Total Revenues</b>	<b>9</b>	<b>9</b>	<b>316</b>	<b>56</b>
<b>EXPENDITURES</b>				
Current:				
City Manager	-	-	-	-
Community Development	-	-	1	-
Finance	331	331	-	-
Fire	-	-	-	-
Information Systems	-	-	-	-
Community Services	-	-	-	62
Library Services	-	-	-	-
Public Works	-	-	-	4,503
Debt Service:				
Principal	2,260	2,260	-	-
Interest	700	700	-	-
<b>Total Expenditures</b>	<b>3,291</b>	<b>3,291</b>	<b>1</b>	<b>4,565</b>
<b>Excess Of Revenues Over (Under) Expenditures</b>	<b>(3,282)</b>	<b>(3,282)</b>	<b>315</b>	<b>(4,509)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,777	1,777	-	9,417
Proceeds of Long-Term Debt	19,275	19,275	-	-
Issuance Premium	1,743	1,743	-	-
Payments to Escrow	(24,204)	(24,204)	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,409)</b>	<b>(1,409)</b>	<b>-</b>	<b>9,417</b>
<b>Net Change in Fund Balances</b>	<b>(4,691)</b>	<b>(4,691)</b>	<b>315</b>	<b>4,908</b>
<b>Fund Balances - Beginning of Year</b>	<b>9,126</b>	<b>9,126</b>	<b>1,132</b>	<b>12,157</b>
<b>Cumulative Effect of Changes in Accounting Principles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance As Restated</b>	<b>9,126</b>	<b>9,126</b>	<b>1,132</b>	<b>12,157</b>
<b>Fund Balances - End of Year</b>	<b>\$ 4,435</b>	<b>\$ 4,435</b>	<b>\$ 1,447</b>	<b>\$ 17,065</b>

**CITY OF HUNTINGTON BEACH  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021  
(In Thousands)  
(continued)**

CAPITAL PROJECT FUNDS						
Lease Capital Project	Parking In-Lieu	Senior Center Development	Sewer Development	Technology	Total Capital Projects Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,486
-	-	-	-	-	-	7,317
-	115	-	-	-	339	408
-	-	-	-	7	145	1,481
-	-	-	12	-	12	1,794
-	-	-	92	-	92	2,018
-	-	-	-	-	10	38
<u>-</u>	<u>115</u>	<u>-</u>	<u>104</u>	<u>7</u>	<u>598</u>	<u>16,542</u>
-	-	-	-	-	-	372
-	-	-	-	-	1	929
-	-	-	-	-	-	342
1,071	-	-	-	-	1,071	1,071
-	-	-	-	254	254	682
-	-	-	-	-	62	4,280
-	-	-	-	-	-	349
-	-	-	2,954	-	7,457	23,145
-	-	-	-	-	-	2,260
55	-	-	-	-	55	755
<u>1,126</u>	<u>-</u>	<u>-</u>	<u>2,954</u>	<u>254</u>	<u>8,900</u>	<u>34,185</u>
<u>(1,126)</u>	<u>115</u>	<u>-</u>	<u>(2,850)</u>	<u>(247)</u>	<u>(8,302)</u>	<u>(17,643)</u>
-	-	-	-	-	9,417	11,239
12,753	-	-	-	-	12,753	32,028
-	-	-	-	-	-	1,743
(4,052)	-	-	-	-	(4,052)	(28,256)
-	-	(16)	-	-	(16)	(416)
<u>8,701</u>	<u>-</u>	<u>(16)</u>	<u>-</u>	<u>-</u>	<u>18,102</u>	<u>16,338</u>
<u>7,575</u>	<u>115</u>	<u>(16)</u>	<u>(2,850)</u>	<u>(247)</u>	<u>9,800</u>	<u>(1,305)</u>
<u>1,178</u>	<u>543</u>	<u>16</u>	<u>7,084</u>	<u>3,527</u>	<u>25,637</u>	<u>75,077</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,712</u>
<u>1,178</u>	<u>543</u>	<u>16</u>	<u>7,084</u>	<u>3,527</u>	<u>25,637</u>	<u>78,789</u>
<u>\$ 8,753</u>	<u>\$ 658</u>	<u>\$ -</u>	<u>\$ 4,234</u>	<u>\$ 3,280</u>	<u>\$ 35,437</u>	<u>\$ 77,484</u>



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**Air Quality**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ -	\$ -	\$ 8	\$ 8
Intergovernmental	250	250	263	13
<b>TOTAL REVENUES</b>	<b>250</b>	<b>250</b>	<b>271</b>	<b>21</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	540	1,255	15	1,240
<b>TOTAL EXPENDITURES</b>	<b>540</b>	<b>1,255</b>	<b>15</b>	<b>1,240</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(290)</b>	<b>(1,005)</b>	<b>256</b>	<b>1,261</b>
Fund Balance - Beginning of Year	1,262	1,262	1,262	-
Fund Balance - End of Year	<b>\$ 972</b>	<b>\$ 257</b>	<b>\$ 1,518</b>	<b>\$ 1,261</b>

**Development Impact Fee**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ -	\$ -	\$ 19	\$ 19
Charges for Current Service	315	315	1,148	833
<b>TOTAL REVENUES</b>	<b>315</b>	<b>315</b>	<b>1,167</b>	<b>852</b>
<b>EXPENDITURES:</b>				
Current:				
Fire	280	900	-	900
Police	-	115	-	115
Community Services	5,098	8,304	3,557	4,747
Library Services	200	490	349	141
<b>TOTAL EXPENDITURES</b>	<b>5,578</b>	<b>9,809</b>	<b>3,906</b>	<b>5,903</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,263)</b>	<b>(9,494)</b>	<b>(2,739)</b>	<b>6,755</b>
Fund Balance - Beginning of Year	17,039	17,039	17,039	-
Fund Balance - End of Year	<b>\$ 11,776</b>	<b>\$ 7,545</b>	<b>\$ 14,300</b>	<b>\$ 6,755</b>

**Disability Access**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Licenses and Permits	\$ 84	\$ 84	\$ 69	\$ (15)
Use of Money and Property	-	-	2	2
<b>TOTAL REVENUES</b>	<b>84</b>	<b>84</b>	<b>71</b>	<b>(13)</b>
<b>EXPENDITURES:</b>				
Current:				
Finance	84	87	11	76
<b>TOTAL EXPENDITURES</b>	<b>84</b>	<b>87</b>	<b>11</b>	<b>76</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(3)</b>	<b>60</b>	<b>63</b>
Fund Balance - Beginning of Year	231	231	231	-
Fund Balance - End of Year	<b>\$ 231</b>	<b>\$ 228</b>	<b>\$ 291</b>	<b>\$ 63</b>

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**Drainage**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
From Use of Money and Property	\$ -	\$ -	\$ 12	\$ 12
Charges for Current Service	150	150	218	68
<b>TOTAL REVENUES</b>	<b>150</b>	<b>150</b>	<b>230</b>	<b>80</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	100	100	27	73
<b>TOTAL EXPENDITURES</b>	<b>100</b>	<b>100</b>	<b>27</b>	<b>73</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>50</b>	<b>50</b>	<b>203</b>	<b>153</b>
Fund Balance - Beginning of Year	2,519	2,519	2,519	-
Fund Balance - End of Year	<b>\$ 2,569</b>	<b>\$ 2,569</b>	<b>\$ 2,722</b>	<b>\$ 153</b>

**Fourth of July Parade**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ 120	\$ 16	\$ 16	\$ -
Intergovernmental	63	-	-	-
Charges for Current Service	142	-	-	-
Other	82	-	-	-
<b>TOTAL REVENUES</b>	<b>407</b>	<b>16</b>	<b>16</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
Community Services	407	130	99	31
<b>TOTAL EXPENDITURES</b>	<b>407</b>	<b>130</b>	<b>99</b>	<b>31</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	46	45	(1)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>46</b>	<b>45</b>	<b>(1)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(68)</b>	<b>(38)</b>	<b>30</b>
Fund Balance - Beginning of Year	38	38	38	-
Fund Balance - End of Year	<b>\$ 38</b>	<b>\$ (30)</b>	<b>\$ -</b>	<b>\$ 30</b>

**Strand Parking Structure**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ 1,403	\$ 1,403	\$ 1,232	\$ (171)
<b>TOTAL REVENUES</b>	<b>1,403</b>	<b>1,403</b>	<b>1,232</b>	<b>(171)</b>
<b>EXPENDITURES:</b>				
Current:				
Community Development	1,041	1,041	928	113
<b>TOTAL EXPENDITURES</b>	<b>1,041</b>	<b>1,041</b>	<b>928</b>	<b>113</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(400)	(400)	(400)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(38)</b>	<b>(38)</b>	<b>(96)</b>	<b>(58)</b>
Fund Balance - Beginning of Year	-	-	-	-
Cumulative Effect of Changes in Accounting Principles	-	-	3,712	3,712
Fund Balance as Restated	-	-	3,712	3,712
Fund Balance - End of Year	<b>\$ (38)</b>	<b>\$ (38)</b>	<b>\$ 3,616</b>	<b>\$ 3,654</b>

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**Gas Tax**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Other Taxes	\$ 6,077	\$ 6,077	\$ 6,783	\$ 706
Intergovernmental	-	-	42	42
<b>TOTAL REVENUES</b>	<b>6,077</b>	<b>6,077</b>	<b>6,825</b>	<b>748</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	5,530	11,985	11,262	723
<b>TOTAL EXPENDITURES</b>	<b>5,530</b>	<b>11,985</b>	<b>11,262</b>	<b>723</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>547</b>	<b>(5,908)</b>	<b>(4,437)</b>	<b>1,471</b>
Fund Balance - Beginning of Year	7,106	7,106	7,106	-
Fund Balance - End of Year	<b>\$ 7,653</b>	<b>\$ 1,198</b>	<b>\$ 2,669</b>	<b>\$ 1,471</b>

