

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2024



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CITY OF HUNTINGTON BEACH, CALIFORNIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2024**

Prepared by the Finance Department

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INTRODUCTORY SECTION

**City of Huntington Beach
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024**

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INTRODUCTORY SECTION

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CITY OF HUNTINGTON BEACH

December 19, 2024

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, 2024.

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 independent auditing firm 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 Single Audit Report 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 ensuring 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 Generally Accepted Accounting Principles (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, 2024. 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 192,129 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 #2 in the nation for “Quality of City Services” and #65 for “Best-Run City” in America by WalletHub (June 2024). Huntington Beach was also ranked one of the top ten “Best City for People with Disabilities” by WalletHub (September 2024). The City boasts an annual median household income of \$119,885, 34 percent higher than the median household income for the United States, 20 percent higher than the State of California and 5 percent higher than Orange County.

Founded in the late 1880s, Huntington Beach was incorporated as a Charter City in 1909. Huntington Beach has a Council/Manager form of government wherein seven City Council members are elected to four-year terms, and the Mayor is filled on a rotating basis from the incumbent Council Members. The City Attorney, City Clerk and City Treasurer positions are also elected and serve four-year terms. The City of Huntington Beach is a full-service city including police, fire, public works, and other key functional departments with a dedicated and talented team of over 1002 full-time 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. Air Force Thunderbirds, U.S. Navy F-35C Demo Team, Canadian Forces Snowbirds, 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 three-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,” spans over a five-day period that includes a Main Street Block Party with free live music, carnival rides, and other family-friendly activities, Surf City 5K Run, and spectacular fireworks show overlooking the pier.

The City also hosts a variety of other exciting events for families and visitors such as the annual Concours d’Elegance, Civil War Days, International Surfing Association (ISA) World Surfing Games, and other events. In November 2023, the inaugural Darker Waves beachfront music festival featuring New Order, Tears for Fears, the B-52s, and others, performed to a sold-out crowd of 30,000.

Economic Condition and Outlook

There are several reasons to reflect on the measures taken over the past couple of years to protect the City's finances. Through the leadership and support of the City Council, the City implemented significant cost-saving measures, including a Citywide Separation Incentive Program and reorganization plan, refinancing the City's pension debt, and a proactive Budget Balancing Plan. Looking ahead, economic indicators point to a potential recession. Home sales have resulted in a \$3.2 billion increase in assessed property valuations for Fiscal Year 23-24. However, supply chain shortages and inflationary pressures on normal business activities continue to influence economic conditions. Increases in utility rates, such as electricity and gas, contribute to a rise in projected Franchise and Utility Users Tax revenues, which help to balance the overall economic impact.

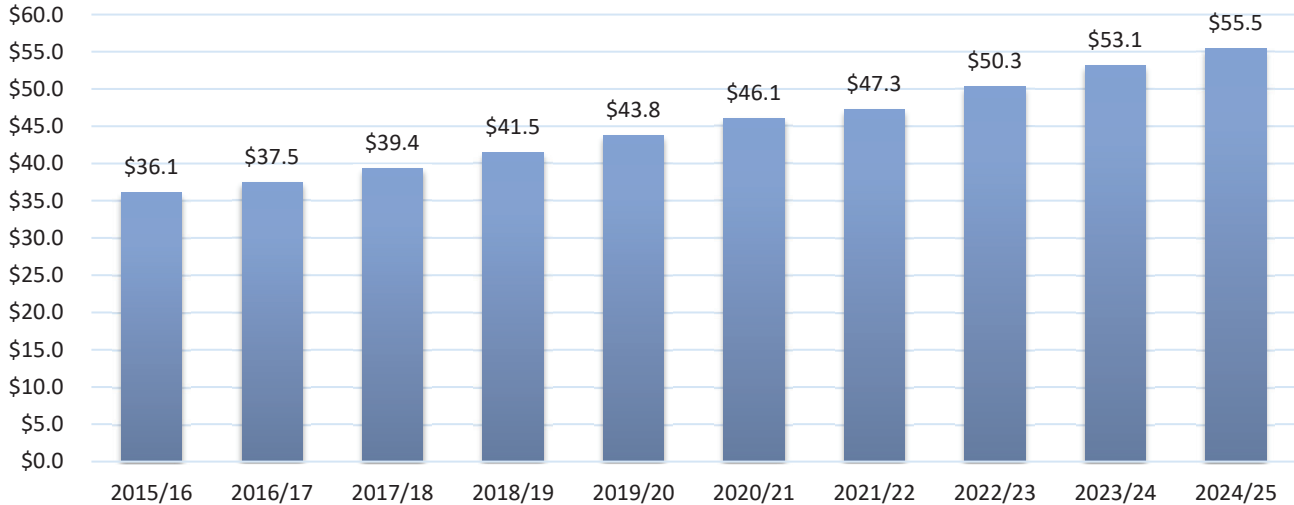
The City of Huntington Beach continues to thrive together through the motto "OneHB," which reflects the City's commitment to facing the potential upcoming recession created by inflationary conditions and supply chain shortages guided by the following principles:

- 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 2024/25 assessed property value grew 4.5 percent to \$55.5 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 2022/23, secured property tax revenue collections totaled \$68.5 million. For Fiscal Year 2023/24, secured property taxes totaled \$70.6 million, reflecting a 9 percent increase.

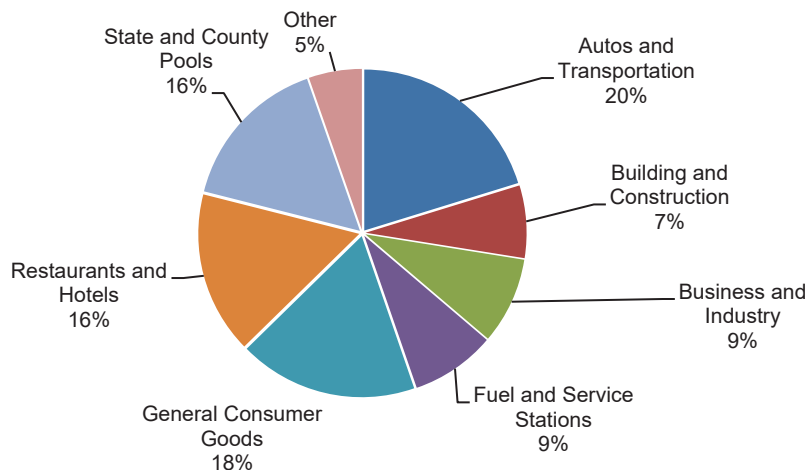
City of Huntington Beach **Total Assessed Valuation** **Fiscal Years 2015/16 - 2024/25** **(in billions)**



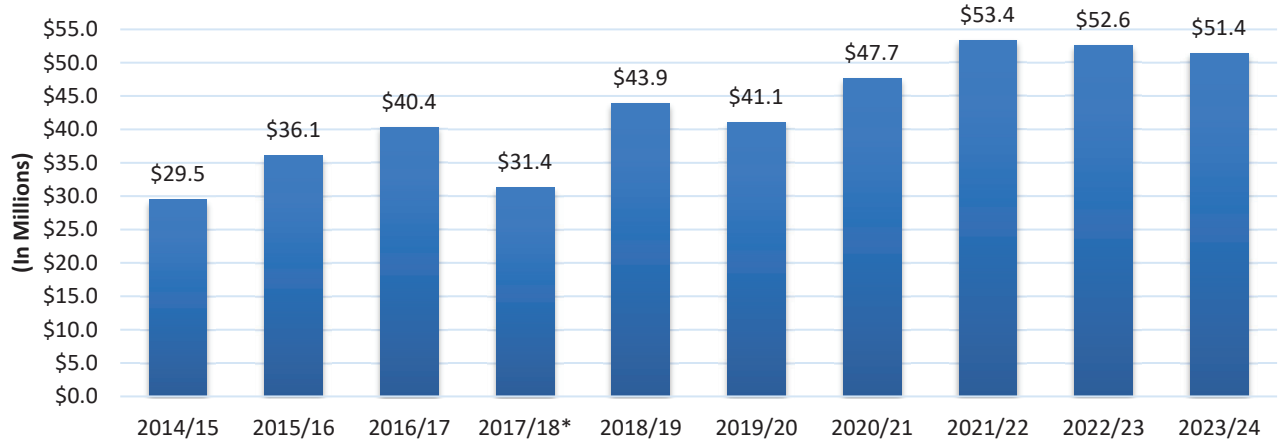
Sales Tax

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 2023/24**



City of Huntington Beach Historical Sales Tax Revenue

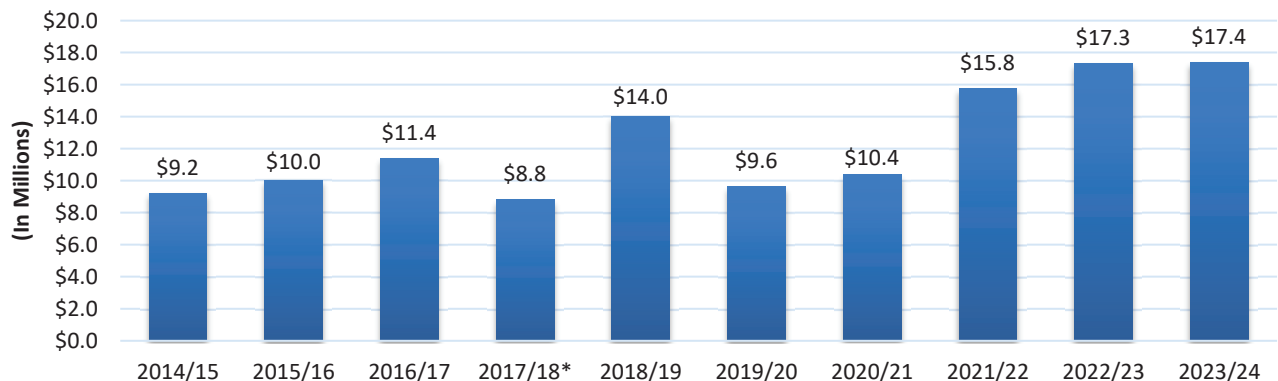


*Fiscal Year 2017/18 reflects nine months of data only due to the change in the City's fiscal year

Transient Occupancy Tax (TOT)

Transient Occupancy Tax (TOT), a 10 percent tax applied to hotel stays within the City remains strong. The City collected an impressive \$17.4M in TOT revenues during FY23/24, reflecting a \$81,000, or .5 percent increase, affirming Huntington Beach's Status as a premier vacation destination. FY 2022/23 includes the first full fiscal year of TOT revenues from the City's Short-Term Vacation Rental Program totaling \$971,000.

City of Huntington Beach Transient Occupancy Tax Revenue



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

Budget Development and Monitoring

The budget is prepared under the supervision of the City Manager and transmitted to the City Council for deliberation at least 30 days prior to the end of the fiscal year. Pursuant to the City's Charter, the City Council must adopt the annual budget by June 30th and may amend 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 /her 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 City Treasurer, as required by California Government Code 53601, prepares 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 held a Strategic Planning Workshop on June 8, 2023, establishing eight goals to achieve over the next four years. The 2023-2027 Strategic Plan, approved by City Council, includes the eight Strategic Goals listed below to achieve over the next four years:

- ***Economic Development*** – greater business retention, investment and job growth in the City.
- ***Fiscal Stability*** – available funding to support a high-quality level of programs, services and capital investments and to build a structural surplus.
- ***High Performing Organization*** – an engaged City workforce committed to responsive and exceptional public service for all.
- ***Homelessness*** – A continuum of care that reduces homelessness and maintains quality of life for the entire community.
- ***Housing*** – proactive programs to address diverse housing needs within the City's jurisdiction.
- ***Infrastructure Investment*** – maintain and upgrade infrastructure that supports the community's day-to-day needs in accordance with the City's Infrastructure Report Card.
- ***Public Engagement*** – a community that has easy access to clear, accurate, and timely City information and expresses increased awareness and involvement in City activities.
- ***Public Safety*** – Ensure the safety and protection of all community members, both efficiently and effectively.

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 Strategic Plan.

“One Stop Shop”

The City is continuing the process of implementing a “One Stop Shop” to facilitate the permitting process. The “One Stop Shop” streamlines the permitting process and provides applicants with a comprehensive checklist to complete the necessary steps to obtain permits. The “One Stop Shop” approach aims to make the permitting process more efficient so that businesses and residents experience quicker and easier access to obtain permits for business licenses, short-term rentals, and building permits.

Infrastructure Report Card

Infrastructure provides essential services and affects quality of life for all Huntington Beach residents; to sustain these critical systems, it is important to routinely assess them. The City is preparing an Infrastructure Report Card (IRC) that will serve as a high-level summary to highlight the current condition of the City’s Infrastructure. This report card will assign grades (A-F) to various infrastructure categories, communicating the status of each and identifying priorities for improvement. The project structure is made up of three separate committees including the Outreach and Communications Committee. The Outreach and Communications Committee is comprised of approximately 100 Huntington Beach residents appointed by the City Council and/or are recognized members of the community who will act as ambassadors of this process through their networks. This will promote resident participation, education, and awareness of the project both during the assessments and after the final report is released. Assessments began in August 2023 and the final report will be presented to City Council early 2025.

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 38th 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, 2023, 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 Zack Zithisakthanakul, Ian Wuh, Tara Mukund, Ming Zhai, Nicholas Dang, Thuy Vi, and Shari Saraye for their hard work and dedication.

Respectfully,

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the left.

David Cain
Interim Chief Financial Officer

City of Huntington Beach

City Council

Pat Burns, Mayor
Casey McKeon, Mayor Pro Tem

Don Kennedy, Councilmember
Tony Strickland, Councilmember
Butch Twining, Councilmember
Gracey Van Der Mark, Councilmember
Chad Willams, Councilmember

Executive Team

Travis Hopkins, Acting City Manager

Elected Department Heads

Alisa Backstrom, City Treasurer
Lisa Lane Barnes, City Clerk
Michael Gates, City Attorney

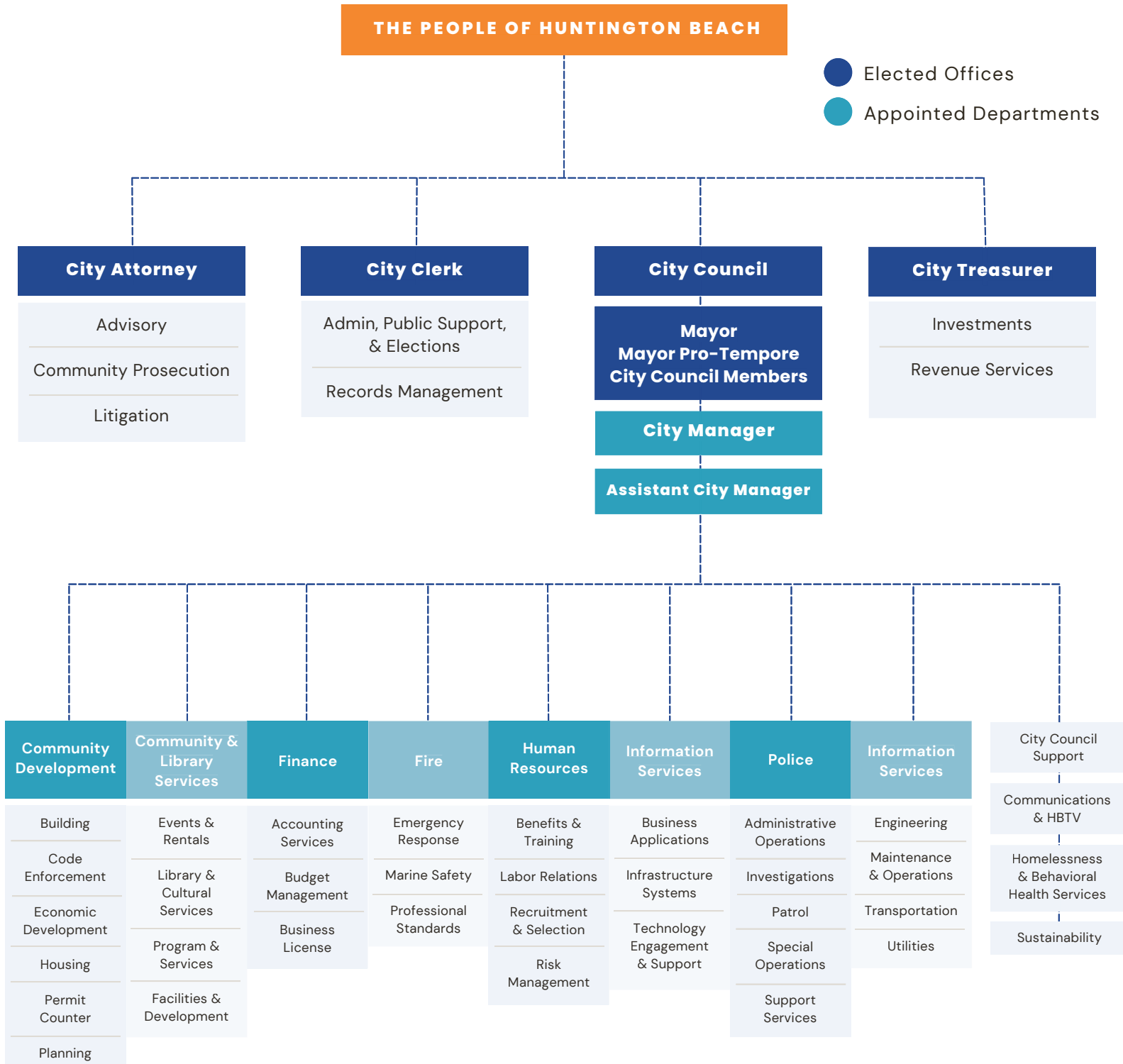
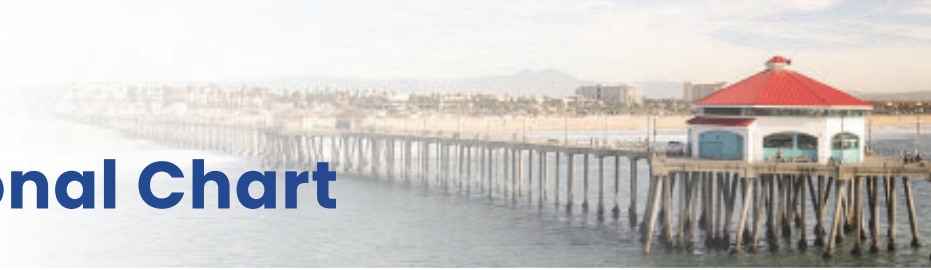
Department Directors