**Housing Residual Receipt**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ -	\$ -	\$ 5	\$ 5
Other	200	200	28	(172)
<b>TOTAL REVENUES</b>	<b>200</b>	<b>200</b>	<b>33</b>	<b>(167)</b>
<b>EXPENDITURES:</b>				
Current:				
Community Development	50	50	-	50
<b>TOTAL EXPENDITURES</b>	<b>50</b>	<b>50</b>	<b>-</b>	<b>50</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>150</b>	<b>150</b>	<b>33</b>	<b>(117)</b>
Fund Balance - Beginning of Year	1,218	1,218	1,218	-
Fund Balance - End of Year	<b>\$ 1,368</b>	<b>\$ 1,368</b>	<b>\$ 1,251</b>	<b>\$ (117)</b>

**Park Acquisition and Development**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Charges for Current Service	\$ 70	\$ 70	\$ -	\$ (70)
<b>TOTAL REVENUES</b>	<b>70</b>	<b>70</b>	<b>-</b>	<b>(70)</b>
<b>EXPENDITURES:</b>				
Current:				
Community Services	625	1,979	562	1,417
<b>TOTAL EXPENDITURES</b>	<b>625</b>	<b>1,979</b>	<b>562</b>	<b>1,417</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(555)</b>	<b>(1,909)</b>	<b>(562)</b>	<b>1,347</b>
Fund Balance - Beginning of Year	2,306	2,306	2,306	-
Fund Balance - End of Year	<b>\$ 1,751</b>	<b>\$ 397</b>	<b>\$ 1,744</b>	<b>\$ 1,347</b>

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**Surf City "3"**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Other Taxes	\$ 605	\$ 605	\$ 534	\$ (71)
Use of Money and Property	-	-	6	6
<b>TOTAL REVENUES</b>	<b>605</b>	<b>605</b>	<b>540</b>	<b>(65)</b>
<b>EXPENDITURES:</b>				
Current:				
City Manager	353	671	372	299
<b>TOTAL EXPENDITURES</b>	<b>353</b>	<b>671</b>	<b>372</b>	<b>299</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>252</b>	<b>(66)</b>	<b>168</b>	<b>234</b>
Fund Balance - Beginning of Year	1,292	1,292	1,292	-
Fund Balance - End of Year	<b>\$ 1,544</b>	<b>\$ 1,226</b>	<b>\$ 1,460</b>	<b>\$ 234</b>

**ELM Automation Fund**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Charges for Current Service	\$ 360	\$ 360	\$ 335	\$ (25)
<b>TOTAL REVENUES</b>	<b>360</b>	<b>360</b>	<b>335</b>	<b>(25)</b>
<b>EXPENDITURES:</b>				
Current:				
Information Systems	431	431	428	3
<b>TOTAL EXPENDITURES</b>	<b>431</b>	<b>431</b>	<b>428</b>	<b>3</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(71)</b>	<b>(71)</b>	<b>(93)</b>	<b>(22)</b>
Fund Balance - Beginning of Year	360	360	360	-
Fund Balance - End of Year	<b>\$ 289</b>	<b>\$ 289</b>	<b>\$ 267</b>	<b>\$ (22)</b>

**Traffic Congestion Relief**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ -	\$ -	\$ 4	\$ 4
Intergovernmental	1,535	1,535	1,456	(79)
<b>TOTAL REVENUES</b>	<b>1,535</b>	<b>1,535</b>	<b>1,460</b>	<b>(75)</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	1,200	2,744	1,208	1,536
<b>TOTAL EXPENDITURES</b>	<b>1,200</b>	<b>2,744</b>	<b>1,208</b>	<b>1,536</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>335</b>	<b>(1,209)</b>	<b>252</b>	<b>1,461</b>
Fund Balance - Beginning of Year	1,783	1,783	1,783	-
Fund Balance - End of Year	<b>\$ 2,118</b>	<b>\$ 574</b>	<b>\$ 2,035</b>	<b>\$ 1,461</b>

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**Traffic Impact Fee**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ -	\$ -	\$ 9	\$ 9
Charges for Current Service	-	-	225	225
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>234</u>	<u>234</u>
<b>EXPENDITURES:</b>				
Current:				
Public Works	195	722	52	670
<b>TOTAL EXPENDITURES</b>	<u>195</u>	<u>722</u>	<u>52</u>	<u>670</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(195)</u>	<u>(722)</u>	<u>182</u>	<u>904</u>
Fund Balance - Beginning of Year	2,740	2,740	2,740	-
Fund Balance - End of Year	<u>\$ 2,545</u>	<u>\$ 2,018</u>	<u>\$ 2,922</u>	<u>\$ 904</u>

**Transportation**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Sales Taxes	\$ 3,008	\$ 3,008	\$ 3,486	\$ 478
Use of Money and Property	-	-	14	14
Intergovernmental	-	-	21	21
<b>TOTAL REVENUES</b>	<u>3,008</u>	<u>3,008</u>	<u>3,521</u>	<u>513</u>
<b>EXPENDITURES:</b>				
Current:				
Public Works	3,398	4,929	3,124	1,805
<b>TOTAL EXPENDITURES</b>	<u>3,398</u>	<u>4,929</u>	<u>3,124</u>	<u>1,805</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(390)</u>	<u>(1,921)</u>	<u>397</u>	<u>2,318</u>
Fund Balance - Beginning of Year	2,420	2,420	2,420	-
Fund Balance - End of Year	<u>\$ 2,030</u>	<u>\$ 499</u>	<u>\$ 2,817</u>	<u>\$ 2,318</u>

**Public Financing Authority**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ -	\$ -	\$ 9	\$ 9
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
<b>EXPENDITURES:</b>				
Current:				
Finance	10	349	331	18
Debt Service:				
Principal	2,575	3,125	2,260	865
Interest	1,387	1,906	700	1,206
<b>TOTAL EXPENDITURES</b>	<u>3,972</u>	<u>5,380</u>	<u>3,291</u>	<u>2,089</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,334	1,334	1,777	443
Proceeds of Long-Term Debt	-	19,275	19,275	-
Issuance Premium	-	1,743	1,743	-
Payments to Escrow	-	(23,135)	(24,204)	(1,069)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,334</u>	<u>(783)</u>	<u>(1,409)</u>	<u>(626)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(2,638)</u>	<u>(6,163)</u>	<u>(4,691)</u>	<u>1,472</u>
Fund Balance - Beginning of Year	9,126	9,126	9,126	-
Fund Balance - End of Year	<u>\$ 6,488</u>	<u>\$ 2,963</u>	<u>\$ 4,435</u>	<u>\$ 1,472</u>

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**Affordable Housing In-Lieu**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Licenses and Permits	\$ 546	\$ 546	\$ 224	\$ (322)
Use of Money and Property	-	-	92	92
<b>TOTAL REVENUES</b>	<b>546</b>	<b>546</b>	<b>316</b>	<b>(230)</b>
<b>EXPENDITURES:</b>				
Current:				
Community Development	200	203	1	202
<b>TOTAL EXPENDITURES</b>	<b>200</b>	<b>203</b>	<b>1</b>	<b>202</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>346</b>	<b>343</b>	<b>315</b>	<b>(28)</b>
Fund Balance - Beginning of Year	1,132	1,132	1,132	-
Fund Balance - End of Year	<b>\$ 1,478</b>	<b>\$ 1,475</b>	<b>\$ 1,447</b>	<b>\$ (28)</b>

**Infrastructure**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ -	\$ -	\$ 46	\$ 46
Other	-	-	10	10
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>56</b>
<b>EXPENDITURES:</b>				
Current:				
Community Services	250	439	62	377
Public Works	4,071	16,330	4,503	11,827
<b>TOTAL EXPENDITURES</b>	<b>4,321</b>	<b>16,769</b>	<b>4,565</b>	<b>12,204</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	3,000	9,417	9,417	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,000</b>	<b>9,417</b>	<b>9,417</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,321)</b>	<b>(7,352)</b>	<b>4,908</b>	<b>12,260</b>
Fund Balance - Beginning of Year	12,157	12,157	12,157	-
Fund Balance - End of Year	<b>\$ 10,836</b>	<b>\$ 4,805</b>	<b>\$ 17,065</b>	<b>\$ 12,260</b>

**Lease Capital Project**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES:</b>				
Current:				
Fire	\$ -	\$ 9,830	\$ 1,071	\$ 8,759
Debt Service:				
Interest	-	55	55	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>9,885</b>	<b>1,126</b>	<b>8,759</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds of Long-Term Debt	-	21,503	12,753	(8,750)
Payments to Escrow	-	(4,052)	(4,052)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>17,451</b>	<b>8,701</b>	<b>(8,750)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>7,566</b>	<b>7,575</b>	<b>9</b>
Fund Balance - Beginning of Year	1,178	1,178	1,178	-
Fund Balance - End of Year	<b>\$ 1,178</b>	<b>\$ 8,744</b>	<b>\$ 8,753</b>	<b>\$ 9</b>

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**Parking In-Lieu**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Licenses and Permits	\$ 38	\$ 38	\$ 115	\$ 77
<b>TOTAL REVENUES</b>	<u>38</u>	<u>38</u>	<u>115</u>	<u>77</u>
<b>EXPENDITURES:</b>				
Current:				
Community Development	38	38	-	38
<b>TOTAL EXPENDITURES</b>	<u>38</u>	<u>38</u>	<u>-</u>	<u>38</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	115	115
Fund Balance - Beginning of Year	543	543	543	-
Fund Balance - End of Year	<u>\$ 543</u>	<u>\$ 543</u>	<u>\$ 658</u>	<u>\$ 115</u>

**Senior Center Development**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	\$ -	\$ (16)	\$ (16)	\$ -
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(16)</u>	<u>(16)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(16)	(16)	-
Fund Balance - Beginning of Year	16	16	16	-
Fund Balance - End of Year	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Sewer Development**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 12	\$ 12
Charges for Current Service	160	160	92	(68)
<b>TOTAL REVENUES</b>	<u>160</u>	<u>160</u>	<u>104</u>	<u>(56)</u>
<b>EXPENDITURES:</b>				
Current:				
Public Works	150	6,348	2,954	3,394
<b>TOTAL EXPENDITURES</b>	<u>150</u>	<u>6,348</u>	<u>2,954</u>	<u>3,394</u>
<b>NET CHANGE IN FUND BALANCE</b>	10	(6,188)	(2,850)	3,338
Fund Balance - Beginning of Year	7,084	7,084	7,084	-
Fund Balance - End of Year	<u>\$ 7,094</u>	<u>\$ 896</u>	<u>\$ 4,234</u>	<u>\$ 3,338</u>

**Technology**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of Money and Property	\$ -	\$ -	\$ 7	\$ 7
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
<b>EXPENDITURES:</b>				
Current:				
Information Systems	-	418	254	164
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>418</u>	<u>254</u>	<u>164</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(418)	(247)	171
Fund Balance - Beginning of Year	3,527	3,527	3,527	-
Fund Balance - End of Year	<u>\$ 3,527</u>	<u>\$ 3,109</u>	<u>\$ 3,280</u>	<u>\$ 171</u>

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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 Fund** 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, 2021  
(In Thousands)**

	Governmental Activities			
	Self Insurance Workers' Comp	Self Insurance General Liability	Equipment Replacement Fund	Internal Service Fund Total
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 16,197	\$ 10,337	\$ 7,322	\$ 33,856
Other Receivables, Net	48	30	18	96
Prepays	600	-	477	1,077
<b>Total Current Assets</b>	<b>16,845</b>	<b>10,367</b>	<b>7,817</b>	<b>35,029</b>
Capital Assets:				
Machinery and Equipment	-	-	6,831	6,831
Less Accumulated Depreciation	-	-	(1,527)	(1,527)
<b>Total Capital Assets</b>	<b>-</b>	<b>-</b>	<b>5,304</b>	<b>5,304</b>
<b>Total Assets</b>	<b>16,845</b>	<b>10,367</b>	<b>13,121</b>	<b>40,333</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	1,234	-	-	1,234
Deferred Outflows Related to Other Postemployment Benefits	10	5	-	15
<b>Total Deferred Outflows of Resources</b>	<b>1,244</b>	<b>5</b>	<b>-</b>	<b>1,249</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 18,089</b>	<b>\$ 10,372</b>	<b>\$ 13,121</b>	<b>\$ 41,582</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 359	\$ 212	\$ 144	\$ 715
Accrued Payroll	16	-	-	16
Interest Payable	4	-	-	4
Current Portion of Claims Payable	6,268	3,840	-	10,108
Current Portion of Compensated Absences	12	-	-	12
<b>Total Current Liabilities</b>	<b>6,659</b>	<b>4,052</b>	<b>144</b>	<b>10,855</b>
Non-Current Liabilities:				
Compensated Absences	32	-	-	32
Long-Term Obligations Due Within One Year	37	-	-	37
Long-Term Obligations Due in More than One Year	1,029	-	-	1,029
Net Pension Liability	1,309	-	-	1,309
Net Other Postemployment Benefits Liability	11	5	-	16
Claims Payable	28,526	8,145	-	36,671
<b>Total Non-Current Liabilities</b>	<b>30,944</b>	<b>8,150</b>	<b>-</b>	<b>39,094</b>
<b>Total Liabilities</b>	<b>37,603</b>	<b>12,202</b>	<b>144</b>	<b>49,949</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	61	-	-	61
Deferred Inflows Related to Other Postemployment Benefits	9	4	-	13
<b>Total Deferred Inflows of Resources</b>	<b>70</b>	<b>4</b>	<b>-</b>	<b>74</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	-	-	5,304	5,304
Unrestricted	(19,584)	(1,834)	7,673	(13,745)
<b>Total Net Position</b>	<b>(19,584)</b>	<b>(1,834)</b>	<b>12,977</b>	<b>(8,441)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 18,089</b>	<b>\$ 10,372</b>	<b>\$ 13,121</b>	<b>\$ 41,582</b>

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(In Thousands)

	Governmental Activities			
	Self Insurance Workers' Comp	Self Insurance General Liability	Equipment Replacement Fund	Internal Service Fund Total
<b>OPERATING REVENUES</b>				
Fees and Charges for Service	\$ 6,731	\$ 2,399	\$ 5,000	\$ 14,130
Other	73	-	-	73
<b>Total Operating Revenues</b>	<u>6,804</u>	<u>2,399</u>	<u>5,000</u>	<u>14,203</u>
<b>OPERATING EXPENSES</b>				
Supplies and Operations	1,529	837	2,120	4,486
Claims and Judgments	10,667	11,406	-	22,073
Depreciation	-	-	714	714
<b>Total Operating Expenses</b>	<u>12,196</u>	<u>12,243</u>	<u>2,834</u>	<u>27,273</u>
<b>Operating Income</b>	<u>(5,392)</u>	<u>(9,844)</u>	<u>2,166</u>	<u>(13,070)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment Income (Loss)	(4)	(78)	(8)	(90)
Interest Expense	(4)	-	-	(4)
Debt Service	(4)	-	-	(4)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(12)</u>	<u>(78)</u>	<u>(8)</u>	<u>(98)</u>
<b>Income (Loss) Before Transfers</b>	<u>(5,404)</u>	<u>(9,922)</u>	<u>2,158</u>	<u>(13,168)</u>
Change in Net Position	(5,404)	(9,922)	2,158	(13,168)
<b>Net Position - Beginning of Year</b>	<u>(14,180)</u>	<u>8,088</u>	<u>10,819</u>	<u>4,727</u>
<b>Net Position - End of Year</b>	<u>\$ (19,584)</u>	<u>\$ (1,834)</u>	<u>\$ 12,977</u>	<u>\$ (8,441)</u>

**CITY OF HUNTINGTON BEACH  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021  
(In Thousands)**

	Governmental Activities			
	Self Insurance Workers' Comp	Self Insurance General Liability	Equipment Replacement Fund	Internal Service Fund Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers and Users	\$ 6,811	\$ 2,424	\$ 5,006	\$ 14,241
Cash Paid to Employees for Services	(1,528)	(33)	-	(1,561)
Cash Paid to Suppliers of Goods and Services	(6,513)	(7,694)	(2,555)	(16,762)
<b>Net Cash and Investment Provided by Operating Activities</b>	<b>(1,230)</b>	<b>(5,303)</b>	<b>2,451</b>	<b>(4,082)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Debt Service	(4)	-	-	(4)
Proceeds from Issuance of Debt	1,066	-	-	1,066
<b>Net Cash and Investments Used by Noncapital Financing Activities</b>	<b>1,062</b>	<b>-</b>	<b>-</b>	<b>1,062</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	-	-	(1,960)	(1,960)
<b>Net Cash and Investments (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(1,960)</b>	<b>(1,960)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income (Loss)	(4)	(78)	(8)	(90)
<b>Net Cash and Investments Provided by Investing Activities</b>	<b>(4)</b>	<b>(78)</b>	<b>(8)</b>	<b>(90)</b>
Net Increase in Cash and Investments	(172)	(5,381)	483	(5,070)
<b>Cash and Investments - Beginning of Year</b>	<b>16,369</b>	<b>15,718</b>	<b>6,839</b>	<b>38,926</b>
<b>Cash and Investments - End of Year</b>	<b>\$ 16,197</b>	<b>\$ 10,337</b>	<b>\$ 7,322</b>	<b>\$ 33,856</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND INVESTMENTS PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating (Loss)	\$ (5,392)	\$ (9,844)	\$ 2,166	\$ (13,070)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash and Investments Provided (Used) by Operating Activities</b>				
Depreciation	-	-	714	714
Decrease in Other Receivables, Net	7	25	6	38
Decrease (Increase) in Prepays	-	-	(477)	(477)
Increase (Decrease) in Accounts Payable	55	80	42	177
Increase (Decrease) in Accrued Payroll	(7)	-	-	(7)
Increase (Decrease) in Claims Payable	5,188	4,436	-	9,624
Decrease (Increase) in Deferred Pension Outflow	(1,093)	-	-	(1,093)
Increase (Decrease) in Deferred Pension Inflow	32	-	-	32
Increase in Net Pension Liability	(19)	-	-	(19)
Decrease in Deferred Other Postemployment Benefits Outflow	1	-	-	1
Increase in Deferred Other Postemployment Benefits Inflow	(1)	-	-	(1)
(Decrease) in Ending Net Other Postemployment Benefits Liability	(1)	-	-	(1)
<b>Net Cash and Investments Provided by Operating Activities</b>	<b>\$ (1,230)</b>	<b>\$ (5,303)</b>	<b>\$ 2,451</b>	<b>\$ (4,082)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				

There were no noncash investing, capital, or financing activities during the year ended June 30, 2021.

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## City of Huntington Beach Fiduciary Funds

**Fiduciary Funds** account for assets held by the City as a custodian for other organizations or individuals.

- The **Community Facilities Districts Funds** accounts for the debt service activity of the City's three community facilities districts.
- The **Huntington Beach Business Improvement District Fund** accounts for the activities of the City's business improvement district.
- The **Bella Terra Parking Structure Fund** accounts for the activities of the Bella Terra Parking Structure.