David Cain, Finance
Chief Scott Haberle, Fire
Chief Eric Parra, Police
Chau Vu, Public Works
Jennifer Villasenor, Community Development
Marissa Sur, Human Resources
Ashley Wysocki, Community & Library Services
John Dankha, Information Services



FY 2024 - 25

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Huntington Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

City Council
City of Huntington Beach
Huntington Beach, California

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 (City), as of and for the year June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Beach as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison information and pension and other post employment benefit schedules* be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements* are the responsibility of management and were derived from and relate 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 nonmajor fund financial statements* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024 on our consideration of the City'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 the effectiveness of 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 the City's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
December 23, 2024

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MANAGEMENT DISCUSSION AND ANALYSIS



City of Huntington Beach **Management's Discussion and Analysis** **For the Year Ended June 30, 2024**

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, 2024. 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-x 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, 2024	June 30, 2023	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets	\$ 1,461,477	\$ 1,367,093	\$ 94,384	6.9%
Deferred Outflows of Resources	135,090	154,594	(19,504)	-12.6%
Liabilities	680,915	664,520	16,395	2.5%
Deferred Inflows of Resources	18,868	21,108	(2,240)	-10.6%
Total Net Position	896,784	836,059	60,725	7.3%
Unrestricted Net Position	(147,955)	(136,350)	(11,605)	-8.5%
Long-Term Obligations	604,946	590,950	13,996	2.4%
Program Revenues	189,331	212,002	(22,671)	-10.7%
Taxes	220,940	221,607	(667)	-0.3%
Other General Revenues	53,534	9,214	44,320	481.0%
Expenses	403,080	361,502	41,578	11.5%

- 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 \$896,784,000. Total net position increased by \$60,725,000 or 7.3 percent primarily as a result of the Department of Finance's (DOF) decision on Waterfront Loan. The DOF determined the Waterfront loan between the City of Huntington Beach and the former Redevelopment Agency of the City of Huntington Beach to be an enforceable obligation. This created an increase of \$31,136,000 in the fiscal year.
- Long-term obligations increased by \$13,996,000 or 2.4 percent. The increase is primarily the result of GASB 68 adjustments. The adjustment increased net pension liability by \$32,693,000 as a result of actuarial valuation adjustment of the City's current net pension liability. At the same time, long-term obligations due in more than one year decreased by \$18,697,000 due to normal debt obligation being paid down.
- Deferred outflows of resources decreased by \$19,504,000 or 12.6 percent while deferred inflow of resources decreased by \$2,240,000 primarily due to the differences between projected and actual earnings on Pension Plan investments used to determine the City's net pension liability.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

- Program revenues decreased by \$22,671,000 or 10.7 percent. The decrease is due the City of Huntington Beach receiving one time revenue related to the American Rescue Plan Act grant funding in prior year. The American Rescue Plan Act of 2021 provided funding to individuals, businesses, state, and local governments to help mitigate the impacts of the COVID-19 pandemic. The City of Huntington Beach received \$29,607,000 which was used for eligible police and fire expenditures.
- Expenses increased by \$41,578,000 or 11.5 percent largely due to increases of \$18,010,000 and \$6,516,000 in Police and Fire expenditures. In Fiscal Year 2023-2024 the City of Huntington Beach signed a new MOUs with both department which included salary increases.

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).

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, Human Resources, Community Development, Fire, Information Services, Police, Community Services, Library Services, and Public Works departments. Business-type activities include Water, Sewer, Refuse, and Hazmat Services.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

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 24 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), Pension Liability Debt Service Fund, and Infrastructure Fund, all of which are considered to be major funds. Data from the other 19 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 Grants Special Revenue Fund are required to be presented and are included on pages 119-120. Other major governmental funds (LMIHAF Capital Projects Fund, Pension Liability Debt Service Fund and Infrastructure Fund) are presented in the Supplementary Information section on pages 148-149 of this report and demonstrate compliance with the budget.

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



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

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 provide 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 34-35 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 37-116 of this report.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

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 120-130 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 133-149 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 \$896,784,000.

Below is a summary schedule of the City's net position at June 30, 2024 (in thousands):

	June 30, 2024	June 30, 2023	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities				
Current and Other Assets	\$ 429,299	\$ 360,136	\$ 69,163	19.2%
Non-Current Assets	4,653	1,809	2,844	157.2%
Capital Assets	791,511	772,038	19,473	2.5%
Total Assets	1,225,463	1,133,983	91,480	8.1%
Deferred Outflows of Resources	126,835	144,205	(17,370)	-12.0%
Current and Other Liabilities	61,903	61,970	(67)	-0.1%
Long-Term Obligations	572,492	559,315	13,177	2.4%
Total Liabilities	634,395	621,285	13,110	2.1%
Deferred Inflows of Resources	17,935	20,322	(2,387)	-11.7%
Net Position:				
Net Investment in Capital Assets	751,578	727,051	24,527	3.4%
Restricted	127,535	107,546	19,989	18.6%
Unrestricted	(179,145)	(173,034)	(6,111)	-3.5%
Total Net Position	\$ 699,968	\$ 661,563	\$ 38,405	5.8%
	June 30, 2024	June 30, 2023	Amount Increase (Decrease)	Percent Increase (Decrease)
Business-Type Activities				
Current and Other Assets	\$ 94,226	\$ 91,312	\$ 2,914	3.2%
Non-Current Assets	554	215	339	157.7%
Capital Assets	141,234	141,583	(349)	-0.2%
Total Assets	236,014	233,110	2,904	1.2%
Deferred Outflows of Resources	8,255	10,389	(2,134)	-20.5%
Current and Other Liabilities	14,066	11,600	2,466	21.3%
Long-Term Obligations	32,454	31,635	819	2.6%
Total Liabilities	46,520	43,235	3,285	7.6%
Deferred Inflows of Resources	933	786	147	18.7%
Net Position:				
Net Investment in Capital Assets	141,232	141,581	(349)	-0.2%
Restricted	24,394	21,213	3,181	15.0%
Unrestricted	31,190	36,684	(5,494)	-15.0%
Total Net Position	\$ 196,816	\$ 199,478	\$ (2,662)	-1.3%



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

Analysis of the City's Net Position

Current and Other Assets: The increase in current and other assets of \$69,163,000 for governmental activities is mainly due to the DOF determination of the Waterfront Loan being an enforceable obligation. As mentioned above, this decision created an increase of \$31,136,000 of receivables. The remaining amount is due to increased property tax, use of money and property and charges for services revenue.

The increase in current and other assets of \$2,914,000 for business-type activities is primarily due to increased cash and investment balance in the Water Master Plan fund as there was strong economic growth in Fiscal Year 2023/24 as well as increased water rates.

Non-current Assets: Non-current Assets increased by \$2,844,000 in governmental activities and \$339,000 in business-type activities due to GASB 68 adjustments.

Current and Other Liabilities: Current and Other Liabilities for governmental activities decreased by \$67,000 and increased by \$2,466,000 for business-type activities. The increase in business-type activities is due to normal fluctuations in accounts payable and payroll cycles.

Deferred Outflows and Inflows of Resources: The decrease in deferred outflows of resources of \$17,370,000 and \$2,134,000 for governmental activities and business-type activities and decrease of deferred inflows of resources of \$2,387,000 for governmental activities and increase of \$147,000 for business-type activities is the result of actuarially determined amortization 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 \$13,177,000 for governmental activities and \$819,000 for business-type activities primarily due to the GASB 68 adjustments resulted in an increase of net pension liability totaling an increase \$32,693,000 at the same time long-term obligations due in more than one year decreased by \$18,697,000 due to regular debt obligations being paid.

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, 2024

activities increased \$24,527,000 or 3.4 percent, primarily due to street improvements and construction projects, such as improvements to the Police station, various park improvements, pump station improvements and fiber expansion project throughout the city. Net position invested in capital assets net of related debt from business-type activities decreased \$349,000 or 0.2 percent primarily due depreciation expense and a reduction of sewer and lift station improvement costs.

Restricted Net Position: An additional portion of the City's net position is subject to external (legally imposed or statutory) restrictions (\$127,535,000 for governmental activities, and \$24,394,000 for business-type activities). These amounts represent 18.2 percent and 12.4 percent of net position for governmental activities and business-type activities, respectively. Restricted net position from governmental activities increased \$19,989,000 or 18.6 percent, largely due to the increase in restricted net position in the Pension Liability Fund and Other Governmental Funds. The Pension Liability Fund increased due to revenues from the voter-approved property tax override dedicated to the payment of pension costs being set aside as well more increase property tax being collected based on home values going up. Other Governmental Funds saw decrease Highway, Street and Transportation related expenditure which resulted in an increase restricted net position.

Unrestricted Net Position: The unrestricted net position (negative \$179,145,000 for governmental activities and \$31,190,000 for business-type activities) represent negative 25.6 percent and 15.8 percent, respectively, of net position for governmental activities and business-type activities. Unrestricted net position for governmental activities decreased \$6,111,000 or 3.5 percent. Unrestricted net position for business-type activities decreased by \$5,494,000 or 15.0 percent. These changes can be attributed to changes in Net Pension Liability and Other Postemployment Benefits.



City of Huntington Beach **Management's Discussion and Analysis** **For the Year Ended June 30, 2024**

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

	Governmental Activities			
	June 30, 2024	June 30, 2023	Amount Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Program Revenues:				
Charges for Current Services	\$ 86,911	\$ 82,704	\$ 4,207	5.1%
Operating Grants and Contributions	11,678	43,005	(31,327)	-72.8%
Capital Grants and Contributions	17,266	11,202	6,064	54.1%
Total Program Revenues	115,855	136,911	(21,056)	-15.4%
General Revenues:				
Property Taxes	114,630	109,467	5,163	4.7%
Sales Taxes	56,003	57,164	(1,161)	-2.0%
Utility Taxes	23,283	22,558	725	3.2%
Franchise Taxes	9,625	15,100	(5,475)	-36.3%
Transient Occupancy Tax	17,399	17,318	81	0.5%
Use of Money and Property (Loss)	12,361	5,153	7,208	139.9%
From Other Agencies - Unrestricted	5,883	3,225	2,658	82.4%
Gain from Elimination of Allowances	31,136	-	31,136	N/A
Disposal of Machinery and Equipment (Loss)	-	(520)	520	N/A
Total General Revenues	270,320	229,465	40,855	17.8%
Total Revenues	386,175	366,376	19,799	5.4%
Expenses:				
City Council	441	429	12	2.8%
City Manager	7,699	5,780	1,919	33.2%
City Treasurer	2,124	396	1,728	436.4%
City Attorney	4,156	3,248	908	28.0%
City Clerk	1,674	1,370	304	22.2%
Finance	6,499	6,211	288	4.6%
Human Resources	2,786	-	2,786	N/A
Community Development	19,124	20,550	(1,426)	-6.9%
Fire	78,253	71,737	6,516	9.1%
Information Services	8,682	8,565	117	1.4%
Police	107,440	89,430	18,010	20.1%
Community Services	15,176	13,389	1,787	13.3%
Library Services	7,409	7,225	184	2.5%
Public Works	51,560	49,151	2,409	4.9%
Interest on Long-Term Debt	9,710	9,587	123	1.3%
Total Expenses	322,733	287,068	35,665	12.4%
Change in Net Position Before Transfers	63,442	79,308		
Transfers	(55)	(38)		
Change in Net Position	63,387	79,270		
Net Position - Beginning of Year	636,581	557,311		
Net Position - End of Year	\$ 699,968	\$ 636,581		

The cost of all governmental activities this year was \$322,733,000. However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities was \$206,878,000, as costs of \$86,911,000 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 \$11,678,000, and capital grants and contributions of \$17,266,000. Overall, the City's governmental program revenues were \$115,855,000. The City paid for the remaining "public benefit" portion of



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

governmental activities with \$270,320,000 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 increased \$4,207,000, or 5.1 percent. This increase is mainly from reimbursement of liability claim paid out by the City. Other note worth increases in revenue were in Community Services, and Fire. Community Services saw an increase of \$2,165,000 due concessionaire, recreational, special events, and facility rental revenues as well as increase in parking fees rates as tourism increased. Fire saw an increase of \$6,062,000 due to the City participating in Voluntary Rate Range Intergovernmental Transfer (VRRP IGT) Program. Community Development related program revenue saw a decrease of \$7,715,000 which can be attributed to decrease in permit issuance fees collected for development projects as there were no new major development projects for the year.

Operating Grants and Contributions decreased by \$31,327,000 or 72.8 percent and Capital Grants and Contributions have increased by \$6,064,000 or 54.1 percent. The Operating Grants and Contributions decrease is due to a one-time revenue stream of \$29,607,000 for American Rescue Plan Act (ARPA) Grant the City recognized in the prior year. The majority of the increase in Capital Grants and Contributions is related to a one-time \$4,900,000 grant received that is to be used for various capital improvement project.

Program expenses increased by \$35,665,000, or 12.4 percent primarily due to increases in Police and Fire cost. Both departments had an overall increase of \$24,325,000 which is due to increase in personal cost and pension expense.

Total resources available during the year to finance governmental operations were \$1,022,756,000 consisting of net position at July 1, 2023 of \$636,581,000, program revenues of \$115,855,000, and general revenues of \$270,320,000. Total expenses for governmental activities during the year were \$322,733,000 plus transfers of \$55,000. Thus, net position increased by \$63,387,000 or 10.0 percent, to \$699,968,000.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

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

	Business-Type Activities			
	June 30, 2024	June 30, 2023	Amount Increase (Decrease)	Percent Increase (Decrease)
Program Revenues:				
Charges for Current Services	\$ 73,476	\$ 75,091	\$ (1,615)	-2.2%
Total Program Revenues	73,476	75,091	(1,615)	-2.2%
Use of Money and Property (Loss)	4,154	1,356	2,798	206.3%
Total Revenues	77,630	76,447	1,183	1.5%
Expenses:				
Water Utility	52,397	47,974	4,423	9.2%
Sewer Service	12,213	11,422	791	6.9%
Refuse Collection	15,543	14,935	608	4.1%
Hazmat Service	194	103	91	88.3%
Total Expenses	80,347	74,434	5,913	7.9%
Increase (Decrease) in Net Position Before Transfers	(2,717)	2,013		
Transfers	55	38		
Total Change in Net Position	(2,662)	2,051		
Net Position - Beginning of Year	199,478	197,427		
Net Position - End of Year	\$ 196,816	\$ 199,478		

The City's net position from business-type activities decreased by \$2,717,000 before transfers. This is mainly due increased pension expense.

Charges for current services for business-type activities decreased \$1,615,000 due to the Water Fund not participating in the Coastal Pumping Transfer Program. This program reimburses the City of Huntington Beach for additional cost incurred for purchasing water rather than pumping from the city's own wells. This is only done at OCWD's request. No request was made in Fiscal Year 2023-24.

The cost of all business-type activities this year was \$80,347,000. As shown in the Statement of Activities, the amount paid by users of the systems was \$73,476,000, unrealized market gain of \$4,154,000, and transfers totaling \$55,000. Beginning net position was \$199,478,000 and ending net position was \$196,816,000, a decrease of \$2,662,000, or 1.3 percent. Of the ending net position, \$142,063,000, or 72.2 percent, was invested in capital assets, \$24,394,000 or 12.4 percent was restricted for expenses for the Water Master Plan, and \$30,359,000, or 15.4 percent was unrestricted.

Transfers in for business-type activities were \$55,000 for the current year.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

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, 2024	June 30, 2023	Amount Increase (Decrease)	Percent Increase (Decrease)
Total Fund Equity:				
General Fund	\$ 132,319	\$ 126,537	\$ 5,782	4.6%
Grants Special Revenue Fund	2,712	655	2,057	314.0%
LMIHAF Capital Projects Fund	7,910	4,919	2,991	60.8%
Pension Liability Fund	36,119	24,982	11,137	44.6%
Infrastructure	29,397	33,398	(4,001)	-12.0%
Total Fund Equity	\$ 208,457	\$ 190,491	\$ 17,966	9.4%

The General Fund Balance increased by \$5,782,000 largely due to increases in property taxes and use of money and property revenues. Due to strong economic growth this past fiscal year, the General Fund had unrealized market gain on investments of \$5,181,000.

The Grants Special Revenue Fund Balance increased by \$2,057,000 primarily due to \$4,900,000 AEG Developer Funds received in prior year being transferred from the General Fund to the Grants Special Revenue Fund in Fiscal Year 2023/24.

The LMIHAF Capital Projects Fund Balance increased by \$2,991,000 due to the Department of Finance's decision on Emerald Cove Housing Project promissory note issued by the former Redevelopment Agency to the City as an enforceable obligation. This decision resulted in \$3,801,000 revenue for the fund.