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**CITY OF HUNTINGTON BEACH**  
**COMBINING STATEMENT OF FIDUCIARY FUND ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2021**

	Custodial Funds			
	Community Facilities Districts	Business Improvement Districts	Parking Structure - Bella Terra	Total Custodial Funds
<b>Assets:</b>				
Current Assets:				
Cash and Investments	\$ 1,286	\$ 1,184	\$ 2,020	\$ 4,490
Cash with Fiscal Agent	1,584	-	1,681	3,265
Accounts Receivable, Net	-	697	2	699
<b>Total Assets</b>	<b><u>2,870</u></b>	<b><u>1,881</u></b>	<b><u>3,703</u></b>	<b><u>8,454</u></b>
<b>Liabilities:</b>				
Current Liabilities:				
Accounts Payable	-	1,714	214	1,928
<b>Total Current Liabilities</b>	<b><u>-</u></b>	<b><u>1,714</u></b>	<b><u>214</u></b>	<b><u>1,928</u></b>
<b>NET POSITION</b>				
Restricted for Individuals and Organizations	<u>2,870</u>	<u>167</u>	<u>3,489</u>	<u>6,526</u>
<b>Total Net Position</b>	<b><u>\$ 2,870</u></b>	<b><u>\$ 167</u></b>	<b><u>\$ 3,489</u></b>	<b><u>\$ 6,526</u></b>

**CITY OF HUNTINGTON BEACH**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2021**

	Custodial Funds			
	Community Facilities Districts	Business Improvement Districts	Parking Structure - Bella Terra	Total Custodial Funds
<b>ADDITIONS</b>				
Special Assessments or Special Taxes				
Collected from Property Owners	\$ 1,512	\$ -	\$ -	\$ 1,512
Business Improvement District Taxes	-	4,093	-	4,093
Parking Assessments	-	-	2,442	2,442
Interest Income	9	-	4	13
<b>Total Additions</b>	<b><u>1,521</u></b>	<b><u>4,093</u></b>	<b><u>2,446</u></b>	<b><u>8,060</u></b>
<b>DEDUCTIONS</b>				
Administrative Costs	40	1	10	51
Payments to other Organizations	-	4,121	627	4,748
Interest and Fiscal Agency Expenses	705	-	806	1,511
Principal	955	-	855	1,810
<b>Total Deductions</b>	<b><u>1,700</u></b>	<b><u>4,122</u></b>	<b><u>2,298</u></b>	<b><u>8,120</u></b>
<b>Change in Net Position</b>	<b>(179)</b>	<b>(29)</b>	<b>148</b>	<b>(60)</b>
<b>Net Position - Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative Effect of Changes in</b>				
<b>Accounting Principles</b>	<b><u>3,049</u></b>	<b><u>196</u></b>	<b><u>3,341</u></b>	<b><u>6,586</u></b>
<b>Net Position - Beginning of Year as Restated</b>	<b><u>3,049</u></b>	<b><u>196</u></b>	<b><u>3,341</u></b>	<b><u>6,586</u></b>
<b>Net Position - End of Year</b>	<b><u>\$ 2,870</u></b>	<b><u>\$ 167</u></b>	<b><u>\$ 3,489</u></b>	<b><u>\$ 6,526</u></b>

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## City of Huntington Beach Statistical Section

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

<b>Financial Trends</b> – contains trend information to help the reader understand how the City's financial performance has changed over time.
<b>Revenue Capacity</b> – contains information to help the reader assess the City's most significant local revenue source, the property tax.
<b>Debt Capacity</b> – 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.
<b>Demographic and Economic Information</b> – offers information to help the reader understand the environment within which the City's financial activities take place.
<b>Operating Information</b> – contains service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activities it performs.

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

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

	Fiscal Year Ended				September 30, 2017
	2021	2020	2019	2018***	
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 699,204	\$ 673,498	\$ 664,281	\$ 650,466	\$ 646,336
Restricted	65,755	79,926	66,089	58,537	41,888
Unrestricted	(275,159)	(274,523)	(251,022)	(254,528)	(262,874)
<b>Total Governmental Activities Net Position</b>	<b>\$ 489,800</b>	<b>\$ 478,901</b>	<b>\$ 479,348</b>	<b>\$ 454,475</b>	<b>\$ 425,350</b>
<b>Business-Type Activities</b>					
Net investment in capital assets	\$ 142,469	\$ 142,785	\$ 145,696	\$ 143,954	\$ 140,478
Restricted	20,332	22,248	21,153	25,886	30,444
Unrestricted	39,129	38,482	36,747	27,492	22,228
<b>Total Business-Type Activities Net Position</b>	<b>\$ 201,930</b>	<b>\$ 203,515</b>	<b>\$ 203,596</b>	<b>\$ 197,332</b>	<b>\$ 193,150</b>
<b>Primary Government</b>					
Net investment in capital assets	\$ 841,673	\$ 816,283	\$ 809,977	\$ 794,420	\$ 786,814
Restricted	86,087	102,174	87,242	84,423	72,332
Unrestricted	(236,030)	(236,041)	(214,275)	(227,036)	(240,646)
<b>Total Primary Government Net Position</b>	<b>\$ 691,730</b>	<b>\$ 682,416</b>	<b>\$ 682,944</b>	<b>\$ 651,807</b>	<b>\$ 618,500</b>

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

	Fiscal Year Ended				September 30, 2017
	2021	2020	2019	2018***	
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
City Council	\$ 423	\$ 405	\$ 360	\$ 218	\$ 347
City Manager	11,163	3,328	4,501	2,063	4,691
City Treasurer	340	317	246	101	216
City Attorney	3,140	3,136	2,886	1,536	3,307
City Clerk	1,147	949	976	475	889
Finance	6,828	6,661	6,245	3,455	6,201
Human Resources****	-	-	6,261	4,760	5,693
Community Development*	19,716	15,722	6,144	4,301	7,576
Fire	65,960	62,840	56,494	26,688	52,941
Information Services	6,230	8,643	7,530	4,375	7,047
Police	102,415	97,204	87,355	42,109	84,786
Economic Development**	-	-	-	-	-
Community Services	11,365	12,539	13,369	6,768	15,558
Library Services	6,181	5,776	5,206	2,890	5,064
Public Works	40,270	45,834	40,803	23,898	35,373
Non-Departmental****	-	-	-	18,164	29,368
Interest on Long-Term Debt	2,706	1,686	1,823	1,467	2,063
<b>Total Governmental Activities</b>	<b>277,884</b>	<b>265,040</b>	<b>240,199</b>	<b>143,268</b>	<b>261,120</b>
<b>Business-Type Activities</b>					
Water Utility	46,054	44,463	43,405	28,414	45,940
Sewer Service	9,284	9,828	9,442	6,127	9,351
Refuse Collection	12,936	12,609	12,051	8,916	10,821
Hazmat Service	241	235	234	117	224
<b>Total Business-Type Activities</b>	<b>68,515</b>	<b>67,135</b>	<b>65,132</b>	<b>43,574</b>	<b>66,336</b>
<b>Total Business and Government Type Activities</b>	<b>\$ 346,399</b>	<b>\$ 332,175</b>	<b>\$ 305,331</b>	<b>\$ 186,842</b>	<b>\$ 327,456</b>

\* 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,				
	2016	2015	2014	2013	2012
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 624,180	\$ 615,512	\$ 618,825	\$ 617,267	\$ 612,346
Restricted	41,555	52,270	34,018	51,867	44,220
Unrestricted	<u>(222,863)</u>	<u>(222,787)</u>	<u>89,524</u>	<u>54,076</u>	<u>53,098</u>
<b>Total Governmental Activities Net Position</b>	<b>\$ 442,872</b>	<b>\$ 444,995</b>	<b>\$ 742,367</b>	<b>\$ 723,210</b>	<b>\$ 709,664</b>
<b>Business-Type Activities</b>					
Net investment in capital assets	\$ 142,566	\$ 142,616	\$ 140,770	\$ 145,886	\$ 134,129
Restricted	32,049	28,096	27,951	27,488	27,804
Unrestricted	<u>21,997</u>	<u>28,476</u>	<u>53,166</u>	<u>65,595</u>	<u>63,686</u>
<b>Total Business-Type Activities Net Position</b>	<b>\$ 196,612</b>	<b>\$ 199,188</b>	<b>\$ 221,887</b>	<b>\$ 238,969</b>	<b>\$ 225,619</b>
<b>Primary Government</b>					
Net investment in capital assets	\$ 766,746	\$ 758,128	\$ 759,595	\$ 763,153	\$ 746,475
Restricted	73,604	80,366	61,969	79,355	72,024
Unrestricted	<u>(200,866)</u>	<u>(194,311)</u>	<u>142,690</u>	<u>119,671</u>	<u>116,784</u>
<b>Total Primary Government Net Position</b>	<b>\$ 639,484</b>	<b>\$ 644,183</b>	<b>\$ 964,254</b>	<b>\$ 962,179</b>	<b>\$ 935,283</b>

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

	Fiscal Year Ended				
	September 30,				
	2016	2015	2014	2013	2012
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
City Council	\$ 321	\$ 270	\$ 258	\$ 271	\$ 310
City Manager	3,849	3,302	3,878	1,583	1,767
City Treasurer	208	158	169	132	141
City Attorney	2,598	2,284	2,321	2,221	2,313
City Clerk	806	855	747	797	689
Finance	5,765	5,208	5,314	4,825	4,573
Human Resources*****	6,814	5,169	4,616	5,032	4,743
Community Development*	7,208	6,605	7,091	6,155	6,123
Fire	47,965	42,162	43,194	36,323	35,336
Information Services	6,852	6,552	6,456	6,096	5,857
Police	74,943	64,048	66,681	60,466	60,690
Economic Development**	-	-	-	8,395	3,703
Community Services	9,935	13,809	12,509	15,521	15,586
Library Services	4,611	4,246	4,024	3,873	3,777
Public Works	31,791	27,979	31,691	28,500	26,508
Non-Departmental****	35,240	24,080	21,602	25,563	19,190
Interest on Long-Term Debt	2,119	2,245	1,946	2,289	2,376
<b>Total Governmental Activities</b>	<b>241,025</b>	<b>208,972</b>	<b>212,497</b>	<b>208,042</b>	<b>193,682</b>
<b>Business-Type Activities</b>					
Water Utility	41,643	38,614	41,499	38,446	37,437
Sewer Service	8,729	8,192	9,712	7,253	7,623
Refuse Collection	11,277	11,308	11,145	10,882	10,785
Hazmat Service	<u>244</u>	<u>204</u>	<u>231</u>	<u>220</u>	<u>216</u>
<b>Total Business-Type Activities</b>	<b>61,893</b>	<b>58,318</b>	<b>62,587</b>	<b>56,801</b>	<b>56,061</b>
<b>Total Business and Government Type Activities</b>	<b>\$ 302,918</b>	<b>\$ 267,290</b>	<b>\$ 275,084</b>	<b>\$ 264,843</b>	<b>\$ 249,743</b>