The Pension Liability Fund increased by \$11,137,000, largely due to revenues set aside from the voter-approved property tax override and amount charged to other funds dedicated to the payment of Public Safety pension costs.

The Infrastructure Fund decreased by \$4,001,000 due to the City spending more on needed infrastructure improvement throughout the City. Major projects include police facility improvements, mobility and corridor improvements, residential pavements, arterial beautification, and sustainability-related capital improvements.



City of Huntington Beach **Management's Discussion and Analysis** **For the Year Ended June 30, 2024**

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, 2024	June 30, 2023	Amount Increase (Decrease)	Percent Increase (Decrease)
Net Position:				
Water Fund	\$ 116,368	\$ 120,533	\$ (4,165)	-3.5%
Sewer Fund	79,813	75,606	4,207	5.6%
Refuse Fund	216	35	181	517.1%
Hazmat Service Fund	419	304	115	37.8%
Total Net Position	\$ 196,816	\$ 196,478	\$ 338	0.2%
Unrestricted Net Position:				
Water Fund	\$ 5,923	\$ 10,880	\$ (4,957)	-45.6%
Sewer Fund	24,722	25,556	(834)	-3.3%
Refuse Fund	132	(56)	188	335.7%
Hazmat Service Fund	413	304	109	35.9%
Total Unrestricted Net Position	\$ 31,190	\$ 36,684	\$ (5,494)	-15.0%

The Water Fund total net position decreased by \$4,165,000 due to the City receiving one-time revenue from Orange County Water District in prior year of \$3,956,000. All other enterprise funds generated revenue that exceeded expenses in Fiscal Year 2023/24 due to unrealized market gain on investments.

Long-Term Obligations

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

	June 30, 2023	Additions	Retirements	June 30, 2024
Governmental Activities:				
Revenue Bonds	\$ 25,160	\$ -	\$ (2,250)	\$ 22,910
Compensated Absences	14,818	5,241	(4,526)	15,533
Claims Payable	66,621	21,573	(27,099)	61,095
Pollution Remediation	2,000	-	-	2,000
LED Lighting Phase I	191	-	(126)	65
I-Bank CLEEN Loan	1,283	-	(310)	973
CEC Loan	1,797	-	(269)	1,528
Pension Obligation Bonds	318,005	-	(12,683)	305,322
Finance Purchase Agreement	17,388	-	(3,098)	14,290
Leases Payable	456	-	(216)	240
Subscriptions Payable	2,600	2,666	(1,466)	3,800
Total Long-Term Obligations Governmental Activities	450,319	29,480	(52,043)	427,756
Business-Type Activities:				
Compensated Absences	1,826	416	(484)	1,758
Pension Obligation Bonds	20,480	-	(891)	19,589
Business-Type Activities:	22,306	416	(1,375)	21,347
Total Long-Term Obligations	\$ 472,625	\$ 29,896	\$ (53,418)	\$ 449,103

Additional information on the City's long-term debt is shown in Note 11 and Note 14 to the financial statements. Note 14, Leases, provides detail related to GASB 87 related



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

Lease Payable while Note 11 provides detail related to all other long-term debt. The City of Huntington Beach is legally restricted to issuing general obligation bonds to 12 percent of its assessed valuation. Since the City has no general obligation bonds outstanding, the limit does not apply. The City's total long-term obligations decreased by \$23,552,000 or 5.0 percent from the prior fiscal year as the reduction in total debt related to annual debt service payments was partially offset by new claims payable liabilities and lease obligations.

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 September 2024.

The following are the ratings as determined by Standard and Poor's and Fitch Ratings as of June 30, 2024.

<u>Debt Instrument</u>	<u>S & P</u>	<u>Fitch</u>
1999 Tax Allocation Refunding Bonds	AA-	AA
2002 Tax Allocation Refunding Bonds	AA-	N/A
2014 Lease Revenue Bonds, Series A	AA	AA+
2020(a) Lease Revenue Bonds	AA	AA+
2020(b) Lease Revenue Bonds	AA	AA+
2021 Pension Obligation Bonds	AA+	AAA

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, 2024

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

	June 30, 2024	June 30, 2023	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities:				
Land	\$ 369,538	\$ 369,538	\$ -	0.0%
Buildings	125,878	127,820	(1,942)	-1.5%
Machinery and Equipment	38,543	32,401	6,142	19.0%
Construction in Progress	15,141	11,249	3,892	34.6%
Infrastructure	237,968	227,641	10,327	4.5%
Right to Use Leased Land	22	106	(84)	-79.2%
Right to Use Leased Machinery and Equipment	221	356	(135)	-37.9%
Right to Use SBITA Asset	4,200	2,927	1,273	43.5%
Total Governmental Activities	791,511	772,038	19,473	2.5%
Business-Type Activities:				
Land	3,907	3,907	-	0.0%
Buildings	63,515	66,089	(2,574)	-3.9%
Machinery and Equipment	6,142	6,064	78	1.3%
Construction in Progress	3,383	839	2,544	303.2%
Infrastructure	64,287	64,684	(397)	-0.6%
Total Business-Type Activities	141,234	141,583	(349)	-0.2%
Total Capital Assets	\$ 932,745	\$ 913,621	\$ 19,124	2.1%

Capital assets from governmental activities increased \$19,473,000 or 2.5 percent. This increase is largely due to street replacement infrastructure costs and construction improvements throughout the City. Capital assets from business-type activities decreased \$349,000 or 0.2 percent largely due to depreciation expense exceeding assets capitalized. Further information on the City's capital assets can be found in Note 12 of the financial statements.

Furthermore, GASB Statement No. 87, *Leases*, requires a lessee to recognize a lease liability and intangible right-to-use lease asset. As noted above, the right-to-use lease asset is to be included as a capital asset. For Fiscal Year 2023/24, the City reported \$243,000 in right-to-use lease assets.

General Fund Budgetary Highlights

Changes to Original Budget

Comparing the Fiscal Year 2023/24 General Fund Original (i.e. Adopted) Budget expenditures amount of \$227,178,000 to the final budgeted amount of \$265,498,000 shows a net increase of \$38,320,000, or 16.9 percent. This overall increase is primarily due to budget carryovers of \$7,678,000, increased transfers to Equipment Fund of \$5,453,000, Section 155 Trust of \$1,435,000, Self Insurance General Liability Fund of \$15,569,000, Self Insurance Worker's Compensation Fund of \$4,245,000 and operating increases of \$4,513,000 increase.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

Final budgeted revenues for the General Fund increased \$8,267,000 or 2.9 percent from the original (adopted) budget for the Fiscal Year ended June 30, 2024. 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 from other funds.

Variance with Final Budget

General Fund actual revenues were more than the final budget by \$5,161,000 for the Fiscal Year ended June 30, 2024. This budget variance is due in large part to actual investment returns outperforming budgeted amounts and intergovernmental revenues.

General Fund expenditures were \$10,219,000 less than the final budget. The favorable budget variance is due in large part to the following:

- The Information Services Departments realized \$1,535,000 in savings primarily due to differences in projected versus actual cost of providing services.
- Community Development Departments realized \$4,742,000 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 increased by \$2,057,000 primarily due to \$4,900,000 AEG Developer Funds received in prior year being transferred from the General Fund transferred to the Grants Special Revenue Fund in Fiscal Year 2023/24.

LMIHAF Capital Projects Fund

The LMIHAF Capital Projects Fund Balance increased by \$2,991,000 due to the Department of Finance agreeing to Emerald Cove Housing Project promissory note issued by the former Redevelopment Agency to the City as an enforceable obligation. This decision resulted in \$3,801,000 revenue for the fund.

Pension Liability Debt Service Fund

The fund balance in the Pension Liability Debt Service Fund increased by \$11,137,000 due to revenues set-aside from the voter-approved property tax override dedicated to the payment of Public Safety pension costs and employee's contribution to the fund.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

Economic Factors and Next Year's Budget

The Adopted FY 2024/25 Budget totals \$527.2 million in all funds. This reflects a \$19.2 million, or 3.8 percent increase from the FY 2023/24 Adopted All Funds Budget of \$508.0 million. A significant portion of the increase is due to the General Fund Revenue.

General Fund expenditures total \$300.0 million and are supported by revenues of \$301.7 million. The Adopted General Fund Budget has no reliance on one-time revenues to fund ongoing operations, which is critical to maintaining the City's financial viability and success, and represents a \$14.8 million, or 5.2 percent, increase compared to the FY 2023/34 Adopted Budget of \$285.2 million.

Public Safety: Funding for Public Safety represents 51 cents for every dollar spent in the General fund. With more than half of the General Fund Budget committed to the Police and Fire Departments, the City has dedicated the greatest share of its resources, or \$154.4 million, to these core services to ensure the safety and protection of all community members.

In the Police Department, the Adopted Budget includes \$100,000 for training and supplies, approximately \$129,000 for new laptop equipment, licensing, and cellular connectivity with the transition to the new CAD/RMS system and \$190,000 for a larger horse trailer and truck with the expansion to five horses in the Mounted Enforcement Unit. The CIP includes \$109,000 for the retrofitting and refurbishing of the PD South Substation constructed in 1913.

In the Fire Department, the Adopted Budget includes \$1.3M for the purchase of a triple combination fire pumper. The General Fund CIP includes \$600,000 for the installation of a butler building at the Murdy and Gothard fire stations for storing additional apparatuses currently being stored outside causing more wear and tear.

Revenue growth, reining in expenditures, strong reserves, and public service excellence are areas of focus for the organization. The City's commitment to financial sustainability is also demonstrated by its proactive approach to addressing future budget challenges through the Adopted Budget Balancing Plan, which identifies \$1.65 million in ongoing new revenues and \$5.03 million in ongoing expenditure reductions, including \$1.5 million in savings through implementation of a managed hiring program. The FY 2024/25 Budget is structurally balanced and continues the efforts made during Fiscal Year 2023/24. However, General Fund budget deficits are projected in future fiscal years. To address these challenges, City staff is continuing efforts to identify revenue growth opportunities, improved operational efficiencies, and expenditure reductions to support the City's long-term fiscal health.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2024

General Fund Revenue

General Fund revenues are anticipated to be \$301.7 million, a \$17.8 million, or 6.3 percent increase from the FY 2023/24 Adopted Budget. The largest increases are in Revenue from Other Agencies, attributable to participation in the Voluntary Rate Range Intergovernmental Transfer (VRRP IGT) Program, and in Non-operating Revenue, which accounts for a one-time transfer of \$6.9 million for the first repayment related to the Waterfront Loan Superior Court Judgement.

- Property Tax is the largest revenue category for the City and is anticipated to increase by \$4.0 million or 3.8 percent to \$104.2 million due to gains in assessed property valuations.
- Charges for Current Services is projected to increase \$2.3 million due to increases in some of the fees, including medical transport, as well as increased demand for services, such as recreation classes and fitness center memberships.

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.

BASIC FINANCIAL STATEMENTS

CITY OF HUNTINGTON BEACH
STATEMENT OF NET POSITION
JUNE 30, 2024
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 328,994	\$ 82,380	\$ 411,374
Cash and Investments with Fiscal Agent	3,581	-	3,581
Receivables, Net	52,886	7,668	60,554
Advances to Successor Agency	26,272	-	26,272
Lease Receivable	9,462	-	9,462
Inventories	-	1,531	1,531
Prepays	7,837	-	7,837
Joint Venture	267	2,647	2,914
Total Current Assets	429,299	94,226	523,525
Capital Assets:			
Non-Depreciable	384,679	7,290	391,969
Depreciable, Net	406,832	133,944	540,776
Total Capital Assets	791,511	141,234	932,745
Non-Current Assets:			
Net Other Postemployment Benefits Asset	4,653	554	5,207
Total Non-Current Assets	4,653	554	5,207
Total Assets	1,225,463	236,014	1,461,477
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	121,739	7,649	129,388
Deferred Outflows Related to Other Postemployment Benefits	5,096	606	5,702
Total Deferred Outflows of Resources	126,835	8,255	135,090
LIABILITIES			
Current Liabilities:			
Accounts Payable	15,400	10,678	26,078
Accrued Payroll	3,121	267	3,388
Unearned Revenue	3,774	-	3,774
Accrued Interest Payable	614	22	636
Deposits	2,763	1,722	4,485
Long-Term Obligations Due Within One Year	36,231	1,377	37,608
Total Current Liabilities	61,903	14,066	75,969
Long-Term Obligations:			
Long-Term Obligations Due in More than One Year	391,525	19,970	411,495
Net Pension Liability	180,967	12,484	193,451
Total Long-Term Obligations	572,492	32,454	604,946
Total Liabilities	634,395	46,520	680,915
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	974	7	981
Deferred Inflows Related to Other Postemployment Benefits	7,770	926	8,696
Deferred Inflows Lease Related	9,191	-	9,191
Total Deferred Inflow of Resources	17,935	933	18,868
NET POSITION			
Net Investment in Capital Assets	751,578	141,232	892,810
Restricted for:			
Debt Service	40,631	-	40,631
Capital Projects	25,105	23,840	48,945
Public Works and Community Services Projects	57,146	-	57,146
OPEB Benefits	4,653	554	5,207
Total Restricted Net Position	127,535	24,394	151,929
Unrestricted	(179,145)	31,190	(147,955)
Total Net Position	\$ 699,968	\$ 196,816	\$ 896,784

See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Current Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
City Council	\$ 441	\$ 175	\$ -	\$ -	\$ (266)	\$ (266)
City Manager	7,699	4,057	1,695	42	(1,905)	(1,905)
City Treasurer	2,124	161	-	-	(1,963)	(1,963)
City Attorney	4,156	6	-	-	(4,150)	(4,150)
City Clerk	1,674	508	-	-	(1,166)	(1,166)
Finance	6,499	3,280	-	-	(3,219)	(3,219)
Human Resources	2,786	7,670	-	-	4,884	4,884
Community Development	19,124	11,102	3,903	693	(3,426)	(3,426)
Fire	78,253	20,228	79	-	(57,946)	(57,946)
Information Services	8,682	654	-	-	(8,028)	(8,028)
Police	107,440	5,558	1,794	-	(100,088)	(100,088)
Community Services	15,176	24,713	686	97	10,320	10,320
Library Services	7,409	229	548	-	(6,632)	(6,632)
Public Works	51,560	8,570	2,973	16,434	(23,583)	(23,583)
Interest on Long-Term Debt	9,710	-	-	-	(9,710)	(9,710)
Total Governmental Activities	322,733	86,911	11,678	17,266	(206,878)	(206,878)
Business-type Activities:						
Water Utility	52,397	45,739	-	-	(6,658)	(6,658)
Sewer Service	12,213	11,798	-	-	(415)	(415)
Refuse Collection	15,543	15,637	-	-	94	94
Hazmat Service	194	302	-	-	108	108
Total Business-Type Activities	80,347	73,476	-	-	(6,871)	(6,871)
Total Governmental and Business Type Activities	\$ 403,080	\$ 160,387	\$ 11,678	\$ 17,266	\$ (206,878)	\$ (6,871)
\$ (213,749)						
General Revenues:						
Taxes:						
Property Taxes				\$ 114,630	\$ -	\$ 114,630
Sales Taxes				56,003	-	56,003
Utility Taxes				23,283	-	23,283
Franchise Taxes				9,625	-	9,625
Transient Occupancy Tax				17,399	-	17,399
Total Taxes				220,940	-	220,940
Other:						
Use of Money and Property				12,361	4,154	16,515
From Other Agencies - Unrestricted				5,883	-	5,883
Gain from Elimination of Allowances				31,136	-	31,136
Total General Revenues				270,320	4,154	274,474
Transfers				(55)	55	-
Total General Revenues and Transfers				270,265	4,209	274,474
Change in Net Position				63,387	(2,662)	60,725
Net Position - Beginning of Year				636,581	199,478	836,059
Net Position - End of Year				\$ 699,968	\$ 196,816	\$ 896,784

See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024
(In Thousands)**

	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Pension Liability	Infrastructure	Other Governmental Funds	Total
ASSETS							
Cash and Investments	\$ 123,561	\$ 5,649	\$ 6,968	\$ 35,786	\$ 33,015	\$ 69,141	\$ 274,120
Cash and Investments with Fiscal Agent	-	-	-	-	-	3,581	3,581
Taxes Receivable	14,480	-	-	103	-	1,398	15,981
Other Receivables, Net	7,904	11,119	14,253	232	120	1,885	35,513
Lease Receivable	9,462	-	-	-	-	-	9,462
Advances to Successor Agency	24,909	-	1,363	-	-	-	26,272
Prepays	177	-	-	-	-	5,165	5,342
Total Assets	180,493	16,768	22,584	36,121	33,135	81,170	370,271
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	6,317	2,482	441	2	3,697	1,286	14,225
Accrued Payroll	3,001	17	-	-	41	52	3,111
Unearned Revenue	1,272	2,502	-	-	-	-	3,774
Deposits Payable	2,763	-	-	-	-	-	2,763
Total Liabilities	13,353	5,001	441	2	3,738	1,338	23,873
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Lease Related	9,191	-	-	-	-	-	9,191
Unavailable Revenue	25,630	9,055	14,233	-	-	82	49,000
Total Deferred Inflows of Resources	34,821	9,055	14,233	-	-	82	58,191
FUND BALANCES							
Nonspendable							
Prepays	148	-	-	-	-	-	148
Restricted							
Underground Utilities	364	-	-	-	-	-	364
Restitution	317	-	-	-	-	-	317
Donations	777	-	-	-	-	-	777
Section 115 Trust	20,212	-	-	-	-	-	20,212
Pollution Remediation	-	-	-	-	-	336	336
Debt Service	-	-	-	36,119	-	4,512	40,631
Highways, Streets and Transportation	-	-	-	-	-	19,675	19,675
Low Income Housing	-	-	7,910	-	-	12,305	20,215
Air Quality	-	-	-	-	-	828	828
Other Capital Projects	-	-	-	-	-	17,559	17,559
Other Purposes	-	2,712	-	-	-	3,613	6,325
Committed							
Economic Uncertainties	49,090	-	-	-	-	-	49,090
Parks	-	-	-	-	-	7,142	7,142
Other Capital Projects	1,379	-	-	-	29,397	2,866	33,642
Other Purposes	1,554	-	-	-	-	4,152	5,706
Assigned							
Litigation Reserves	3,650	-	-	-	-	-	3,650
Capital Improvement Reserve	9,425	-	-	-	-	6,762	16,187
Equipment Replacement	8,295	-	-	-	-	-	8,295
General Plan Maintenance	1,651	-	-	-	-	-	1,651
HB Recovery Fund	10,886	-	-	-	-	-	10,886
Oceanview Estates	641	-	-	-	-	-	641
General Liability Plan Migration	2,801	-	-	-	-	-	2,801
Pension Rate Stabilization	5,517	-	-	-	-	-	5,517
Section 115 Trust	4,211	-	-	-	-	-	4,211
Year-End Fair Value	3,025	-	-	-	-	-	3,025
Other Purposes	8,376	-	-	-	-	-	8,376
Total Fund Balances	132,319	2,712	7,910	36,119	29,397	79,750	288,207
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 180,493	\$ 16,768	\$ 22,584	\$ 36,121	\$ 33,135	\$ 81,170	\$ 370,271