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

	Fiscal Year Ended				
	2021	2020	2019	2018***	September 30, 2017
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
Charges for Services					
City Council	\$ 162	\$ 177	\$ 149	\$ 91	\$ 108
City Manager	4,208	5,315	3,300	2,374	3,515
City Treasurer	149	163	135	81	100
City Attorney	6	7	7	4	5
City Clerk	30	220	327	229	257
Finance	3,055	3,302	2,899	1,746	2,047
Human Resources*****	-	-	751	373	654
Community Development*	8,353	10,037	7,459	5,448	7,448
Fire	8,877	10,122	9,831	9,104	10,296
Information Services	610	636	628	381	501
Police	6,477	5,329	6,044	4,703	4,968
Economic Development**	-	-	-	-	-
Community Services	15,558	17,631	23,530	19,245	21,693
Library Services	153	266	308	237	476
Public Works	6,045	6,614	6,368	4,392	5,392
Non-Departmental****	-	-	-	916	1,116
<b>Total Charges for Services</b>	<b>53,683</b>	<b>59,819</b>	<b>61,736</b>	<b>49,324</b>	<b>58,576</b>
Operating Grants	6,013	8,141	6,644	3,976	7,329
Capital Grants	10,192	14,483	8,361	6,055	3,408
<b>Total Governmental Activities Program Revenue</b>	<b>69,888</b>	<b>82,443</b>	<b>76,741</b>	<b>59,355</b>	<b>69,313</b>
<b>Business-Type Activities:</b>					
Water Utility	42,523	40,518	43,958	29,530	39,938
Sewer Service	10,828	10,900	11,868	8,362	10,854
Refuse Collection	13,014	12,573	12,022	8,820	11,282
Hazmat Service	266	279	276	25	287
<b>Total Business-Type Activities Program Revenues</b>	<b>66,631</b>	<b>64,270</b>	<b>68,124</b>	<b>46,737</b>	<b>62,361</b>
Total Primary Government Program Revenue	136,519	146,713	144,865	106,092	131,674
<b>Net (Expense) Revenue:</b>					
Governmental Activities	(207,996)	(182,597)	(188,299)	(180,844)	(73,955)
Business-Type Activities	(1,884)	(2,865)	989	(18,395)	18,787
<b>Total Net (Expense) Revenue</b>	<b>(209,880)</b>	<b>(185,462)</b>	<b>(187,310)</b>	<b>(199,239)</b>	<b>(55,168)</b>
<b>General Revenue and Other Changes in Net Position</b>					
<b>Governmental Activities:</b>					
Property Taxes	99,958	94,263	61,185	82,925	87,128
Sales Taxes	51,162	44,616	33,844	43,551	34,289
Utility Taxes	18,374	18,149	14,014	19,303	19,482
Other Taxes	17,293	18,635	14,883	17,991	17,313
Use of Money and Property	4,399	3,208	2,158	3,370	3,618
From Other Agencies	22,000	3,317	2,263	3,896	4,397
Other	-	-	2,811	2,438	5,693
Transfers	(38)	(38)	(332)	(51)	(38)
<b>Total Governmental Activities General Revenues</b>	<b>213,148</b>	<b>182,150</b>	<b>130,826</b>	<b>173,423</b>	<b>171,882</b>
<b>Business-Type Activities:</b>					
Use of Money and Property	261	2,746	279	462	939
Transfers	38	38	332	51	38
<b>Total Business-Type Activities General Revenues</b>	<b>299</b>	<b>2,784</b>	<b>611</b>	<b>513</b>	<b>977</b>
<b>Total General Revenues and Transfers</b>	<b>213,447</b>	<b>184,934</b>	<b>131,437</b>	<b>173,936</b>	<b>172,859</b>
Extraordinary Gain	-	-	-	-	-
<b>Changes in Net Position - Governmental Activities</b>	5,152	(447)	(57,473)	(7,421)	97,927
<b>Changes in Net Position - Business-Type Activities</b>	(1,585)	(81)	3,603	3,676	(2,998)
<b>Net Position - Beginning of Year</b>	<b>682,416</b>	<b>682,944</b>	<b>627,548</b>	<b>630,431</b>	<b>535,502</b>
<b>Prior Period Adjustment - Governmental Activities</b>	5,747	-	(17,788)	862	-
<b>Prior Period Adjustment - Business-Type Activities</b>	-	-	408	-	-
<b>Net Position - Beginning of Year as restated</b>	<b>688,163</b>	<b>682,944</b>	<b>610,168</b>	<b>631,293</b>	<b>535,502</b>
<b>Net Position - End of Year</b>	<b>\$ 691,730</b>	<b>\$ 682,416</b>	<b>\$ 556,298</b>	<b>\$ 627,548</b>	<b>\$ 630,431</b>

\* 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				
	2016	2015	2014	2013	2012
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
Charges for Services					
City Council	\$ 116	\$ 71	\$ 68	\$ 66	\$ 65
City Manager	3,029	2,994	2,835	134	130
City Treasurer	101	639	621	602	585
City Attorney	4	143	139	135	131
City Clerk	201	199	321	248	170
Finance	2,277	1,353	1,313	1,275	1,238
Human Resources*****	513	1,263	2,499	1,236	1,150
Community Development*	9,252	10,670	9,357	9,411	7,706
Fire	9,894	8,625	8,672	9,482	9,497
Information Services	521	834	809	786	763
Police	5,958	5,512	5,170	4,653	5,073
Economic Development**	-	-	-	2,505	2,303
Community Services	18,853	18,569	18,055	17,832	17,792
Library Services	408	495	434	634	466
Public Works	5,733	6,474	6,367	7,315	5,482
Non-Departmental****	1,290	327	318	306	281
Total Charges for Services	<u>58,150</u>	<u>58,168</u>	<u>56,978</u>	<u>56,620</u>	<u>52,832</u>
Operating Grants	4,723	7,458	7,958	7,303	5,088
Capital Grants	5,939	9,809	5,486	7,191	6,624
<b>Total Governmental Activities Program Revenue</b>	<u><b>68,812</b></u>	<u><b>75,435</b></u>	<u><b>70,422</b></u>	<u><b>71,114</b></u>	<u><b>64,544</b></u>
<b>Business-Type Activities:</b>					
Water Utility	35,765	35,350	36,944	38,679	35,926
Sewer Service	11,280	11,239	10,665	12,267	11,546
Refuse Collection	11,215	11,221	11,006	10,950	10,786
Hazmat Service	235	222	183	278	154
<b>Total Business-Type Activities Program Revenues</b>	<u>58,495</u>	<u>58,032</u>	<u>58,798</u>	<u>62,174</u>	<u>58,412</u>
Total Primary Government Program Revenue	<u>127,307</u>	<u>133,467</u>	<u>129,220</u>	<u>133,288</u>	<u>122,956</u>
<b>Net (Expense) Revenue:</b>					
Governmental Activities	(192,308)	(165,590)	(138,550)	(141,383)	(143,498)
Business-Type Activities	(7,841)	(3,861)	480	(413)	1,611
<b>Total Net (Expense) Revenue</b>	<u><b>(200,149)</b></u>	<u><b>(169,451)</b></u>	<u><b>(138,070)</b></u>	<u><b>(141,796)</b></u>	<u><b>(141,887)</b></u>
<b>General Revenue and Other Changes in Net Position</b>					
<b>Governmental Activities:</b>					
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)
<b>Total Governmental Activities General Revenues</b>	<u>168,050</u>	<u>161,689</u>	<u>154,424</u>	<u>152,911</u>	<u>155,806</u>
<b>Business-Type Activities:</b>					
Use of Money and Property	1,281	1,015	137	1,100	1,135
Transfers	(35)	38	38	38	38
<b>Total Business-Type Activities General Revenues</b>	<u>1,246</u>	<u>1,053</u>	<u>175</u>	<u>1,138</u>	<u>1,173</u>
<b>Total General Revenues and Transfers</b>	<u>169,296</u>	<u>162,742</u>	<u>154,599</u>	<u>154,049</u>	<u>156,979</u>
Extraordinary Gain	-	-	(4,669)	23,960	-
<b>Changes in Net Position - Governmental Activities</b>	(24,258)	(3,901)	11,205	35,488	12,308
<b>Changes in Net Position - Business-Type Activities</b>	(2,152)	767	(3,614)	6,511	3,524
<b>Net Position - Beginning of Year</b>	<u>919,403</u>	<u>937,340</u>	<u>921,228</u>	<u>879,229</u>	<u>863,397</u>
<b>Prior Period Adjustment - Governmental Activities</b>	(333,677)	(457)	719	-	-
<b>Prior Period Adjustment - Business-Type Activities</b>	(23,814)	(14,346)	7,802	-	-
<b>Net Position - Beginning of Year as restated</b>	<u>561,912</u>	<u>922,537</u>	<u>929,749</u>	<u>879,229</u>	<u>863,397</u>
<b>Net Position - End of Year</b>	<u>\$ 535,502</u>	<u>\$ 919,403</u>	<u>\$ 937,340</u>	<u>\$ 921,228</u>	<u>\$ 879,229</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
	2021	2020	2019	2018	September 30,
					2017
<b>General Fund:</b>					
Nonspendable	\$ 115	\$ 120	\$ 23	\$ 41	\$ -
Restricted	13,561	9,320	8,154	6,384	2,671
Committed	25,565	25,010	25,011	25,011	25,011
Assigned	55,368	45,638	45,825	34,464	33,498
Unassigned	-	-	-	2,734	-
<b>Total General Fund</b>	<b>\$ 94,609</b>	<b>\$ 80,088</b>	<b>\$ 79,013</b>	<b>\$ 68,634</b>	<b>\$ 61,180</b>
<b>Other Governmental Funds:</b>					
Nonspendable	\$ 105	\$ 50	\$ 64	\$ 726	\$ -
Restricted	70,161	71,671	59,213	52,742	40,588
Committed	26,857	21,735	20,308	20,800	17,686
Assigned	3,280	3,527	3,614	2,701	826
<b>Total Other Governmental Funds</b>	<b>\$ 100,403</b>	<b>\$ 96,983</b>	<b>\$ 83,199</b>	<b>\$ 76,969</b>	<b>\$ 59,100</b>
	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
<b>General Fund:</b>					
Nonspendable	\$ -	\$ 4,479	\$ 4,378	\$ 4,040	\$ 4,633
Restricted	2,637	2,871	2,070	1,878	1,387
Committed	25,011	25,011	25,011	24,011	-
Assigned	35,199	32,431	29,595	24,578	48,415
<b>Total General Fund</b>	<b>\$ 62,847</b>	<b>\$ 64,792</b>	<b>\$ 61,054</b>	<b>\$ 54,507</b>	<b>\$ 54,435</b>
<b>Other Governmental Funds:</b>					
Restricted	\$ 40,293	\$ 45,515	\$ 27,214	\$ 27,425	\$ 27,722
Committed	21,368	21,659	16,447	11,098	6,745
Assigned	838	161	151	316	1,181
Unassigned	-	-	-	(210)	(395)
<b>Total Other Governmental Funds</b>	<b>\$ 62,499</b>	<b>\$ 67,335</b>	<b>\$ 43,812</b>	<b>\$ 38,629</b>	<b>\$ 35,253</b>