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024
(In Thousands)

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

Total Fund Balances Governmental Funds	\$ 288,207
Net Other Postemployment Benefits Asset is not available to pay in the current period and therefore are not reported in the funds.	
Net Other Postemployment Benefits Asset	4,628
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	1,197,076
Accumulated Depreciation	<u>(421,210)</u>
Total Capital Assets	775,866
Joint Venture	267
Right to Use Leased/SBITA Assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Right to Use Leased Assets	672
Right to Use SBITA Assets	6,236
Accumulated Amortization	<u>(2,465)</u>
Total Right to Use Assets	4,443
Internal Service 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.	
	6,459
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.	
	49,000
Deferred Outflows Related to Pensions	121,370
Deferred Outflows Related to Other Postemployment Benefits (OPEB)	5,069
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.	
	(180,367)
Deferred Inflows Related to Pensions	(973)
Deferred Inflows Related to Other Postemployment Benefits (OPEB)	(7,728)
Other long-term liabilities are not due in the current period and, therefore, are not recorded in the governmental funds.	
Accrued Interest Payable	(614)
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	(21,809)
Long-Term Obligations Due in More than One Year	<u>(343,850)</u>
Net Position of Governmental Activities	<u>\$ 699,968</u>

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Pension Liability	Infrastructure	Other Governmental Funds	Total
REVENUES							
Property Taxes	\$ 105,750	\$ -	\$ -	\$ 8,880	\$ -	\$ -	\$ 114,630
Sales Taxes	51,421	-	-	-	-	4,582	56,003
Utility Taxes	23,283	-	-	-	-	-	23,283
Other Taxes	27,024	-	-	-	-	441	27,465
Licenses and Permits	10,200	-	-	-	-	393	10,593
Fines and Forfeitures	3,666	-	-	-	-	-	3,666
Use of Money and Property (Loss)	30,133	276	790	767	1,474	4,329	37,769
Intergovernmental	11,387	12,141	3,801	-	50	11,543	38,922
Charges for Current Services	31,671	-	-	21,073	-	3,539	56,283
Other	2,234	814	-	-	67	98	3,213
Total Revenues	296,769	13,231	4,591	30,720	1,591	24,925	371,827
EXPENDITURES							
Current:							
City Council	464	-	-	-	-	-	464
City Manager	4,853	1,777	-	-	-	487	7,117
City Treasurer	2,059	-	-	-	-	-	2,059
City Attorney	3,994	-	-	-	-	-	3,994
City Clerk	1,653	-	-	-	-	-	1,653
Finance	5,963	-	-	5	-	31	5,999
Human Resources	2,636	-	-	-	-	-	2,636
Community Development	13,410	3,277	1,600	-	-	1,125	19,412
Fire	71,576	36	-	-	-	4,635	76,247
Information Services	7,896	-	-	-	-	1,020	8,916
Police	99,071	3,551	-	-	-	846	103,468
Community Services	12,354	324	-	-	219	1,282	14,179
Library Services	6,954	229	-	-	-	52	7,235
Public Works	27,436	6,880	-	-	22,122	12,731	69,169
Debt Service:							
Principal	5,485	-	-	12,640	-	2,250	20,375
Interest	585	-	-	8,438	-	705	9,728
Total Expenditures	266,389	16,074	1,600	21,083	22,341	25,164	352,651
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,380	(2,843)	2,991	9,637	(20,750)	(239)	19,176
OTHER FINANCING SOURCES (USES)							
Transfers In	478	4,900	-	1,500	16,749	5,137	28,764
Subscription Based IT Arrangement	2,666	-	-	-	-	-	2,666
Transfers Out	(27,742)	-	-	-	-	(1,077)	(28,819)
Total Other Financing Sources (Uses)	(24,598)	4,900	-	1,500	16,749	4,060	2,611
Net Change In Fund Balances	5,782	2,057	2,991	11,137	(4,001)	3,821	21,787
Fund Balances - Beginning of Year	126,537	655	4,919	24,982	33,398	75,929	266,420
Fund Balances - End of Year	\$ 132,319	\$ 2,712	\$ 7,910	\$ 36,119	\$ 29,397	\$ 79,750	\$ 288,207

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 21,787
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	33,510
Depreciable Assets Disposition	(6)
Non-Depreciable Assets Purchased	10,363
Non-Depreciable Assets Disposition	(6,471)
Capital Asset Depreciation	(19,716)
Joint Venture	52
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	39,145
Prior Year Grant and Other Revenue Accrual	(3,724)
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.	(779)
Pension income 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.	(45,163)
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).	649
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.	16,721
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	(614)
Prior Year Interest Accrual	632
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.	20,375
The issuance of long-term debt provides current financial resources to governmental funds.	(2,666)
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.	(708)
Change in Net Position of Governmental Activities	\$ 63,387

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024
(In Thousands)

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Funds
ASSETS						
Current Assets:						
Cash and Investments	\$ 24,931	\$ 32,240	\$ 598	\$ 771	\$ 58,540	\$ 54,874
Restricted Cash and Investments	23,840	-	-	-	23,840	-
Other Receivables, Net	2,747	723	801	15	4,286	1,392
Prepays	-	-	-	-	-	2,495
Joint Ventures	2,647	-	-	-	2,647	-
Inventories	1,531	-	-	-	1,531	-
Unbilled Receivables	2,101	562	719	-	3,382	-
Total Current Assets	57,797	33,525	2,118	786	94,226	58,761
Capital Assets:						
Land	3,907	-	-	-	3,907	-
Buildings and Improvements	57,933	47,690	-	-	105,623	67
Machinery and Equipment	15,965	4,751	215	-	20,931	16,769
Infrastructure	108,778	47,178	-	-	155,956	-
Construction in Progress	273	3,110	-	-	3,383	-
Less Accumulated Depreciation	(100,647)	(47,774)	(145)	-	(148,566)	(5,634)
Total Capital Assets	86,209	54,955	70	-	141,234	11,202
Non-Current Assets:						
Net Other Postemployment Benefits Asset	398	136	14	6	554	25
Total Non-Current Assets	398	136	14	6	554	25
Total Assets	144,404	88,616	2,202	792	236,014	69,988
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows Related to Pensions	5,352	2,002	179	116	7,649	369
Deferred Outflows Related to Other Postemployment Benefits	436	149	15	6	606	27
Total Deferred Outflows of Resources	5,788	2,151	194	122	8,255	396
Total Assets and Deferred Outflows of Resources	150,192	90,767	2,396	914	244,269	70,384
LIABILITIES						
Current Liabilities:						
Accounts Payable	7,686	1,798	1,194	-	10,678	1,175
Accrued Payroll	184	72	9	2	267	10
Deposits Payable	1,508	64	150	-	1,722	-
Interest Payable	15	6	1	-	22	-
Current Portion of Claims Payable	-	-	-	-	-	14,363
Current Portion of Compensated Absences	358	106	14	1	479	16
Long-Term Obligations Due Within One Year	628	235	21	14	898	43
Total Current Liabilities	10,379	2,281	1,389	17	14,066	15,607
Non-Current Liabilities:						
Compensated Absences	958	283	36	2	1,279	43
Long-Term Obligations Due in More than One Year	13,079	4,892	439	281	18,691	900
Net Pension Liability	8,738	3,268	293	185	12,484	600
Claims Payable	-	-	-	-	-	46,732
Total Non-Current Liabilities	22,775	8,443	768	468	32,454	48,275
Total Liabilities	33,154	10,724	2,157	485	46,520	63,882
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows Related to Pensions	5	2	-	-	7	1
Deferred Inflows Related to Other Postemployment Benefits	665	228	23	10	926	42
Total Deferred Inflows of Resources	670	230	23	10	933	43
NET POSITION						
Investment in Capital Assets	86,207	54,955	70	-	141,232	25,565
Restricted for:						
Capital Projects	23,840	-	-	-	23,840	-
OPEB Benefits	398	136	14	6	554	25
Unrestricted	5,923	24,722	132	413	31,190	(19,131)
Total Net Position	116,368	79,813	216	419	196,816	6,459
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 150,192	\$ 90,767	\$ 2,396	\$ 914	\$ 244,269	\$ 70,384

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Funds
OPERATING REVENUES						
Sales	\$ 41,024	\$ -	\$ -	\$ -	\$ 41,024	\$ -
Fees and Charges for Service	-	11,643	15,551	302	27,496	36,760
Other	4,715	155	86	-	4,956	9,358
Total Operating Revenues	45,739	11,798	15,637	302	73,476	46,118
OPERATING EXPENSES						
Water Purchases	17,302	-	-	-	17,302	-
Supplies and Operations	13,956	9,663	15,510	186	39,315	4,369
Engineering	2,743	-	-	-	2,743	-
Production and Distribution	10,900	-	-	-	10,900	-
Maintenance	73	-	-	-	73	-
Water Meters	2,024	-	-	-	2,024	-
Water Quality	792	-	-	-	792	-
Water Use Efficiency	298	-	-	-	298	-
Claims and Judgments	-	-	-	-	-	24,964
Depreciation	3,937	2,411	21	-	6,369	2,019
Total Operating Expenses	52,025	12,074	15,531	186	79,816	31,352
Operating Income (Loss)	(6,286)	(276)	106	116	(6,340)	14,766
NON-OPERATING REVENUES (EXPENSES)						
Investment Income	2,493	1,622	19	20	4,154	1,981
Interest Expense	(372)	(139)	(12)	(8)	(531)	(26)
Total Non-Operating Revenues (Expenses)	2,121	1,483	7	12	3,623	1,955
Income (Loss) Before Transfers	(4,165)	1,207	113	128	(2,717)	16,721
TRANSFERS						
Transfers In	-	-	68	-	68	-
Transfers Out	-	-	-	(13)	(13)	-
Total Transfers	-	-	68	(13)	55	-
Change in Net Position	(4,165)	1,207	181	115	(2,662)	16,721
Net Position - Beginning of Year	120,533	78,606	35	304	199,478	(10,262)
Net Position - End of Year	\$ 116,368	\$ 79,813	\$ 216	\$ 419	\$ 196,816	\$ 6,459

See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)**

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers and Users	\$ 49,022	\$ 11,662	\$ 15,424	\$ 305	\$ 76,413	\$ 44,891
Cash Paid to Employees for Services	(10,430)	(4,345)	(432)	(130)	(15,337)	(354)
Cash Paid to Suppliers of Goods and Services	(34,209)	(3,252)	(14,939)	1	(52,399)	(34,359)
Other Operating Items						
Net Cash and Investment Provided (Used) by Operating Activities	4,383	4,065	53	176	8,677	10,178
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In	-	-	68	-	68	-
Transfers Out	-	-	-	(13)	(13)	-
Principal Paid	(624)	(233)	(21)	(13)	(891)	(43)
Interest Paid	(372)	(139)	(12)	(8)	(531)	(26)
Net Cash and Investments Provided (Used) by Noncapital Financing Activities	(996)	(372)	35	(34)	(1,367)	(69)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Capital Assets	(1,706)	(4,315)	1	-	(6,020)	(3,812)
Net Cash and Investments Provided (Used) by Capital and Related Financing Activities	(1,706)	(4,315)	1	-	(6,020)	(3,812)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment Income	2,493	1,622	19	20	4,154	1,981
Net Cash and Investments Provided (Used) by Investing Activities	2,493	1,622	19	20	4,154	1,981
Net Increase (Decrease) in Cash and Investments	4,174	1,000	108	162	5,444	8,278
Cash and Investments - Beginning of Year	44,597	31,240	490	609	76,936	46,596
Cash and Investments - End of Year	\$ 48,771	\$ 32,240	\$ 598	\$ 771	\$ 82,380	\$ 54,874
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND INVESTMENTS PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (6,286)	\$ (276)	\$ 106	\$ 116	\$ (6,340)	\$ 14,766
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Investments Provided (Used) by Operating Activities						
Depreciation	3,937	2,411	21	-	6,369	2,019
(Increase) Decrease in Other Receivables, Net	3,603	(95)	(113)	3	3,398	(1,227)
(Increase) in Unbilled Receivables	(335)	(105)	(94)	-	(534)	-
(Increase) in Prepaids	-	-	-	-	-	(514)
(Increase) in Joint Ventures	(427)	-	-	-	(427)	-
Decrease in Inventory	93	-	-	-	93	-
(Increase) in Net Other Postemployment Benefits Asset	(243)	(83)	(9)	(4)	(339)	(15)
Increase in Accounts Payable	1,184	1,191	45	-	2,420	470
Increase (Decrease) in Accrued Payroll	(6)	(9)	1	(1)	(15)	2
Increase (Decrease) in Deposits Payable	15	64	(6)	-	73	-
(Decrease) in Claims Payable	-	-	-	-	-	(5,526)
Increase (Decrease) in Compensated Absences	11	(87)	6	2	(68)	7
Decrease in Deferred Pension Outflow	1,427	533	48	28	2,036	97
(Decrease) in Deferred Pension Inflow	(12)	(5)	-	-	(17)	-
Increase in Net Pension Liability	1,234	462	41	29	1,766	87
Decrease in Deferred Other Postemployment Benefits Outflow	70	24	3	1	98	5
Increase in Deferred Other Postemployment Benefits Inflow	118	40	4	2	164	7
Net Cash and Investments Provided by Operating Activities	\$ 4,383	\$ 4,065	\$ 53	\$ 176	\$ 8,677	\$ 10,178
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						

There were no noncash investing, capital, or financing activities during the year ended June 30, 2024.

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024
(In Thousands)

	Custodial Funds	Pension Trust Fund - Retirement Supplemental Fund	Huntington Beach Redevelopment Successor Agency Private Purpose Trust
ASSETS			
Cash and Investments	\$ 4,062	\$ 11	\$ 7,062
Cash and Investments with Fiscal Agent	3,357	-	2,761
Mutual Funds	-	65,476	-
Money Market Funds	-	661	-
Accounts Receivable, Net	776	-	-
Interest Receivable	-	-	119
Total Assets	8,195	66,148	9,942
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,362	-	275
Accrued Payroll	-	-	3
Advances from City of Huntington Beach	-	-	32,499
Long-Term Obligations Due Within One Year	-	-	2,372
Total Current Liabilities	1,362	-	35,149
Long-Term Obligations:			
Long-Term Obligations Due in More than One Year	-	-	13,854
Total Long-Term Obligations	-	-	13,854
Total Liabilities	1,362	-	49,003
NET POSITION			
Restricted for Pension Benefits	-	66,148	-
Restricted for Individuals and Organizations	6,833	-	(39,061)
Total Net Position	\$ 6,833	\$ 66,148	\$ (39,061)

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

	Custodial Funds	Pension Trust Fund - Retirement Supplemental Fund	Huntington Beach Redevelopment Successor Agency Private Purpose Trust
ADDITIONS			
Employer Contributions	\$ -	\$ 1,429	\$ -
Collected from Property Owners	1,559	-	7,517
Business Improvement District Taxes	6,961	-	-
Parking Assessments	2,635	-	-
Total Additions Before Investment Income	11,155	1,429	7,517
Investment Income:			
Investment Income (Loss)	199	7,080	442
Less: Investment Expense	-	(126)	-
Net Investment Income (Loss)	199	6,954	442
Total Additions	11,354	8,383	7,959
DEDUCTIONS			
Benefits	-	5,711	-
Administrative Costs	20	351	-
Payments to Other Organizations	8,142	-	-
Economic Development	-	-	225
Interest and Fiscal Agency Expenses	1,273	-	7,863
General Government	-	-	31,136
Principal	1,890	-	-
Total Deductions	11,325	6,062	39,224
Change in Net Position	29	2,321	(31,265)
Net Position - Beginning of Year	6,804	63,827	(7,796)
Net Position - End of Year	\$ 6,833	\$ 66,148	\$ (39,061)



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

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City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

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, 2024**

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, 2024

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 \$127,535,000 of governmental activities restricted net position. The government-wide Statement of Net Position reports \$24,394,000 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, 2024

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 \$179,145,000 of governmental activities, which is largely a result of the City's Long-Term Obligations at June 30, 2024 is \$604,946,000, of which, \$572,492,000 is payable from Governmental Activities. The government-wide Statement of Net Position reports \$31,190,000 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, 2024

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, 2024

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 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 committed or assigned fund balance.