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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				
	2021	2020	2019	2018*	September 30, 2017
<b>REVENUES:</b>					
Property Taxes	\$ 99,958	\$ 94,263	\$ 89,367	\$ 80,614	\$ 80,826
Sales Taxes	51,162	44,616	47,437	33,844	43,551
Utility Taxes	18,374	18,149	18,788	14,014	19,303
Other Taxes	25,745	24,578	27,196	18,409	17,991
Licenses and Permits	8,213	11,266	8,574	6,293	8,812
Fines and Forfeitures	4,619	3,403	4,300	3,048	3,995
From Use of Money and Property	19,163	27,863	23,276	11,600	17,210
From Other Agencies	29,836	11,309	13,072	10,384	15,293
Charges for Current Service/Other Revenue	27,428	34,772	33,787	30,216	32,351
<b>TOTAL REVENUES</b>	<b>284,498</b>	<b>270,219</b>	<b>265,797</b>	<b>208,422</b>	<b>239,332</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
City Council	1,043	394	369	279	333
City Manager	15,976	4,342	6,598	3,143	4,116
City Treasurer	837	297	248	134	201
City Attorney	7,714	2,898	2,874	2,037	3,052
City Clerk	2,810	886	981	602	830
Finance	16,173	6,200	6,484	4,376	5,763
Human Resources*****	-	-	6,362	5,323	5,535
Community Development**	39,212	14,692	8,138	5,554	6,963
Fire	149,726	56,477	54,431	36,347	46,831
Information Systems	19,095	8,473	8,342	5,385	6,603
Police	232,438	87,682	83,546	57,916	75,015
Economic Development***	-	-	-	-	-
Community Services	25,064	14,429	11,720	7,958	14,124
Library Services	14,099	5,199	4,944	3,436	4,422
Public Works	88,007	47,655	46,878	30,357	38,635
Non-Departmental*****	-	-	-	22,432	28,396
Capital Outlay****	-	-	-	-	-
Debt Service:					
Principal	3,983	5,122	5,346	311	5,091
Interest	937	1,748	1,890	965	2,066
<b>TOTAL EXPENDITURES</b>	<b>617,114</b>	<b>256,494</b>	<b>249,151</b>	<b>186,555</b>	<b>247,976</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(332,616)</b>	<b>13,725</b>	<b>16,646</b>	<b>21,867</b>	<b>(8,644)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	13,058	10,009	11,190	13,261	6,692
Issuance of Long-Term Debt	(453)	1,172	-	-	2,767
Issuance Premium	1,743	-	-	-	-
Issuance Discount	(649)	-	-	-	-
Proceeds of Long Term Debt	372,463	-	-	-	-
Payments to Escrow	(28,256)	-	-	-	-
Transfers Out	(13,096)	(10,047)	(11,227)	(13,593)	(6,743)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>344,810</b>	<b>1,134</b>	<b>(37)</b>	<b>(332)</b>	<b>2,716</b>
<b>Extraordinary Item - Dissolution of RDA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INCREASE (DECREASE) IN FUND BALANCES</b>	<b>\$ 12,194</b>	<b>\$ 14,859</b>	<b>\$ 16,609</b>	<b>\$ 21,535</b>	<b>\$ (5,928)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES</b>	<b>0.8%</b>	<b>3.0%</b>	<b>3.3%</b>	<b>0.7%</b>	<b>3.2%</b>

\* 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.

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

	Fiscal Year Ended				
	2016	2015	2014	2013	2012
	September 30,				
<b>REVENUES:</b>					
Property Taxes	\$ 86,382	\$ 82,472	\$ 79,460	\$ 74,442	\$ 74,554
Sales Taxes	39,305	32,234	30,454	29,763	29,126
Utility Taxes	19,482	20,229	20,621	20,764	20,152
Other Taxes	17,313	16,464	15,601	14,568	12,930
Licenses and Permits	9,820	9,270	7,976	9,880	7,773
Fines and Forfeitures	5,144	4,746	4,392	4,058	4,252
From Use of Money and Property	18,055	17,473	16,695	16,046	16,855
From Other Agencies	13,712	18,634	16,804	18,237	18,537
Charges for Current Service/Other Revenue	32,506	35,869	33,886	34,150	30,051
<b>TOTAL REVENUES</b>	<b>241,719</b>	<b>237,391</b>	<b>225,889</b>	<b>221,908</b>	<b>214,230</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
City Council	318	278	258	260	310
City Manager	3,092	2,703	3,040	1,574	1,758
City Treasurer	204	167	169	132	141
City Attorney	2,539	2,425	2,321	2,221	2,313
City Clerk	790	895	747	797	689
Finance	5,659	5,452	5,314	4,825	4,573
Human Resources*****	6,776	4,606	4,298	5,661	5,213
Community Development**	7,062	6,954	7,091	6,155	6,119
Fire	46,200	45,008	42,602	35,920	35,145
Information Systems	6,742	6,846	6,456	6,096	5,857
Police	72,612	68,940	66,628	60,460	60,249
Economic Development***	-	-	-	7,012	3,389
Community Services	10,768	10,223	10,040	13,952	14,082
Library Services	4,247	4,146	3,739	3,588	3,492
Public Works	23,659	23,820	22,872	22,169	22,666
Non-Departmental*****	24,670	20,067	21,033	19,684	15,455
Capital Outlay****	27,269	14,986	10,729	10,745	11,096
Debt Service:					
Principal	5,933	5,454	4,797	9,381	6,012
Interest	2,138	2,226	1,987	2,321	2,564
<b>TOTAL EXPENDITURES</b>	<b>250,678</b>	<b>225,196</b>	<b>214,121</b>	<b>212,953</b>	<b>201,123</b>
<b>EXCESS (DEFICIENCY) OF</b>					
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>(8,959)</b>	<b>12,195</b>	<b>11,768</b>	<b>8,955</b>	<b>13,107</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	9,034	12,158	9,832	9,501	18,904
Issuance of Long-Term Debt	10,197	-	-	-	-
Issuance Premium	-	-	-	-	-
Issuance Discount	-	-	-	-	-
Proceeds of Long Term Debt	-	-	-	-	-
Payments to Escrow	-	-	-	-	-
Transfers Out	(17,053)	(14,238)	(9,870)	(10,339)	(18,942)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,178</b>	<b>(2,080)</b>	<b>(38)</b>	<b>(838)</b>	<b>(38)</b>
<b>Extraordinary Item - Dissolution of RDA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,669)</b>	<b>(11,839)</b>
<b>INCREASE (DECREASE) IN FUND BALANCES</b>	<b>\$ (6,781)</b>	<b>\$ 10,115</b>	<b>\$ 11,730</b>	<b>\$ 3,448</b>	<b>\$ 1,230</b>
<b>DEBT SERVICE AS A PERCENTAGE OF</b>					
<b>NON-CAPITAL EXPENDITURES</b>	<b>3.6%</b>	<b>3.7%</b>	<b>3.3%</b>	<b>5.8%</b>	<b>4.5%</b>

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

Fiscal Year	Common		Total Secured	Unsecured	Total Assessed Valuation	Total Direct Tax Rate
	Property	Public Utilities				
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
2020-2021	39,449,688	518	39,450,206	1,111,018	40,561,224	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	
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	0.07541	0.00350	0.85665	1.10638
2020-2021	0.15582	0.01500	0.07541	0.00350	0.84418	1.09391

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	Total Levy	Collected within the Fiscal Year of the Levy			Total Collections			Delinquent Taxes Receivable	Delinquency Percent
		Amount	Percentage of Levy	Delinquent Tax Collections	Amount	Percentage of Levy			
<b>Secured Taxes</b>									
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%	
2020-2021	69,341	67,887	97.9%	626	68,513	98.8%	926	1.3%	
<b>Unsecured Taxes</b>									
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%	
2020-2021	2,143	1,955	91.2%	26	1,981	92.4%	82	3.8%	
<b>Community Facilities Districts</b>									
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%	
2020-2021	3,949	3,937	99.7%	-	3,937	99.7%	-	0.0%	

Source: County of Orange Auditor Controller's Office

**Note:**

The levy and tax year is for July 1st through June 30th and does not include the Redevelopment Agency. 2011/2012 to current fiscal year includes the following:

Secured: includes supplemental, st lty 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**

<b>2020-2021</b>		
	<b>Taxable Assessed Value (In Thousands)</b>	<b>Percent of Total TAV</b>
AES Huntington Beach Energy, LLC	\$ 793,339	1.96%
Bella Terra Associates LLC	389,326	0.96%
PCH Beach Resort LLC	225,367	0.56%
DCO Pacific City LLC	221,223	0.55%
The Waterfront Hotel LLC	145,907	0.36%
One Pacific Plaza Owner LLC	127,420	0.31%
Pacific City Hotel LLC	118,448	0.29%
Bella Terra Villas LLC	110,349	0.27%
PC Group Retail LLC	92,869	0.23%
Onni Huntington Beach LLC	89,960	0.22%
<b>Total Top Ten</b>	<b>2,314,208</b>	<b>5.71%</b>
All Other Property Taxpayers	38,247,016	94.29%
<b>City Total</b>	<b>\$ 40,561,224</b>	<b>100.00%</b>

<b>2011-2012</b>		
	<b>Taxable Assessed Value (In Thousands)</b>	<b>Percent of Total TAV</b>
The Boeing Company/McDonnell Douglas Corporation	\$ 302,894	1.13%
Bella Terra Associates LLC	299,064	1.12%
Mayer Financial LP	199,083	0.74%
CIM Huntington LLC	151,838	0.57%
Pacific Sands LLC	84,960	0.32%
AES Huntington Beach LLC	72,600	0.27%
United Dominion Realty LP	68,702	0.26%
Seacliff Village Shopping Center Inc	64,483	0.24%
Cambro Manufacturing Company	60,817	0.23%
NF Huntington Plaza LP	59,496	0.22%
<b>Total Top Ten</b>	<b>1,363,937</b>	<b>5.10%</b>
All Other Property Taxpayers	25,359,439	94.90%
<b>City Total</b>	<b>\$ 26,723,376</b>	<b>100.00%</b>

Source: County of Orange Auditor Controller's Office

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				
	2021	2020	2019	2018***	September 30, 2017
<b>Long-Term Indebtedness</b>					
<b>Governmental Activities:</b>					
Judgement Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Public Financing Authority:</b>					
2010(a) Lease Revenue Bonds	-	7,410	8,235	9,030	9,030
2011(a) Lease Revenue Bonds	-	15,725	17,770	19,735	19,735
2014(a) Lease Revenue Bonds	11,880	12,530	13,145	13,740	13,740
2020(a) Lease Revenue Bonds	4,835	-	-	-	-
2020(b) Lease Revenue Bonds	12,830	-	-	-	-
<b>Total Public Financing Authority</b>	<b>29,545</b>	<b>35,665</b>	<b>39,150</b>	<b>42,505</b>	<b>42,505</b>
<b>Other Long-Term Obligations:</b>					
Leases Payable	12,753	5,241	5,083	6,079	6,286
PARS Payable	-	-	-	-	-
Section 108 Loan City	-	-	-	430	430
LED Lighting Phase I	432	546	656	762	866
CEC	2,457	2,588	2,818	3,000	3,000
I-Bank	1,882	2,171	2,454	2,730	2,730
Pension Obligation Bonds	341,501	-	-	-	-
<b>Total Other Long-Term Obligations</b>	<b>359,025</b>	<b>10,546</b>	<b>11,011</b>	<b>13,001</b>	<b>13,312</b>
<b>Total Long-Term Obligations - Governmental Activities</b>	<b>388,570</b>	<b>46,211</b>	<b>50,161</b>	<b>55,506</b>	<b>55,817</b>
<b>Long-Term Obligations - Business-Type Activities:</b>					
Leases Payable	-	-	-	-	-
Pension Obligation Bonds	22,144	-	-	-	-
<b>Total Long-Term Obligations - Business-Type Activities</b>	<b>22,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Long Term Obligations - Governmental Activities and Business-Type Activities</b>	<b>\$ 410,714</b>	<b>\$ 46,211</b>	<b>\$ 50,161</b>	<b>\$ 55,506</b>	<b>\$ 55,817</b>
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018***</b>	<b>2017</b>
Population	198,039	200,748	202,265	201,761	202,413
Debt Per Capita	\$ 2,074	\$ 230	\$ 248	\$ 275	\$ 276
Total Personal Income (In Thousands)*	\$ 9,659,154	\$ 9,450,814	\$ 9,222,677	\$ 8,849,843	\$ 8,878,441
Per Capita Personal Income*	\$ 48,774	\$ 47,078	\$ 45,597	\$ 43,863	\$ 43,863
Unemployment Rate**	4.70%	8.60%	2.60%	2.70%	2.80%
Total Employment**	105,600	96,200	110,500	109,900	103,200

\* 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				
	2016	2015	September 30,		
	2014	2013	2012		
<b>Long-Term Indebtedness</b>					
<b>Governmental Activities:</b>					
Judgement Obligation Bonds	\$ 659	\$ 1,634	\$ 2,574	\$ 3,474	\$ 4,339
<b>Public Financing Authority:</b>					
2010(a) Lease Revenue Bonds	9,795	10,525	11,230	11,910	12,565
2011(a) Lease Revenue Bonds	21,650	24,985	28,165	31,195	34,155
2014(a) Lease Revenue Bonds	14,315	14,865	-	-	-
2020(a) Lease Revenue Bonds	-	-	-	-	-
2020(b) Lease Revenue Bonds	-	-	-	-	-
<b>Total Public Financing Authority</b>	<b>45,760</b>	<b>50,375</b>	<b>39,395</b>	<b>43,105</b>	<b>46,720</b>
<b>Other Long-Term Obligations:</b>					
Leases Payable	4,130	-	-	-	290
PARS Payable	-	-	29	56	4,517
Section 108 Loan City	625	805	975	1,135	1,285
LED Lighting Phase I	966	1,063	-	-	-
CEC	3,000	-	-	-	-
I-Bank	3,000	-	-	-	-
Pension Obligation Bonds	-	-	-	-	-
<b>Total Other Long-Term Obligations</b>	<b>11,721</b>	<b>1,868</b>	<b>1,004</b>	<b>1,191</b>	<b>6,092</b>
<b>Total Long-Term Obligations - Governmental Activities</b>	<b>58,140</b>	<b>53,877</b>	<b>42,973</b>	<b>47,770</b>	<b>57,151</b>
<b>Long-Term Obligations - Business-Type Activities:</b>					
Leases Payable	-	-	-	-	3
Pension Obligation Bonds	-	-	-	-	-
<b>Total Long-Term Obligations - Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Total Long Term Obligations - Governmental Activities and Business-Type Activities</b>	<b>\$ 58,140</b>	<b>\$ 53,877</b>	<b>\$ 42,973</b>	<b>\$ 47,770</b>	<b>\$ 57,154</b>
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Population	201,919	198,389	195,999	193,616	192,524
Debt Per Capita	\$ 288	\$ 272	\$ 219	\$ 247	\$ 297
Total Personal Income (In Thousands)*	\$ 8,880,801	\$ 8,725,545	\$ 8,278,410	\$ 7,839,899	\$ 7,573,894
Per Capita Personal Income*	\$ 43,982	\$ 43,982	\$ 42,237	\$ 40,492	\$ 39,340
Unemployment Rate**	3.90%	3.90%	3.60%	3.60%	4.30%
Total Employment**	107,200	104,000	120,200	120,200	119,600

**CITY OF HUNTINGTON BEACH  
LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
(In Thousands)**

<b>Fiscal Year</b>	<b>Assessed Valuation</b>	<b>Debt Limit - 12% of Assessed Valuation</b>	<b>Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>
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
2020-2021	40,561,224	4,867,347	-	4,867,347

**CITY OF HUNTINGTON BEACH  
STATEMENT OF DIRECT AND  
OVERLAPPING BONDED DEBT  
JUNE 30, 2021**

2020/21 Assessed Valuation: \$44,615,313,174

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

<b>Overlapping Tax and Assessment Debt</b>	<b>Percent Applicable*</b>	<b>Debt Applicable to City</b>
Metropolitan Water District	1.365%	366,230
Coast Community College District	28.593%	253,416,850
Huntington Beach Union High School District	73.089%	127,602,429
Fountain Valley School District	26.863%	15,812,905
Huntington Beach City School District	99.949%	153,985,389
Ocean View School District	93.589%	33,205,377
Westminster School District	23.996%	26,967,358
Los Alamitos Unified School District Facilities District No. 1	1.190%	2,394,342
City of Huntington Beach Community Facilities Districts (1990-1, 2000-1, 2002-1, 2003-1)	100.000%	<u>28,395,000</u>
<b>Total Overlapping Tax and Assessment Debt</b>		<b>\$ <u>642,145,880</u></b>