Encumbrances outstanding as of June 30, 2024, by major fund (in thousands):

General Fund	\$	8,502
Grants Special Revenue		20,818
LMIHAF Capital Projects		820
Infrastructure		25,363
Other Governmental Funds		26,661
Total Encumbrance All Funds	\$	82,164

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, 2024**

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, 2024

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. These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. 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. 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.

Infrastructure – accounts for expenditures related to certain designate infrastructure.

Proprietary Funds

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



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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, 2024

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 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.

e. Prepaid Items

Certain payments to vendors and individuals reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses during the periods benefited.



City of Huntington Beach

Notes to Financial Statements

For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements 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. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

In the government-wide and proprietary funds financial statements, tangible and intangible property, plant, equipment, the right to use leased assets, and infrastructure are depreciated/amortized using the straight-line method over the estimated useful life of the assets as shown below and charged to the respective activity or fund. Land and construction in progress are not depreciated. 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

g. Leases

The City is a lessee for a noncancellable lease of equipment and property. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$50,000 or more.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City is a lessor for a noncancellable lease of a building, land, and infrastructure. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

h. 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.

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 assets 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 net 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 assets that applies to 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.
4. Lease related deferrals



City of Huntington Beach

Notes to Financial Statements

For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. 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.

k. 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.

l. 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.

m. 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, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. 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, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. 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

p. 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.

q. Estimates

The accompanying financial statements require management to make estimates and assumptions that affect 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, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. 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, 2023	June 30, 2022	June 30, 2023
Measurement Date (MD)	June 30, 2024	June 30, 2023	June 30, 2023
Measurement Period (MP)	July 1, 2023 to June 30, 2024	July 1, 2022 to June 30, 2023	July 1, 2022 to June 30, 2023



City of Huntington Beach

Notes to Financial Statements

For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. 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, 2024**

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
Supranationals: IBRD, IFC, IDB	5 years	30%	"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 / \$75,000,000	See 10.0N of IPS



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

2. CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

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



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

2. CASH AND INVESTMENTS (Continued)

Investment of the Pension Trust Fund – Retirement Supplemental Fund

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

Authorized Investment Type	Minimum Allocation	Target Asset Allocation	Maximum Allocation
Cash or Equivalents	0%	0%	10%
Money Market	0%	0%	10%
Fixed Income	33%	43%	53%
Intermediate Bond	33%	43%	53%
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%
Domestic Equity	19%	29%	39%
Large Cap Equity (Value, Blend, Growth)	10%	20%	30%
Mid Cap Equity (Value, Blend, Growth)	0%	6%	16%
Small Cap Equity (Value, Blend, Growth)	0%	3%	13%
Foreign Equity	14%	24%	34%
Foreign Large Equity (Value, Blend, Growth)	9%	19%	29%
Foreign Sm / Mid Equity (Value, Growth)	0%	0%	10%
Emerging Markets	0%	5%	15%
Real Estate	0%	2%	12%
Real Estate	0%	2%	12%
Commodities	0%	2%	12%
Natural Resources	0%	2%	12%



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

2. CASH AND INVESTMENTS (Continued)

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

Primary Government:

Cash and Investments	\$ 411,374
Cash and Investments with Fiscal Agent	<u>3,581</u>

Total Primary Government

414,955

Fiduciary Funds:

Cash and Investments	11,135
Cash and Investments with Fiscal Agent	<u>72,255</u>

Total Fiduciary Funds

83,390

Total Deposits and Investments

\$ 498,345

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	
US Treasuries	\$ 90,539	\$ 36,803	\$ 39,094	\$ 14,642	\$ 90,539
US Agency Securities*	159,594	55,523	84,507	19,564	159,594
Mutual Funds	65,477	65,477	-	-	65,477
Money Market Funds	14,737	14,737	-	-	14,737
Medium Term Notes - IADB	48,681	4,968	14,126	29,587	48,681
Corporate Bonds	50,093	8,749	36,339	5,005	50,093
California Asset Mgmt Program	36,586	36,586	-	-	36,586
PARS Pension Rate Stabilization Program	20,212	20,212	-	-	20,212
Total Investments	<u>\$ 485,919</u>	<u>\$ 243,055</u>	<u>\$ 174,066</u>	<u>\$ 68,798</u>	<u>485,919</u>
				Total Deposits	12,426

Total Deposits and Investment: **\$ 498,345**

* 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, 2024**

2. CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

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

INVESTMENTS:	Minimum Legal Rating	Total	Remaining as of Year End			
			AAA	AA	A	Not Rated
US Treasuries	N/A	\$ 90,539	\$ 90,539	\$ -	\$ -	\$ -
US Agency Securities*	N/A	159,594	159,594	-	-	-
Mutual Funds	N/A	65,477	-	-	-	65,477
Money Market Funds	AAA	14,737	14,737	-	-	-
Medium Term Notes - IADB	AA	48,681	48,681	-	-	-
Corporate Bonds	A	50,093	-	13,743	36,350	-
California Asset Mgmt Program	N/A	36,586	36,586	-	-	-
PARS Pension Rate Stabilization Program	N/A	20,212	-	-	-	20,212
Total Investments		\$ 485,919	\$ 350,137	\$ 13,743	\$ 36,350	\$ 85,689

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. Government Sponsored Enterprise Securities	\$ 119,259
Int'l Bank for Recon & Development	Supernational	\$ 33,753
U.S. Treasury Notes	Obligations of the United States Treasury	\$ 78,540



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

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, 2024, 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 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).



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

2. CASH AND INVESTMENTS (Continued)

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.

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, 2024 (in thousands):

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
INVESTMENTS:				
U.S. Treasuries	\$ -	\$ 90,539	\$ -	\$ 90,539
U.S. Agency Securities	-	159,594	-	159,594
Mutual Funds	65,477	-	-	65,477
Medium Term Notes - IADB	-	48,681	-	48,681
Corporate Bonds	-	50,093	-	50,093
Total Investments	\$ 65,477	\$ 348,907	\$ -	\$ 414,384

3. OTHER RECEIVABLES

A summary of Other Receivables as of June 30, 2024 is as follows (in thousands):

Description	FY2023-24 Amount
Developer Loans Receivable	\$ 40,762
Emerald Cove Loan Receivable	6,376
Housing Rehabilitation Loans Receivable	1,894
First Time Homebuyers Receivable	1,630
Emergency Medical Fee Receivable	2,509
CDBG Program Receivable	663
Waterfront Receivable	6,227
Other Grants Receivable	7,360
Other Receivable	8,854
Total Other Receivables	76,275
Allowance for Uncollectible Developer Loans	(40,762)
Net Other Receivables on Governmental Fund Financial Statements	\$ 35,513
<u>Other Receivables Reconciliation</u>	
Net Receivable on Government-wide Financial Statements	\$ 52,886
Taxes Receivable on Governmental Fund Financial Statements	(15,981)
Other Receivables on Internal Service Fund	(1,392)
Net Other Receivables on Governmental Fund Financial Statements	\$ 35,513



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

3. OTHER RECEIVABLES (Continued)

a. Developer Loans

Loans made to developers to construct or rehabilitate certain facilities under deferred loan agreements total \$40,762,000 at year-end. These loans are allowed until a future event occurs. Loans to the Low and Moderate Income Housing Asset Fund total \$20,670,000, loans made under the Home Program total \$17,768,000 and loans made under the Affordable Housing In-Lieu Program total \$2,324,000. Interest rates on these loans range from 0% to 10%. The allowance for uncollectible developer loans is \$40,762,000 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, 2024 is \$6,376,000.

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 \$1,894,000 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 \$1,630,000 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, 2024**

4. UNEARNED REVENUE

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

	General Fund	Grants Special Revenue	Total Unearned Revenue
Community Services Unearned Revenue (Classes)	\$ 1,228	\$ -	\$ 1,228
Public Works - Unearned Revenue	44	-	44
Grants	-	2,502	2,502
Total	\$ 1,272	\$ 2,502	\$ 3,774

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	\$ -	\$ 7,206	\$ -	\$ -	\$ 7,206
Deferred Loans:					
Emerald Cove	-	-	6,376	-	6,376
Housing Rehabilitation	-	1,849	-	-	1,849
First Time Homebuyers	-	-	1,630	-	1,630
Waterfront	24,909	-	6,227	-	31,136
Other Unavailable Revenue	721	-	-	82	803
Total	\$ 25,630	\$ 9,055	\$ 14,233	\$ 82	\$ 49,000

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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

6. RETIREMENT PLAN – NORMAL

a. Summary

Net Pension Liability/(Asset)

Net Pension Liability/(Asset) is reported in the accompanying statement of net position as follows:

	Net Pension Liability/(Asset)
CalPERS Miscellaneous Plan	\$ 72,908
CalPERS Safety Plan	116,324
Supplemental Plan (Note 7)	4,219
Total	\$ 193,451

Deferred Outflows of Resources

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

	Change to Net Difference Between Projected and Actual Investment Earnings	Changes in assumptions	Differences between Expected and Actual Experience	Deferred employer pension contributions made after measurement date	Total
CalPERS Miscellaneous Plan	\$ 33,665	\$ 3,304	\$ 3,231	\$ 5,808	\$ 46,008
CalPERS Safety Plan	47,079	14,743	10,074	11,484	83,380
Total	\$ 80,744	\$ 18,047	\$ 13,305	\$ 17,292	\$ 129,388

Deferred Inflows of Resources

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

	Change to Net Difference Between Projected and Actual Investment Earnings	Differences between Expected and Actual Experience	Total
CalPERS Safety Plan	\$ -	\$ 896	\$ 896
Supplemental Plan (Note 7)	85	-	85
Total	\$ 85	\$ 896	\$ 981



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

6. RETIREMENT PLAN – NORMAL (Continued)

Pension expenses for the measurement period ending June 30, 2023 (the measurement date), are included in the accompanying financial statements as follows:

	Net Pension Expense/(Income)
CalPERS Miscellaneous Plan	\$ 29,232
CalPERS Safety Plan	38,403
Supplemental Plan (Note 7)	<u>206</u>
Total	<u>\$ 67,841</u>

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, 2024

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, 2024**

6. RETIREMENT PLAN – NORMAL (Continued)

The Plans' provisions and benefits in effect at June 30, 2024 are summarized as follows:

Miscellaneous Agent Plans		
	Classic	PEPRA
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 years	minimum 52 years
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%, 50 years - 63+ years, respectively	1.0% - 2.5%, 52 years - 67+ years, respectively
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates		
July 1, 2023 - June 30, 2024	11.220%	11.220%
Safety Agent Plans		
	Classic	PEPRA
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 years	minimum 52 years
Monthly benefits, as a % of eligible compensation	3%, 50+ years	2.0% - 2.7%, 50 years - 57+ years, respectively
Required employee contribution rates	9.000%	11.75%/13.00% (Fire PEPRA)
Required employer contribution rates		
July 1, 2023 - June 30, 2024	22.330%	22.330%



City of Huntington Beach

Notes to Financial Statements

For the Year Ended June 30, 2024

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, 2023, 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. Fire PEPRA participants are now required to contribute 13%. In addition, the City is required to make employer contributions at the actuarially determined rates of 11.220% and 22.330% for the miscellaneous and safety plans, respectively, for the period July 1, 2023 through June 30, 2024.

At June 30, 2023, the valuation date, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active members	618	370
Transferred members	506	78
Terminated members	397	90
Retired members and beneficiaries	1110	677



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

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, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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 liability in the June 30, 2023 actuarial valuation, rolled forward to June 30, 2024 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 Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Investment Rate of Return	6.90% 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 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

*The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

6. RETIREMENT PLAN – NORMAL (Continued)

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

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

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

Asset Class ¹	Assumed asset	
	Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

6. RETIREMENT PLAN – NORMAL (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.90%. 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/(Asset)

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

Miscellaneous Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2022 (Valuation Date)	\$ 656,726	\$ 596,848	\$ 59,878
Changes in the year:			
Service cost	9,167	-	9,167
Interest on the total pension liabilities	44,775	-	44,775
Changes of Benefit Terms	658	-	658
Differences between expected and actual experience	5,260	-	5,260
Benefit payments, including refunds of members contributions	(36,634)	(36,634)	-
Plan to Plan Resource Movement	-	1	(1)
Contributions - employer	-	7,450	(7,450)
Contributions - employee	-	3,741	(3,741)
Net investment income	-	36,077	(36,077)
Administrative expenses	-	(439)	439
Net changes	23,226	10,196	13,030
Balance at June 30, 2023 (Measurement Date)	\$ 679,952	\$ 607,044	\$ 72,908

Safety Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2022 (Valuation Date)	\$ 881,003	\$ 788,911	\$ 92,092
Changes in the year:			
Service cost	15,176	-	15,176
Interest on the total pension liabilities	60,569	-	60,569
Changes of Benefit Terms	374	-	374
Differences between expected and actual experience	13,601	-	13,601
Plan to Plan Resource Movement	-	(1)	1
Benefit payments, including refunds of members contributions	(49,495)	(49,495)	-
Contributions - employer	-	13,219	(13,219)
Contributions - employee	-	4,949	(4,949)
Net investment income	-	47,901	(47,901)
Administrative expenses	-	(580)	580
Net changes	40,225	15,993	24,232
Balance at June 30, 2023 (Measurement Date)	\$ 921,228	\$ 804,904	\$ 116,324



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

6. RETIREMENT PLAN – NORMAL (Continued)

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

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Miscellaneous Plan	\$ 161,070	\$ 72,908	\$ 468
Safety Plan	239,094	116,324	15,885
Aggregate Total	<u>\$ 400,164</u>	<u>\$ 189,232</u>	<u>\$ 16,353</u>

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 Income and Deferred Outflows/Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2022), the net pension liability was \$59,878,000 for the Miscellaneous Plan and \$92,092,000 for the Safety Plan. For the measurement period ending June 30, 2023 (the measurement date), the City incurred a pension expense of \$29,232,000 and \$38,403,000 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, 2024**

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 2022-23 measurement period, the EARSL for each plan is as follows:

	Miscellaneous	Safety
Expected Average Remaining Service Lifetime	2.5	3.8

At June 30, 2024 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	\$ 33,665	\$ -
Changes in assumptions	3,304	-
Difference between expected and actual experience	3,231	-
Contributions made subsequent to the measurement date	5,808	-
Total	\$ 46,008	\$ -

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$ 47,079	\$ -
Changes in assumptions	14,743	-
Difference between expected and actual experience	10,074	(896)
Contributions made subsequent to the measurement date	11,484	-
Total	\$ 83,380	\$ (896)



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

6. RETIREMENT PLAN – NORMAL (Continued)

For the Miscellaneous Plan and Safety Plan, \$5,808,000 and \$11,484,000, 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Periods Ended June 30,	Deferred Outflows / (Inflows) of Resources	
	Miscellaneous	Safety
2024	\$ 12,857	\$ 20,685
2025	6,632	19,409
2026	19,881	29,823
2027	830	1,083
	<u>\$ 40,200</u>	<u>\$ 71,000</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, 2024

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, 2023, the date of the Plan's most recent actuarial valuation, the average monthly benefit received by inactive plan members and beneficiaries receiving benefits is \$655. 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, 2024, the measurement date, the following employees were covered by the benefit terms for the Plan:

Inactive employees receiving benefits	728
Active employees	44
Total	<u>772</u>

b. Employer Contributions

The City's policy is to make required contributions as determined by the Supplemental Plan's actuary. The required contributions were determined as part of the June 30, 2023 actuarial valuation. The City is required to contribute the actuarially determined rate of 3.6% of total payroll for all permanent employees for the year ended June 30, 2023. 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, 2024, the contributions were (in thousands):

Contributions - employer	\$ 1,422
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City of Huntington Beach

Notes to Financial Statements

For the Year Ended June 30, 2024

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 2022 with an effective date of July 1, 2022. 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, 2024 is listed below:

Asset Class	Strategic Allocation	Allocation as of June 30, 2024	Long-Term Expected Rate of Return
Fixed Income	43.00%	41.31%	3.95%
Equities	53.00%	57.70%	8.78%
Real Estate	2.00%	0.00%	9.36%
Commodities	2.00%	0.00%	5.31%
Cash and Equivalents	0.00%	0.99%	2.90%
Total	100.00%	100.00%	

Quoted market prices have been used to value investments as of June 30, 2024. 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, 2024:

Concentration of Investments Equaling or Exceeding 5%

Fidelity 500 Index Fund	19.73%
Fidelity Emerging Markets Index Fund	5.04%
Vanguard FTSE	19.18%
Baird Aggregate Bond Fd Instl	9.56%
Dodge Cox Income	5.74%
Fidelity US Bond Index	22.96%



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

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 Fiscal Year ended June 30, 2024, the annual money-weighted rate of return on the Plan's investments, net of pension plan investment expenses, was 11.10%. 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, 2024, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2024 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, 2024

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations for the June 30, 2024 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	5.75%
Inflation	2.50%
Salary Increases	CalPERS 2000-2019 Experience Study plus 2.75% aggregate increase
Investment Rate of Return	5.75% Net of Investment Expenses
Mortality Rate Table	CalPERS 2000-2019 Experience Study, mortality projected fully generational with Scale MP-2021
Retirement, Disability, Withdrawal	CalPERS 2000-2019 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, 2023 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, 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 5.75%, based on the inflation assumption of 2.50% and a long-term asset allocation of 70% equities and 30% fixed income.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

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 5.50 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, 2024

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

Changes in the Net Pension Liability

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

	Supplemental Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 72,610	\$ 63,822	\$ 8,788
Changes in the year:			
Service cost	203	-	203
Interest on the total pension liabilities	3,848	-	3,848
Differences between expected and actual experience	781	-	781
Changes of Assumptions	(1,375)	-	(1,375)
Benefit payments, including refunds of members contributions	(5,711)	(5,711)	-
Contributions - employer	-	1,422	(1,422)
Net investment income	-	6,954	(6,954)
Administrative expenses	-	(350)	350
Net changes	(2,254)	2,315	(4,569)
Balance at June 30, 2024	\$ 70,356	\$ 66,137	\$ 4,219

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

Plan's Aggregate Net Pension Liability/(Asset)		
(in thousands)		
	Current	
Discount Rate - 1% (4.75%)	Discount Rate (5.75%)	Discount Rate + 1% (6.75%)
\$ 10,781	\$ 4,219	\$ (1,412)



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

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

For the year ended June 30, 2024, the City recognized pension expense in the amount of \$206,000 for the Supplemental Plan.