**Direct and Overlapping General Fund Debt**

Orange County General Fund Obligations	6.806%	25,991,093
Orange County Pension Obligations	6.806%	33,030,757
Orange County Board of Education Certificates of Participation	6.806%	837,819
North Orange County Regional Occupation Program Certificates of Participation	0.087%	7,473
Coast Community College District General Fund Obligations	28.593%	640,483
Coast Community College District Pension Obligation Bonds	28.593%	651,920
Huntington Beach Union High School District Certificates of Participation	73.089%	44,884,752
Los Alamitos Unified School District Certificates of Participation	1.069%	390,500
Huntington Beach School District General Fund Obligations	99.949%	17,288,610
Ocean View School District Certificates of Participation	93.589%	16,836,661
Westminster School District General Fund Obligations	23.993%	7,480,753
City of Huntington Beach General Fund Obligations:	100.000%	47,069,157
City of Huntington Beach Pension Obligation Bonds	100.000%	<u>363,645,000</u>
<b>Total Direct and Overlapping General Fund Obligation Debt</b>		<b>\$ <u>558,754,978</u></b>

Overlapping Tax Increment Debt (Successor Agency)	100.000%	4,985,000
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<b>Total Direct Debt</b>		<b>\$ <u>410,714,157</u></b>
Total Overlapping Debt		<u>795,171,701</u>
<b>Combined Total Debt</b>		<b>\$ <u>1,205,885,858</u></b>

(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 (\$393,621,687)	0.92%
Combined Total Debt	2.70%

**Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,835,496,390)**

Total Overlapping Tax Increment Debt	0.13%
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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**

	<b>2021</b>	<b>% of total</b>
The Boeing Company	3,112	2.95%
Safran Cabin Inc	884	0.84%
No Ordinary Moments	646	0.61%
Hyatt Regency Huntington Beach	641	0.61%
Boardriders Wholesale LLC	559	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%
Huntington Valley Healthcare	381	0.36%
<b>Total of top 10</b>	<b>8,212</b>	<b>7.78%</b>
All others	97,388	92.22%
<b>Total employment (public and private)</b>	<b>105,600</b>	<b>100.00%</b>

	<b>2012</b>	<b>% of total</b>
The Boeing Company	4,676	4.06%
Quiksilver	1,594	1.38%
Cambro MFG Co.	951	0.83%
Ensign United States Drilling	925	0.80%
Hyatt Regency Huntington Beach	641	0.56%
C & D Aerospace	555	0.48%
Huntington Beach Hospital	520	0.45%
Rainbow Disposal	408	0.35%
Huntington Beach Healthcare	381	0.33%
Wal-Mart	379	0.33%
<b>Total of top 10</b>	<b>11,030</b>	<b>9.58%</b>
All others	104,070	90.42%
<b>Total employment (public and private)</b>	<b>115,100</b>	<b>100.00%</b>

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									
	2021	2020	2019	2018***	2017	2016	2015	2014	2013	2012
City Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager	18.00	18.00	12.50	12.50	11.50	11.50	11.50	11.50	7.00	7.00
City Treasurer	1.50	1.50	2.00	2.00	2.00	1.50	1.50	1.50	1.50	1.50
City Attorney	11.00	11.00	11.00	11.00	12.00	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	31.50	31.50	33.00	33.00	33.00	32.50	31.50	31.50	29.50	29.50
Human Resources **	-	-	15.00	15.00	15.00	15.00	15.00	15.00	14.50	15.00
Community Development	54.00	54.00	44.00	44.00	44.00	43.50	44.00	43.00	42.75	42.75
Information Systems	23.00	22.00	30.00	30.00	30.00	30.00	30.00	30.00	29.50	29.50
Economic Development *	-	-	-	-	-	-	-	-	4.50	5.50
Library Services	27.25	23.25	28.25	28.25	28.25	28.25	28.25	28.25	27.75	27.75
Fire	200.00	200.00	198.00	198.00	198.00	198.00	198.00	196.50	176.50	176.50
Police	357.00	356.00	365.50	364.50	364.50	364.50	361.50	360.50	358.50	363.00
Community Services	33.00	37.00	36.00	36.00	44.00	44.00	43.00	43.00	56.00	61.00
Public Works	201.00	199.00	207.00	207.00	199.00	199.00	198.00	196.00	196.00	196.00
	<b>962.25</b>	<b>958.25</b>	<b>987.25</b>	<b>986.25</b>	<b>986.25</b>	<b>983.75</b>	<b>978.25</b>	<b>972.75</b>	<b>960.00</b>	<b>971.00</b>

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 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	2021	2020	2019	2018***	2017
<b>Finance:</b>					
Water Bills Processed	637,920	636,708	639,245	476,290	632,997
Active Business Licenses	19,011	20,910	21,414	21,782	22,074
Accounts Receivable Billings Processed	20,183	25,687	30,217	25,000	34,963
<b>City Clerk:</b>					
Passports Issued ****	418	4,579	7,024	5,757	7,408
<b>Planning:</b>					
Entitlements Processed	112	162	221	206	216
Plan Reviews	1,955	1,358	1,542	1,466	1,376
Field Inspection Complaints	11,899	11,610	8,183	7,005	8,459
Code Violation Cases	4,473	3,260	4,786	4,219	3,981
<b>Building:</b>					
Number of Permits Issued	9,075	8,855	9,807	7,490	9,728
Number of Inspections Completed	26,710	32,859	36,562	30,501	38,796
Value of Construction Permits (Thousands of Dollars)	166,000	169,393	135,910	109,462	216,252
Processed Number of Certificate of Occupancies*	655	515	686	523	740
Completed Plan Reviews	4,673	3,469	3,491	2,771	4,172
Counter Visits	115	14,922	21,409	16,498	21,731
<b>Fire:</b>					
Inspections	4,008	5,965	6,140	3,963	2,758
Responses	20,428	21,068	20,354	14,490	20,555
Ocean Rescues	4,116	2,487	4,953	3,530	3,639
Estimated Beach Visitors	7,910,293	6,712,125	10,577,290	12,522,640	13,339,518
<b>Police:</b>					
Physical Arrests	5,363	5,785	5,979	4,614	5,298
Parking Violations	95,753	59,484	79,069	54,500	70,846
Traffic Violations	10,920	12,105	13,314	11,869	19,916
<b>Community Services:</b>					
Park/Open Space Acreage	1,072	1,066	1,066	1,065	1,065
Enrollment in Recreation Classes	15,511	28,952	37,978	27,152	37,968
<b>Public Works:</b>					
Water Sold (Acre Feet)**	27,731	25,966	26,251	19,777	25,944
Gallons of Sewage Pumped Per Day**	19 million	19 million	19 million	19 million	22 million
<b>Library:</b>					
Items in Collection	291,444	294,849	293,995	292,037	288,599
Items Borrowed	481,523	779,124	942,821	655,626	943,642

\* 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.

\*\*\*\* Passport acceptance was closed to the public from June 2020 through May 2021 due to COVID-19. It was reopened on June 15, 2021

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	2016	2015	2014	2013	2012
<b>Finance:</b>					
Water Bills Processed	635,052	536,684	630,240	628,207	646,229
Active Business Licenses	21,420	21,424	20,450	21,127	22,304
Accounts Receivable Billings Processed	30,826	38,594	42,360	45,422	45,422
<b>City Clerk:</b>					
Passports Issued	5,623	5,121	4,598	4,220	3,850
<b>Planning:</b>					
Entitlements Processed	221	280	204	231	205
Plan Reviews	1,653	1,595	1,466	1,575	1,184
Field Inspection Complaints	7,951	8,233	7,030	7,301	6,105
Code Violation Cases	4,324	4,710	2,545	2,385	2,573
<b>Building:</b>					
Number of Permits Issued	10,981	10,670	9,348	8,970	8,444
Number of Inspections Completed	39,380	38,320	36,142	33,962	31,224
Value of Construction Permits (Thousands of Dollars)	283,910	234,946	216,343	248,246	190,992
Processed Number of Certificate of Occupancies*	n/a	n/a	n/a	477	647
Completed Plan Reviews	4,172	3,815	3,148	n/a	n/a
Counter Visits	23,492	21,893	21,326	20,854	19,777
<b>Fire:</b>					
Inspections	5,132	6,499	6,641	5,087	6,974
Responses	20,279	19,562	15,815	15,608	15,040
Ocean Rescues	3,977	5,371	6,426	4,195	4,669
Estimated Beach Visitors	12,272,030	11,803,943	12,035,134	11,016,615	8,906,592
<b>Police:</b>					
Physical Arrests	5,112	4,854	4,303	4,237	5,774
Parking Violations	90,361	83,453	74,668	72,347	77,282
Traffic Violations	17,639	17,596	16,330	13,016	16,916
<b>Community Services:</b>					
Park/Open Space Acreage	1,062	1,062	1,062	1,062	1,062
Enrollment in Recreation Classes	34,424	30,228	30,184	30,218	32,817
<b>Public Works:</b>					
Water Sold (Acre Feet)**	24,505	24,763	29,279	28,354	27,784
Gallons of Sewage Pumped Per Day**	19 million	19 million	22 million	22 million	22 million
<b>Library:</b>					
Items in Collection	285,814	343,655	332,092	385,901	420,956
Items Borrowed	921,105	908,656	937,533	892,543	888,019



**CITY OF HUNTINGTON BEACH  
CAPITAL ASSET STATISTICS BY FUNCTION/ACTIVITY  
JUNE 30, 2021**

<b>Library Services</b>	One Main Library and Four Branches
<b>Fire:</b>	
Fire Stations	8
<b>Police:</b>	
Stations	One Main Station and Three Substations
<b>Community Services:</b>	
Acreage of Parks	1,066
Community Centers	6
<b>Public Works:</b>	
Centerline Square Miles of Streets Maintained	451
Miles of Beach Maintained	4.7
Miles of Storm Drains Maintained	120
Miles of Sewer Maintained	362

Source: Various departments of the City of Huntington Beach