At June 30, 2024, the City reported deferred inflows of resources related to the supplemental pension plan from the following source (in thousands):

	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings on pension plan investments	\$ 85

For the Supplemental Plan, \$85,000 was reported as deferred inflows of resources related to pensions which will be recognized in pension expense as follows (in thousands):

<u>Year Ended June 30,</u>	<u>Deferred Outflows/ (Inflows) of of Resources</u>
2025	\$ (401)
2026	2,007
2027	(1,003)
2028	(688)
	<u>\$ (85)</u>



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

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, 2024

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, 2023 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	284	214
Inactive employees not yet receiving benefits	332	-
Active Plan Members	861	374
Total Plan Participants	1,477	588

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 \$865,000 for year ended June 30, 2024. The assets of the CERBT are excluded from the accompanying financial statements since they are in an irrevocable trust administered by CalPERS. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814 or on their website: www.calpers.ca.gov. The City's policy is to make 100% of each year's ARC, with an additional amount to prefund benefits as determined annually by City Council in order to improve the funded status of the plan.

For PEMHCA, the City selected the "unequal" method for the contribution. Under this method, the City offered a lesser contribution for retirees than for active employees. The City paid the PEMHCA minimum for actives (\$143 in 2021, \$149 in 2022, \$151 in 2023 and \$157 in 2024). 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 \$102.05 per employee for the Huntington Beach Firefighter's Association (HBFA) and \$157.00 for all other Safety groups in 2024. 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, 2024**

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

The City's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

- Actuarial Cost Method – Entry Age Normal
- Discount rate – 5.75%
- Projected salary increases for covered employees due to inflation – aggregate increases of 2.75% per annum
- Investment Rate of Return – 5.75%, assuming actuarially determined contributions funded into CERBT Investment Strategy 2
- Mortality Rate¹ – Derived using CalPERS' membership data for all funds
- Pre-Retirement Turnover² – Derived using CalPERS' membership data for all funds
- PEMHCA minimum increases for actives - \$157 in 2024, with 3.50% 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 forth the inflation trend assumption used for the valuation:

Calendar Year	Annual Rate			Calendar Year	Annual Rate		
	Non-Medicare	Medicare Kaiser	Medicare Other		Non-Medicare	Medicare Kaiser	Medicare Other
2024		Actual Premiums		2030	5.60%	4.85%	5.25%
2025	8.50%	6.25%	7.50%	2031	5.05%	4.65%	4.85%
2026	7.90%	5.65%	6.90%	2032-38	4.45%	4.45%	4.45%
2027	7.35%	5.45%	6.50%	2039-40	4.35%	4.35%	4.35%
2028	6.75%	5.25%	6.10%	2041-75	4.30%	4.30%	4.30%
2029	6.20%	5.05%	5.70%	2076+	3.45%	3.45%	3.45%

¹ Mortality information was derived from data collected during 2000 to 2019 CalPERS Experience Study released in 2021, which may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications. Post-retirement mortality rates include mortality projected fully generational with Scale MP-21.

² The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2000 to 2019 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.



City of Huntington Beach

Notes to Financial Statements

For the Year Ended June 30, 2024

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:

Asset Class	CERBT Strategy 2	
	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	34%	4.56%
Fixed Income	41%	1.56%
Treasury Inflation-Protected Securities ("TIPS")	5%	-0.08%
Commodities	3%	1.22%
Real Estate Investment Trusts ("REITS")	17%	4.06%
Total	100%	

* Long-term expected rate of return is 5.75%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75 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, 2024**

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

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

	Increase / (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability / (Asset) (c) = (a) - (b)
Balance at June 30, 2023	\$ 29,692	\$ 31,716	\$ (2,024)
(Measurement Date June 30, 2022)			
Changes recognized for the measurement period:			
Service Cost	968	-	968
Interest	1,709	-	1,709
Actual vs. Expected Experience	(3,372)	-	(3,372)
Assumption Changes	503	-	503
Contributions - Employer	-	1,997	(1,997)
Net Investment Income	-	1,130	(1,130)
Benefit Payments	(1,870)	(1,870)	-
Administrative Expenses	-	(136)	136
Net Changes	(2,062)	1,121	(3,183)
Balance at June 30, 2024	\$ 27,630	\$ 32,837	\$ (5,207)
(Measurement Date June 30, 2023)			

Sensitivity of the Net OPEB Liability/(Asset) 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, 2023 (in thousands):

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Net OPEB Liability	\$ (2,072)	\$ (5,207)	\$ (7,843)



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability/(Asset) 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, 2023 (in thousands):

	1% Decrease	Current Trend	1% Increase
	7.50% Non-Medicare / 6.50% Medicare (Non- Kaiser) / 5.25% Medicare (Kaiser), decreasing to 2.45% Non-Medicare / 2.45% Medicare (Non- Kaiser), 2.45% Medicare (Kaiser)	8.50% Non-Medicare / 7.50% Medicare (Non- Kaiser) / 6.25% Medicare (Kaiser), decreasing to 3.45% Non-Medicare / 3.45% Medicare (Non- Kaiser), 3.45% Medicare (Kaiser)	9.50% Non-Medicare / 8.50% Medicare (Non- Kaiser) / 7.25% Medicare (Kaiser), decreasing to 4.45% Non-Medicare / 4.45% Medicare (Non- Kaiser), 4.45% Medicare (Kaiser)
Net OPEB Liability	\$ (7,931)	\$ (5,207)	\$ (1,808)

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.

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

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

Net difference between projected and actual earnings on OPEB plan investments	5 Years
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City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

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

As of June 30, 2024, the City incurred OPEB expense of \$206,000. As of June 30, 2024, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions subsequent to the measurement date	\$ 935	\$ -
Difference between expected and actual experience	446	6,831
Changes in Assumptions	1,426	1,865
Net difference between projected and actual earnings on OPEB Plan Investments	2,895	-
	<u>\$ 5,702</u>	<u>\$ 8,696</u>

The \$935,000 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the net OPEB liability during the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows (in thousands):

Measurement Periods Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2025	\$ (697)
2026	(746)
2027	267
2028	(955)
2029	(953)
Thereafter	(845)
	<u>\$ (3,929)</u>



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

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.

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, 2024**

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 \$36.7 million deficit at year-end at the 55 percent confidence level. The City has established plans to help reduce the deficit in this fund. This will be accomplished by additional transfers from the General Fund, Proprietary funds, and other governmental funds in which employees are charged over the next nine years.

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

	Workers' Compensation	General Liability	Total
Balance June 30, 2022	\$ 42,763	\$ 13,668	\$ 56,431
Additions	12,154	15,848	28,002
Reductions	(10,830)	(6,982)	(17,812)
Net Increase (Decrease)	1,324	8,866	10,190
Balance June 30, 2023	44,087	22,534	66,621
Additions	14,488	7,085	21,573
Reductions	(7,244)	(19,855)	(27,099)
Net Increase (Decrease)	7,244	(12,770)	(5,526)
Balance June 30, 2024	\$ 51,331	\$ 9,764	\$ 61,095



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

10. INTERFUND TRANSACTIONS

a. Advances to/from Other Funds

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

	Advances to (Payable):
	<u>Redevelopment Agency Private Purpose Trust</u>
Advances from (Receivable):	
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, 2024 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, 2024

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	Other Governmental Funds	Total Governmental Funds	Hazmat Service Fund	
General Fund	\$ -	\$ 465	\$ 465	\$ 13	\$ 478
Pension Liability	1,500	-	1,500	-	1,500
Infrastructure	16,137	612	16,749	-	16,749
Grant Special Revenue	4,900	-	4,900	-	4,900
Other Governmental Funds	5,137	-	5,137	-	5,137
Total Governmental Funds	27,674	1,077	28,751	13	28,764
Refuse Fund	68	-	68	-	68
Total Enterprise Funds	68	-	68	-	68
Total Transfers Out	\$ 27,742	\$ 1,077	\$ 28,819	\$ 13	\$ 28,832

The following is a summary of the significant transfers:

- \$5,137,000 was transferred from General Fund to Other Governmental funds of which, \$2,968,000 was transferred for debt service payments, \$1,000,000 was transferred for technology upgrades within the Police Department, and \$1,169,000 was transferred to reimburse Surf City "3" Fund expenses.
- \$4,900,000 was transferred to Grant Special Revenue Fund to be used for various Capital Improvement Projects as outlined in the Memorandum of Understanding between the City and AES Southland Development LLC.
- \$68,000 was transferred from General Fund to Refuse Enterprise Fund to fund senior citizen rate reduction on refuse charges.
- \$1,500,000 was transferred from General Fund to Pension Liability Fund to cover debt service payments related to Pension Obligation Bond.
- \$13,000 was transferred from Hazmat Service Enterprise Fund to General Fund to cover administrative and overhead expenditures.
- \$16,137,000 was transferred from General Fund to Infrastructure Fund for infrastructure-related projects such as road repairs and enhancement and other capital improvement projects.
- \$612,000 was transferred from Other Government Funds to Infrastructure Fund to reimburse funds for various infrastructure projects.
- \$465,000 was transferred from Other Government Funds to General Fund to cover administrative cost related to 5th and PCH parking structure.



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

11. LONG-TERM OBLIGATIONS

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

	June 30, 2023	Additions	Retirements	June 30, 2024	Accrued Interest	Due Within One Year
Governmental Activities:						
Public Financing Authority:						
2014(a) Lease Revenue Bonds	\$ 10,530	\$ -	\$ (720)	\$ 9,810	\$ 111	\$ 750
2020(a) Lease Revenue Bonds	4,835	-	-	4,835	36	-
2020(b) Lease Revenue Bonds	9,795	-	(1,530)	8,265	19	1,545
Total Public Financing Authority	25,160	-	(2,250)	22,910	166	2,295
Other Long-Term Obligations:						
Compensated Absences	14,818	5,241	(4,526)	15,533	-	2,045
Claims Payable	66,621	21,573	(27,099)	61,095	-	14,363
Pollution Remediation	2,000	-	-	2,000	-	-
LED Lighting Phase I	191	-	(126)	65	1	65
I-Bank CLEEN Loan	1,283	-	(310)	973	9	317
CEC Loan	1,797	-	(269)	1,528	-	272
Pension Obligation Bonds	318,005	-	(12,683)	305,322	344	12,768
Finance Purchase Agreement	17,388	-	(3,098)	14,290	46	2,473
Leases Payable	456	-	(216)	240	-	155
Subscriptions Payable	2,600	2,666	(1,466)	3,800	48	1,478
Total Other Long-Term Obligations	425,159	29,480	(49,793)	404,846	448	33,936
Total Long-Term Obligations - Governmental Activities	\$ 450,319	\$ 29,480	\$ (52,043)	\$ 427,756	\$ 614	\$ 36,231



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

11. LONG-TERM OBLIGATIONS (Continued)

a. Public Financing Authority

(1) 2014(a) Public Financing Authority Lease Revenue Bonds

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

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2025	\$ 750	\$ 319	\$ 1,069
2026	785	289	1,074
2027	810	265	1,075
2028	835	240	1,075
2029	860	215	1,075
2030-2034	4,725	636	5,361
2035	1,045	21	1,066
Total	\$ 9,810	\$ 1,985	\$ 11,795



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

11. LONG-TERM OBLIGATIONS (Continued)

(2) 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 st , November 1 st
Principal Payment Dates	May 1 st
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):

Year Ending June 30	Principal	Interest	Total
2025	\$ -	\$ 224	\$ 224
2026	-	224	224
2027	-	224	224
2028	-	224	224
2029	-	224	224
2030-2032	4,835	455	5,290
Total	\$ 4,835	\$ 1,575	\$ 6,410



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

11. LONG-TERM OBLIGATIONS (Continued)

(3) 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	0.329% to 1.831%
Interest Payment Dates	May 1 st , November 1 st
Principal Payment Dates	May 1 st
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):

Year Ending June 30	Principal	Interest	Total
2025	\$ 1,545	\$ 117	\$ 1,662
2026	1,560	103	1,663
2027	1,575	83	1,658
2028	1,600	61	1,661
2029	1,625	35	1,660
2030	360	7	367
Total	\$ 8,265	\$ 406	\$ 8,671



City of Huntington Beach

Notes to Financial Statements

For the Year Ended June 30, 2024

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 \$15,533,000 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 \$61,095,000 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	2014
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 Rate	2.32%
Interest Payment Dates	February 1 st and August 1 st
Principal Payment Dates	August 1 st
Purpose of Debt	To purchase and upgrade street, area and pole lighting to energy efficient LED light sources



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

11. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2025	\$ 65	\$ 1	\$ 66
Total	\$ 65	\$ 1	\$ 66

(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 Rate	2.32%
Interest Payment Dates	February 1 st and August 1 st
Principal Payment Dates	August 1 st
Purpose of Debt	To purchase and upgrade street pole lighting to energy efficient LED light sources

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2025	\$ 317	\$ 19	\$ 336
2026	324	11	335
2027	332	4	336
Total	\$ 973	\$ 34	\$ 1,007



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

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 Rate	1.00%
Interest Payment Dates	June 22 nd and December 22 nd
Principal Payment Dates	June 22 nd and December 22 nd
Purpose of Debt	To upgrade street pole lighting to energy efficient LED light sources

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2025	\$ 272	\$ 15	\$ 287
2026	274	12	286
2027	277	9	286
2028	280	6	286
2029	283	4	287
2030	142	1	143
Total	\$ 1,528	\$ 47	\$ 1,575



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

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 th and December 15 th
Principal Payment Dates	June 15 th
Purpose of Debt	Pay 85% of CalPERS UAL as of the June 30, 2019 valuation report.

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2025	\$ 12,768	\$ 8,385	\$ 21,153
2026	12,898	8,248	21,146
2027	13,076	8,074	21,150
2028	13,291	7,855	21,146
2029	13,548	7,601	21,149
2030-2034	72,690	33,048	105,738
2035-2039	83,510	22,227	105,737
2040-2044	83,541	7,922	91,463
Total	\$ 305,322	\$ 103,360	\$ 408,682



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

11. LONG-TERM OBLIGATIONS (Continued)

(8) Finance Purchase Agreement

Year of Issuance	2021
Type of Debt	Capital Purchase Agreement
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

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2025	\$ 2,473	\$ 361	\$ 2,834
2026	2,266	302	2,568
2027	2,324	245	2,569
2028	2,038	186	2,224
2029	2,093	131	2,224
2030-2031	3,096	92	3,188
Total	\$ 14,290	\$ 1,317	\$ 15,607

(9) Lease Payable

The City of Huntington Beach has entered into three leases as a lessee for the use of land and equipment and is required to make monthly fixed payments ranging from \$4,982 to \$7,195 over the lease terms. As of June 30, 2024, the value of the lease liability was \$240,030. The future principal and interest lease payments as of June 30, 2024, were as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 155	\$ 4	\$ 159
2026	85	1	86
Total	\$ 240	\$ 5	\$ 245



City of Huntington Beach

Notes to Financial Statements

For the Year Ended June 30, 2024

11. LONG-TERM OBLIGATIONS (Continued)

(10) Subscription Payable

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The City of Huntington Beach has entered into seven subscription agreements for the use of various IT software and is required to make annual fixed payments ranging from \$15,018 to \$590,553 over the subscription terms. As of June 30, 2024, the value of the subscription liability was \$3,800,000. The future principal and interest subscription payment as of June 30, 2024, were as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 1,478	\$ 80	\$ 1,558
2026	981	47	1,028
2027	655	28	683
2028	686	14	700
Total	\$ 3,800	\$ 169	\$ 3,969



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

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, 2023	Additions	Retirements	June 30, 2024	Accrued Interest	Due Within One Year
Compensated Absences	\$ 1,826	\$ 416	\$ (484)	\$ 1,758	\$ -	\$ 479
Pension Obligation Bonds	20,480	-	(891)	19,589	22	898
Total Long-Term Obligations - Business-Type Activities	\$ 22,306	\$ 416	\$ (1,375)	\$ 21,347	\$ 22	\$ 1,377

(1) Compensated Absences

There is no repayment schedule for the compensated absences amount of \$1,758,000 relating to business-type activities. The balance for the outstanding business-type compensated absences is predominately related to the Water and Sewer funds.

(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 th and December 15 th
Principal Payment Dates	June 15 th
Purpose of Debt	Pay 85% of CalPERS UAL as of the June 30, 2019 valuation report.

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2025	\$ 898	\$ 526	\$ 1,424
2026	907	517	1,424
2027	919	504	1,423
2028	934	489	1,423
2029	952	471	1,423
2030-2034	5,111	2,007	7,118
2035-2039	5,870	1,246	7,116
2040-2042	3,998	272	4,270
Total	\$ 19,589	\$ 6,032	\$ 25,621



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

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):

	June 30, 2023	Additions	Retirements	June 30, 2024
Community Facilities Districts:				
Community Facilities District No. 2000-1				
2013 Special Tax Refunding Bonds	\$ 7,730	\$ -	\$ (705)	\$ 7,025
Community Facilities District No. 2002-1				
Special Assessment Tax Bonds	3,405	-	(220)	3,185
Community Facilities District No. 2003-1				
2013 Special Tax Refunding Bonds	13,745	-	(965)	12,780
Total Community Facilities Districts	24,880	-	(1,890)	22,990
Total Obligations Not Recorded in Financial Statements	\$ 24,880	\$ -	\$ (1,890)	\$ 22,990

12. CAPITAL ASSETS

a. Changes in Capital Assets

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

	June 30, 2023	Additions	Dispositions	June 30, 2024
Governmental Activities				
Capital Assets, Not Depreciated:				
Land	\$ 369,538	\$ -	\$ -	\$ 369,538
Construction in Progress	11,249	10,363	(6,471)	15,141
Total Capital Assets - Not Depreciated	380,787	10,363	(6,471)	384,679
Capital Assets Being Depreciated				
Buildings	227,075	3,415	-	230,490
Machinery and Equipment	89,572	12,325	(132)	101,765
Infrastructure	479,499	18,916	(1,437)	496,978
Right to Use Leased Land	274	-	-	274
Right to Use Leased Machinery and Equipment	398	-	-	398
Right to Use SBITA	3,651	2,666	-	6,317
Total Capital Assets Being Depreciated	800,469	37,322	(1,569)	836,222
Less Accumulated Depreciation:				
Buildings	(99,255)	(5,357)	-	(104,612)
Machinery and Equipment	(57,171)	(6,177)	126	(63,222)
Infrastructure	(251,858)	(8,589)	1,437	(259,010)
Right to Use Leased Land	(168)	(84)	-	(252)
Right to Use Leased Machinery and Equipment	(42)	(135)	-	(177)
Right to Use SBITA	(724)	(1,393)	-	(2,117)
Total Accumulated Depreciation	(409,218)	(21,735)	1,563	(429,390)
Total Depreciated - Net	391,251	15,587	(6)	406,832
Total Capital Assets	1,181,256	47,685	(8,040)	1,220,901
Total Accumulated Depreciation	(409,218)	(21,735)	1,563	(429,390)
Capital Assets of Governmental Activities - Net	\$ 772,038	\$ 25,950	\$ (6,477)	\$ 791,511



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

12. CAPITAL ASSETS (Continued)

	June 30, 2023	Additions	Dispositions	June 30, 2024
Business-Type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 3,907	\$ -	\$ -	\$ 3,907
Construction in Progress	839	2,544	-	3,383
Total Capital Assets -Not Depreciated	4,746	2,544	-	7,290
Capital Assets Being Depreciated				
Buildings	105,623	-	-	105,623
Machinery and Equipment	19,583	1,423	(75)	20,931
Infrastructure	154,148	2,053	(245)	155,956
Total Capital Assets Being Depreciated	279,354	3,476	(320)	282,510
Less Accumulated Depreciation:				
Buildings	(39,534)	(2,574)	-	(42,108)
Machinery and Equipment	(13,519)	(1,345)	75	(14,789)
Infrastructure	(89,464)	(2,450)	245	(91,669)
Total Accumulated Depreciation	(142,517)	(6,369)	320	(148,566)
Total Depreciated - Net	136,837	(2,893)	-	133,944
Total Capital Assets	284,100	6,020	(320)	289,800
Total Accumulated Depreciation	(142,517)	(6,369)	320	(148,566)
Capital Assets of Business Activities - Net	\$ 141,583	\$ (349)	\$ -	\$ 141,234

b. Depreciation Expense

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

Department:	
City Council	\$ 5
City Manager	97
City Treasurer	22
City Attorney	44
City Clerk	18
Finance	400
Human Resources	29
Community Development	300
Fire	1,028
Information Services	795
Police	1,830
Community Services	2,677
Library Services	367
Public Works	12,104
Internal Service Fund depreciation charged to functions	2,019
Total	\$ 21,735

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

Fund:	
Water	\$ 3,937
Sewer Service	2,411
Refuse	21
Total	\$ 6,369



City of Huntington Beach

Notes to Financial Statements

For the Year Ended June 30, 2024

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. There is no separate Component Unit Financial Report (CUFR) prepared for the CNOA.

14. LEASES

The City of Huntington Beach has entered into 27 leases as a lessor for the use of City land and infrastructures. The lessees are required to make fixed monthly payments ranging from \$322 to \$44,000 over the lease terms. The City recognized \$1,629,000 in lease revenue and \$104,000 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2024, the lease receivable is \$9,462,000 and deferred inflow of resources is \$9,191,000. The future principal and interest payments as of June 30, 2024, were as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,491	\$ 95	\$ 1,586
2026	1,501	87	1,588
2027	1,423	78	1,501
2028	833	70	903
2029	470	65	535
2030-2034	1,254	260	1,514
2035-2039	824	188	1,012
2040-2044	813	126	939
2045-2049	567	67	634
2050-2054	286	12	298
Total	\$ 9,462	\$ 1,048	\$ 10,510



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

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 was previously reported as a Redevelopment Agency within 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, 2024

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, 2023	Additions	Retirements	June 30, 2024	Accrued Interest	Due Within One Year
Bonds Payable						
1999 Tax Allocation Refunding Bonds	\$ 785	\$ -	\$ (425)	\$ 360	\$ 8	\$ 360
2002 Tax Allocation Bonds	1,700	-	(920)	780	16	780
Total Bonds Payable	2,485	-	(1,345)	1,140	24	1,140
Other Long-Term Obligations						
Bella Terra OPA (Parking)	1,868	-	(1,868)	-	-	-
Bella Terra AHA (Phase II)	11,329	-	(835)	10,494	-	835
CIM DDA (Parking & Infrastructure)	4,641	-	(353)	4,288	225	378
CIM DDA (Additional Parking)	321	-	(17)	304	23	19
Total Other Long-Term Obligations	18,159	-	(3,073)	15,086	248	1,232
Total Long-Term Obligations	\$ 20,644	\$ -	\$ (4,418)	\$ 16,226	\$ 272	\$ 2,372

(1) 1999 Tax Allocation Refunding Bonds

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

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2025	\$ 360	\$ 9	\$ 369
Total	\$ 360	\$ 9	\$ 369



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

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

(2) 2002 Tax Allocation Refunding Bonds

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

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2025	\$ 780	\$ 20	\$ 800
Total	\$ 780	\$ 20	\$ 800

Pledged Revenues

The Successor Agency will repay a total of \$1,169,000, principal and interest, for the outstanding 1999 and 2002 Tax Allocation Refunding Bonds as of June 30, 2024 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, 2024**

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

(3) 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. The City paid off the Successor Agency obligation under the agreement in FY23-24. The interest rate of this obligation is 6.94%. The agreement has been approved as an enforceable obligation by the Department of Finance (DOF).

(4) 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 \$10,494,000. 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, 2024**

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

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

Year of Issuance	2009
Type of Debt	Loan from CIM Group, LLC
Original Principal Amount	\$7,900,000
Security	Tax Increment
Interest Rates	7.00%
Interest Payment Dates	September 30 th
Principal Payment Dates	September 30 th
Purpose of Debt	Strand Parking Structure and Infrastructure

As of year-end, the Successor Agency obligation under the agreement amounted to \$4,288,000. 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 Disposition and Development Agreement (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, 2024**

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 – 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 th
Principal Payment Dates	September 30 th
Purpose of Debt	Additional Strand Parking Structure and Infrastructure

As of year-end, the Successor Agency obligation under the agreement amounted to \$304,000. 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.

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.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

16. COMMITMENTS AND CONTINGENCIES (Continued)

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 three sales tax sharing agreements with Pinnacle Petroleum (2029), (McKenna Subaru HB) 2033, and Surf City Auto Group II, Inc. (2038). Pinnacle Petroleum receives a 65% rebate after base sales exceed \$25,000, McKenna Subaru HB receives a 45% rebate after base sales exceed \$150,800, and Surf City Auto Group II, Inc. receives a 50% rebate after base sales exceed \$1,785,261 (which increases by 1% annually). Sales tax rebates totaled \$1,049,772 for the year ending June 30, 2024.

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 2016/17. The State Department of Finance (DOF) has denied the validity of the loans and the City has filed suit against the State. On April 22, 2022, the Superior Court of California issued a Proposed Judgment stating that the agreement did not constitute an enforceable obligation and that repayment was not required. The City requested a hearing with the Court to appeal this determination. On February 17, 2023, the Superior Court of California issued a final ruling stating that the agreement did not constitute an enforceable obligation; thus, repayment was not required.

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.



City of Huntington Beach **Notes to Financial Statements** **For the Year Ended June 30, 2024**

16. COMMITMENTS AND CONTINGENCIES (Continued)

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 reauthorized the loans between the City and former Redevelopment Agency in FY 2016/17. The State Department of Finance has denied the validity of the loans and the City has filed suit against the State. On April 22, 2022, the Superior Court of California issued a Proposed Judgment stating that the majority of the agreements between the City and the former Redevelopment Agency were not considered enforceable obligations and that repayment was not required, with the exception of the \$22,400,000 loan for the purchase of the Waterfront property. The DOF denied this obligation in a follow up letter to the City dated August 24, 2022. The City has requested a hearing with the Court to appeal this determination. On February 17, 2023, the Superior Court of California issued a final ruling confirming the April 22, 2022 determination. As of June 30, 2024, the City recognizes \$31,136,000 of receivables relating to the Waterfront property purchase to be paid in future Recognized Obligation Payment Schedule (ROPS).

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

	June 30, 2023	Additions	Reductions	June 30, 2024
General Fund				
Direct Advances	\$ 2,312	\$ -	\$ -	\$ 2,312
Indirect Advances	6,567	-	-	6,567
Land Sales	32,833	-	(22,400)	10,433
Interest	35,859	3,065	(3,719)	35,205
Total General Fund	77,571	3,065	(26,119)	54,517
Sewer Fund				
Direct Advances	308	13	-	321
Deferred Development Fees	192	8	-	200
Total Sewer Fund	500	21	-	521
Drainage Fund				
Direct Advances	743	31	-	774
Deferred Development Fees	205	8	-	213
Total Drainage Fund	948	39	-	987
Park Acquisition and Development Fund				
Direct Advances	6,122	252	-	6,374
Deferred Development Fees	454	19	-	473
Total Park Acquisition and Development Fund	6,576	271	-	6,847
Water Fund				
Direct Advances	4,607	189	-	4,796
Total Water Fund	4,607	189	-	4,796
Total All Funds	\$ 90,202	\$ 3,585	\$ (26,119)	\$ 67,668



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2024**

16. COMMITMENTS AND CONTINGENCIES (Continued)

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). On April 22, 2022, the Superior Court of California issued a Proposed Judgment stating that this loan is considered an enforceable obligation to be paid on the FY 2023-24 Recognized Obligation Payment Schedule (ROPS). In FY 2023-24 the Successor Agency received payment and paid back the promissory note held by the City. Below is a schedule of the activity for the year (in thousands):

	June 30, 2022	Additions	Reductions	June 30, 2024
General Fund				
Emerald Cove	\$ 3,245	\$ -	\$ (3,245)	\$ -

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 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.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2024

16. COMMITMENTS AND CONTINGENCIES (Continued)

On April 22, 2022, the Superior Court of California issued a Proposed Judgment stating that the majority of the agreements between the City and the former Redevelopment Agency were not considered enforceable obligations and that repayment was not required, with the exception of the \$22,400,000 loan for the purchase of the Waterfront property and the Promissory Note related to the Emerald Cove Housing Project. The City has requested a hearing with the Court to appeal this determination. On February 17, 2023, the Superior Court of California issued a final ruling confirming the April 22, 2022 determination. On May 19, 2023, the DOF issued a letter confirming the Court ruling. In FY 2023-24 the Successor Agency received payment and paid back the promissory note held by the City relating to Emerald Cove Housing Project. Additionally, the City recognizes \$31,136,000 of receivables relating to the Waterfront property purchase to be paid in future Recognized Obligation Payment Schedule (ROPS).

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.

17. OTHER INFORMATION

Fund and Accumulated Deficits

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

Internal Service Fund:

Self Insurance Workers' Comp	\$ 26,415
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The Self Insurance Workers' Compensation fund has a deficit due to increases in statutory benefits related to workers' compensation claims and rising healthcare costs.

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 deficits in the Self Insurance Workers' Compensation and General Liability Internal Service Funds.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Huntington Beach Notes to Required Supplementary Information For the Year Ended June 30, 2024

Budgetary Information

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

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

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

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

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

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

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 104,197	\$ 105,750	\$ 105,750	\$ -
Sales Taxes	53,554	51,421	51,421	-
Utility Taxes	21,245	23,283	23,283	-
Other Taxes	28,330	27,103	27,024	(79)
Licenses and Permits	9,140	10,200	10,200	-
Fines, Forfeitures and Penalties	5,061	3,666	3,666	-
Use of Money and Property	21,741	27,646	30,133	2,487
Intergovernmental	2,714	9,084	11,387	2,303
Charges for Current Service	34,137	31,800	31,671	(129)
Other	1,786	1,655	2,234	579
Total Revenues	281,905	291,608	296,769	5,161
EXPENDITURES				
Current:				
City Council	497	549	464	85
City Manager	3,870	5,272	4,853	419
City Treasurer	1,798	2,077	2,059	18
City Attorney	3,612	4,201	3,994	207
City Clerk	1,150	1,862	1,653	209
Finance	5,372	6,444	5,963	481
Human Resources	2,528	3,113	2,636	477
Community Development	14,717	18,152	13,410	4,742
Fire	55,406	71,576	71,576	-
Information Services	8,034	9,431	7,896	1,535
Police	87,117	99,965	99,071	894
Community Services	10,611	12,966	12,354	612
Library Services	5,494	6,998	6,954	44
Public Works	23,951	27,932	27,436	496
Debt Service:				
Principal	2,809	5,485	5,485	-
Interest	212	585	585	-
Total Expenditures	227,178	276,608	266,389	10,219
Excess of Revenues Over Expenditures	54,727	15,000	30,380	15,380
OTHER FINANCING SOURCES (USES)				
Transfers In	4,223	2,787	478	(2,309)
Subscription Based IT Arrangement	-	-	2,666	2,666
Transfers Out	(58,754)	(27,742)	(27,742)	-
Total Other Financing Sources (Uses)	(54,531)	(24,955)	(24,598)	357
Net Change In Fund Balance	196	(9,955)	5,782	15,737
Fund Balance - Beginning of Year	126,537	126,537	126,537	-
Fund Balance - End of Year	\$ 126,733	\$ 116,582	\$ 132,319	\$ 15,737

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, 2024
(In Thousands)

Grants Special Revenue

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Use of Money and Property	\$ -	\$ -	\$ 276	\$ 276
Intergovernmental	4,262	12,414	12,141	(273)
Other	-	-	814	814
Total Revenues	4,262	12,414	13,231	817
EXPENDITURES				
Current:				
City Manager	-	6,868	1,777	5,091
Community Development	2,446	5,807	3,277	2,530
Fire	-	44	36	8
Police	881	5,832	3,551	2,281
Community Services	334	369	324	45
Library Services	60	249	229	20
Public Works	5,869	25,827	6,880	18,947
Total Expenditures	9,590	44,996	16,074	28,922
Excess of Revenues Over (Under)				
Expenditures	(5,328)	(32,582)	(2,843)	29,739
OTHER FINANCING USES				
Transfers In	4,900	4,900	4,900	-
Transfers Out	(50)	-	-	-
Total Other Financing Sources (Uses)	4,850	4,900	4,900	-
Net Change In Fund Balance	(478)	(27,682)	2,057	29,739
Fund Balance - Beginning of Year	655	655	655	-
Fund Balance - End of Year	\$ 177	\$ (27,027)	\$ 2,712	\$ 29,739

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	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total Pension Liability										
Service cost	\$ 9,167	\$ 8,174	\$ 8,005	\$ 7,779	\$ 8,327	\$ 8,314	\$ 8,084	\$ 7,436	\$ 7,102	\$ 7,263
Interest on total pension liability	44,775	43,253	42,217	41,058	40,150	38,769	37,749	37,194	35,653	34,412
Differences between expected and actual experience	5,260	451	(891)	(6,087)	(183)	(2,042)	(9,148)	1,072	(2,900)	-
Changes of Benefit Terms	658	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	19,824	-	-	-	(3,634)	30,762	-	(8,565)	-
Benefit payments, including refunds of employee contributions	(36,633)	(34,942)	(33,392)	(30,321)	(28,508)	(26,685)	(25,312)	(24,316)	(23,377)	(22,444)
Net change in total pension liability	23,227	36,760	15,939	12,429	19,786	14,722	42,135	21,386	7,913	19,231
Total pension liability - beginning	656,726	619,966	604,027	591,598	571,812	557,090	514,955	493,569	485,656	466,425
Total pension liability - ending (a)	\$ 679,953	\$ 656,726	\$ 619,966	\$ 604,027	\$ 591,598	\$ 571,812	\$ 557,090	\$ 514,955	\$ 493,569	\$ 485,656
Plan Fiduciary Net Position										
Contributions - employer	\$ 7,450	\$ 6,951	\$ 150,917	\$ 16,879	\$ 14,816	\$ 13,495	\$ 12,316	\$ 10,982	\$ 9,747	\$ 9,066
Contributions - employee	3,741	3,533	3,450	3,630	3,779	3,649	3,869	3,736	3,790	3,909
Investment income	36,077	(49,840)	107,447	21,485	27,288	32,963	40,328	1,856	8,230	56,429
Administrative Expense	(439)	(419)	(443)	(609)	(296)	(614)	(536)	(226)	(418)	(472)
Benefit payments	(36,633)	(34,942)	(33,392)	(30,321)	(28,508)	(26,685)	(25,312)	(24,316)	(23,377)	(22,444)
Plan to Plan Resource Movement	1	-	-	-	(13)	1	-	-	-	-
Other	-	-	-	-	1	(1,166)	-	-	2	-
Net change in plan fiduciary net position	10,197	(74,717)	227,979	11,064	17,067	21,643	30,665	(7,968)	(2,026)	46,488
Plan fiduciary net position - beginning	596,848	671,565	443,586	432,522	415,455	393,812	363,147	371,115	373,141	326,653
Plan fiduciary net position - ending (b)	\$ 607,045	\$ 596,848	\$ 671,565	\$ 443,586	\$ 432,522	\$ 415,455	\$ 393,812	\$ 363,147	\$ 371,115	\$ 373,141
Net pension liability - beginning	59,878	(51,599)	160,441	159,076	156,357	163,278	151,808	122,454	112,515	139,771
Net pension liability (asset) - ending (a)-(b)	\$ 72,908	\$ 59,878	\$ (51,599)	\$ 160,441	\$ 159,076	\$ 156,357	\$ 163,278	\$ 151,808	\$ 122,454	\$ 112,515
Plan fiduciary net position as a percentage of the total pension liability (asset)	89.28%	90.88%	108.32%	73.44%	73.11%	72.66%	70.69%	70.52%	75.19%	76.83%
Covered payroll	\$ 51,089	\$ 46,824	\$ 45,740	\$ 45,952	\$ 45,419	\$ 45,431	\$ 44,848	\$ 44,365	\$ 44,233	\$ 41,142
Net pension liability as a percentage of covered payroll	142.71%	127.88%	N/A	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 on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary. In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes in assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

* For covered payroll, the measurement period of July 1, 2022 to June 30, 2023 was used.

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

Last Ten Fiscal Years
CalPERS City Safety Plan - 100

Measurement Period	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total Pension Liability										
Service cost	\$ 15,176	\$ 14,683	\$ 13,386	\$ 13,226	\$ 13,644	\$ 13,509	\$ 13,657	\$ 12,159	\$ 11,119	\$ 11,096
Interest on total pension liability	60,569	57,872	56,114	54,597	53,048	51,223	49,350	48,390	46,160	44,246
Differences between expected and actual experience	13,601	102	(3,882)	(4,721)	(1,220)	2,584	(10,819)	2,678	(820)	-
Changes of Benefit Terms	374	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	28,785	-	-	-	(3,657)	40,352	-	(11,054)	-
Benefit payments, including refunds of employee contributions	(49,495)	(45,876)	(44,362)	(41,247)	(38,958)	(37,128)	(34,222)	(32,116)	(30,535)	(29,540)
Net change in total pension liability	40,225	55,566	21,256	21,855	26,514	26,531	58,318	31,111	14,870	25,802
Total pension liability - beginning	881,003	825,437	804,181	782,326	755,812	729,281	670,963	639,852	624,982	599,180
Total pension liability - ending (a)	\$ 921,228	\$ 881,003	\$ 825,437	\$ 804,181	\$ 782,326	\$ 755,812	\$ 729,281	\$ 670,963	\$ 639,852	\$ 624,982
Plan Fiduciary Net Position										
Contributions - employer	\$ 13,219	\$ 13,579	\$ 257,381	\$ 25,848	\$ 23,063	\$ 21,058	\$ 20,629	\$ 18,703	\$ 17,791	\$ 15,152
Contributions - employee	4,949	4,985	4,395	4,355	4,337	4,164	4,570	4,058	4,110	3,850
Investment income	47,901	(65,933)	133,170	25,784	32,776	39,336	48,413	2,144	9,661	66,805
Administrative Expense	(580)	(549)	(532)	(731)	(355)	(736)	(640)	(270)	(497)	(555)
Benefit payments	(49,495)	(45,876)	(44,362)	(41,247)	(38,958)	(37,128)	(34,222)	(32,116)	(30,535)	(29,540)
Net Plan to Plan Resource Movement	(1)	-	-	-	13	(3)	-	(29)	-	-
Other	-	-	-	-	1	(1,398)	-	-	-	-
Net change in plan fiduciary net position	15,993	(93,794)	350,052	14,009	20,877	25,293	38,750	(7,510)	530	55,712
Plan fiduciary net position - beginning	788,911	882,705	532,653	518,644	497,767	472,474	433,724	441,234	440,704	384,992
Plan fiduciary net position - ending (b)	\$ 804,904	\$ 788,911	\$ 882,705	\$ 532,653	\$ 518,644	\$ 497,767	\$ 472,474	\$ 433,724	\$ 441,234	\$ 440,704
Net pension liability - beginning	92,092	(57,268)	271,528	263,682	258,045	256,807	237,239	198,618	184,278	214,188
Net pension liability (asset) - ending (a)-(b)	\$ 116,324	\$ 92,092	\$ (57,268)	\$ 271,528	\$ 263,682	\$ 258,045	\$ 256,807	\$ 237,239	\$ 198,618	\$ 184,278
Plan fiduciary net position as a percentage of the total pension liability (asset)	87.37%	89.55%	106.94%	66.24%	66.30%	65.86%	64.79%	64.64%	68.96%	70.51%
Covered payroll	\$ 48,194	\$ 48,023	\$ 45,665	\$ 43,783	\$ 43,684	\$ 43,371	\$ 43,283	\$ 42,619	\$ 42,252	\$ 38,397
Net pension liability as a percentage of covered payroll	241.37%	191.77%	N/A	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 on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary. In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes in assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

* For covered payroll, the measurement period of July 1, 2022 to June 30, 2023 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

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18**	2016-17	2015-16	2014-15
Total Pension Liability										
Service cost	\$ 203	\$ 237	\$ 299	\$ 350	\$ 338	\$ 398	\$ 344	\$ 487	\$ 552	\$ 495
Interest on total pension liability	3,848	3,934	3,897	4,292	3,954	3,990	2,964	3,976	3,945	3,919
Differences between expected and actual experience	781	-	492	-	4,594	-	(794)	-	982	-
Changes in assumptions	(1,375)	-	(1,638)	6,547	1,756	-	2,115	1,515	2,928	-
Benefit payments, including refunds of employee contributions	(5,711)	(5,712)	(5,668)	(5,494)	(5,012)	(4,771)	(3,388)	(4,144)	(3,773)	(3,588)
Net change in total pension liability	(2,254)	(1,541)	(2,618)	5,695	5,630	(383)	1,241	1,834	4,634	826
Total pension liability - beginning	72,610	74,151	76,769	71,074	65,444	65,827	64,586	62,752	58,118	57,292
Total pension liability - ending (a)	\$ 70,356	\$ 72,610	\$ 74,151	\$ 76,769	\$ 71,074	\$ 65,444	\$ 65,827	\$ 64,586	\$ 62,752	\$ 58,118
Plan Fiduciary Net Position										
Contributions - employer	\$ 1,422	\$ 6,046	\$ 6,006	\$ 1,435	\$ 3,506	\$ 4,962	\$ 3,507	\$ 5,346	\$ 7,277	\$ 4,678
Investment income	6,954	4,823	(11,362)	15,717	2,114	2,582	2,128	6,373	4,282	(1,313)
Administrative Expense	(350)	(334)	(338)	(314)	(444)	(191)	(145)	(182)	(189)	(170)
Benefit payments	(5,711)	(5,712)	(5,668)	(5,494)	(5,012)	(4,771)	(3,388)	(4,144)	(3,773)	(3,588)
Section 115 Trust Segregation	-	-	-	-	-	-	(3,788)	-	-	-
Other	-	-	-	-	-	-	-	-	-	3,183
Net change in plan fiduciary net position	2,315	4,823	(11,362)	11,344	164	2,582	(1,686)	7,393	7,597	2,790
Plan fiduciary net position - beginning	63,822	58,999	70,361	59,017	58,853	56,271	57,957	50,564	42,967	40,177
Plan fiduciary net position - ending (b)	\$ 66,137	\$ 63,822	\$ 58,999	\$ 70,361	\$ 59,017	\$ 58,853	\$ 56,271	\$ 57,957	\$ 50,564	\$ 42,967
Net pension liability - beginning	8,788	15,152	6,408	12,057	6,591	9,556	6,629	12,188	15,151	17,115
Net pension liability - ending (a)-(b)	\$ 4,219	\$ 8,788	\$ 15,152	\$ 6,408	\$ 12,057	\$ 6,591	\$ 9,556	\$ 6,629	\$ 12,188	\$ 15,151
Plan fiduciary net position as a percentage of the total pension liability	94.00%	87.90%	79.57%	91.65%	83.04%	89.93%	85.48%	89.74%	80.58%	73.93%
Covered payroll	\$ 5,590	\$ 5,497	\$ 6,670	\$ 7,684	\$ 8,469	\$ 12,863	\$ 10,890	\$ 17,167	\$ 19,517	\$ 22,069
Net pension liability as a percentage of covered payroll	75.47%	159.87%	227.17%	83.39%	142.37%	51.24%	87.75%	38.61%	62.45%	68.65%

** 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	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 968	\$ 1,004	\$ 1,120	\$ 1,096	\$ 1,241	\$ 1,205	\$ 877
Interest on the total OPEB liability	1,709	1,655	2,119	2,064	1,859	1,787	1,293
Actual and expected experience difference	(3,372)	-	(6,296)	-	1,411	-	-
Changes in assumptions	503	(891)	1,603	(298)	(3,358)	-	-
Benefit payments	<u>(1,870)</u>	<u>(2,352)</u>	<u>(2,129)</u>	<u>(1,848)</u>	<u>(1,742)</u>	<u>(1,683)</u>	<u>(1,036)</u>
Net change in total OPEB liability	(2,062)	(584)	(3,583)	1,014	(589)	1,309	1,134
Total OPEB liability - beginning	29,692	30,276	33,859	32,845	33,434	32,125	30,991
Total OPEB liability - ending (a)	\$ 27,630	\$ 29,692	\$ 30,276	\$ 33,859	\$ 32,845	\$ 33,434	\$ 32,125
Plan Fiduciary Net Position							
Contribution - employer**	\$ 1,997	\$ 2,499	\$ 1,882	\$ 1,959	\$ 2,270	\$ 4,191	\$ 1,036
Net investment income	1,130	(4,561)	6,025	1,580	1,901	1,126	471
Benefit payments	(1,870)	(2,352)	(2,129)	(1,848)	(1,742)	(1,683)	(1,036)
Administrative expense	<u>(136)</u>	<u>(156)</u>	<u>(131)</u>	<u>(245)</u>	<u>(61)</u>	<u>(131)</u>	<u>(9)</u>
Net change in plan fiduciary net position	1,121	(4,570)	5,647	1,446	2,368	3,503	462
Plan fiduciary net position - beginning	31,716	36,286	30,639	29,193	26,825	23,322	22,860
Plan fiduciary net position - ending (b)	\$ 32,837	\$ 31,716	\$ 36,286	\$ 30,639	\$ 29,193	\$ 26,825	\$ 23,322
Net OPEB liability (asset) - ending (a)-(b)	\$ (5,207)	\$ (2,024)	\$ (6,010)	\$ 3,220	\$ 3,652	\$ 6,609	\$ 8,803
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	118.85%	106.82%	119.85%	90.49%	88.88%	80.23%	72.60%
Covered employee payroll	\$ 72,558	\$ 72,524	\$ 70,881	\$ 76,521	\$ 79,682	\$ 81,458	\$ 60,985
Net OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A	4.21%	4.58%	8.11%	14.43%

Notes to Schedule:

* Fiscal year 2017/18 was the first year of implementation, therefore only seven 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, 2024
(in Thousands)

Last Ten Fiscal Years
CalPERS City Miscellaneous Plan - 99

	2023-24 ¹	2022-23 ¹	2021-22 ¹	2020-21 ¹	2019-20 ¹	2018-19 ¹	2017-18 ^{1, 2}	2016-17 ¹	2015-16 ¹	2014-15 ¹
Actuarially determined contribution	\$ 5,808	\$ 7,451	\$ 6,951	\$ 18,086	\$ 16,878	\$ 14,819	\$ 9,734	\$ 11,921	\$ 11,238	\$ 10,510
Contributions in relation to the actuarially determined contributions	(5,808)	(7,451)	(6,951)	(18,086)	(16,878)	(14,819)	(9,734)	(11,921)	(11,238)	(10,510)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 52,161	\$ 51,089	\$ 46,824	\$ 45,740	\$ 45,952	\$ 45,419	\$ 33,210	\$ 45,118	\$ 44,253	\$ 46,337
Contributions as a percentage of covered payroll	11.13%	14.58%	14.84%	39.54%	36.73%	32.63%	29.31%	26.42%	25.39%	22.68%

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

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

Notes to Schedule

Valuation date: 6/30/2013 through 06/30/2022

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, 2023.
Asset valuation method	For 10/1/14-6/30/15, 15 Year Smoothed Market (for details, see June 30, 2012 Funding Valuation Report). For 7/1/15-6/30/23, Fair Value (for details, see the Funding Valuation Reports for the years ended June 30, 2013-2023).
Inflation	2.75% for 10/1/2013-6/30/2019, 2.50% for 7/1/2019-6/30/2020, and 2.30% for 7/1/2020-6/30/2023.
Salary increases	Varies by entry age and service
Payroll growth	2.75% for 10/1/2013-6/30/2020, and 2.80% for 7/1/2020-6/30/2023.
Discount Rate	The prescribed discount rate assumption, adopted by the board on November 17, 2021, is 6.90 percent compounded annually (net of investment and administrative expenses) as of June 30, 2023.
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 7/1/19-6/30/23, 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 7/1/19-6/30/23, 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, 2024
(in Thousands)

Last Ten Fiscal Years
CalPERS City Safety Plan - 100

	<u>2023-24</u> ¹	<u>2022-23</u> ¹	<u>2021-22</u> ¹	<u>2020-21</u> ¹	<u>2019-20</u> ¹	<u>2018-19</u> ¹	<u>2017-18</u> ^{1,2}	<u>2016-17</u> ¹	<u>2015-16</u> ¹	<u>2014-15</u> ¹
Actuarially determined contribution	\$ 11,484	\$ 13,220	\$ 13,579	\$ 27,691	\$ 25,847	\$ 23,062	\$ 15,223	\$ 19,468	\$ 19,129	\$ 18,125
Contributions in relation to the actuarially determined contributions	(11,484)	(13,220)	(13,579)	(27,691)	(25,847)	(23,062)	(15,223)	(19,468)	(19,129)	(19,125)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000)</u>
Covered payroll	\$ 51,351	\$ 48,601	\$ 48,023	\$ 45,665	\$ 43,783	\$ 43,684	\$ 31,943	\$ 43,269	\$ 42,607	\$ 44,055
Contributions as a percentage of covered payroll	22.36%	27.20%	28.28%	60.64%	59.03%	52.79%	47.66%	44.99%	44.90%	43.41%

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

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

Notes to Schedule

Valuation date: 6/30/2013 through 06/30/2022

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, 2023.
Asset valuation method	For 10/1/14-6/30/15, 15 Year Smoothed Market (for details, see June 30, 2012 Funding Valuation Report). For 7/1/15-6/30/23, Fair Value (for details, see the Funding Valuation Reports for the years ended June 30, 2013-2023).
Inflation	2.75% for 10/1/2013-6/30/2019, 2.50% for 7/1/2019-6/30/2020, and 2.30% for 7/1/2020-6/30/2023.
Salary increases	Varies by entry age and service.
Payroll growth	2.75% for 10/1/2013-6/30/2020, and 2.80% for 7/1/2020-6/30/2022.
Discount Rate	The prescribed discount rate assumption, adopted by the board on November 17, 2021, is 6.90% compounded annually (net of investment and administrative expenses) as of June 30, 2023.
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 7/1/19-6/30/23, 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 7/1/19-6/30/23, 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, 2024
(in Thousands)

Last Ten Fiscal Years*
Supplemental Retirement Plan

	<u>2023-24¹</u>	<u>2022-23¹</u>	<u>2021-22¹</u>	<u>2020-21¹</u>	<u>2019-20¹</u>	<u>2018-19¹</u>	<u>2017-18^{1,2}</u>	<u>2016-17¹</u>	<u>2015-16¹</u>	<u>2014-15¹</u>
Actuarially determined contribution	\$ 1,388	\$ 1,413	\$ 889	\$ 933	\$ 1,689	\$ 2,258	\$ 2,879	\$ 3,895	\$ 3,576	\$ 3,634
Contributions in relation to the actuarially determined contributions	(1,422)	(6,046)	(6,006)	(1,435)	(3,506)	(4,962)	(3,507)	(5,346)	(7,277)	(4,678)
Contribution deficiency (excess)	<u>\$ (34)</u>	<u>\$ (4,633)</u>	<u>\$ (5,117)</u>	<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>
Covered payroll	\$ 5,590	\$ 5,497	\$ 6,670	\$ 7,684	\$ 8,469	\$ 12,863	\$ 10,890	\$ 17,167	\$ 19,517	\$ 22,069
Contributions as a percentage of covered payroll	25.44%	109.99%	90.04%	18.68%	41.40%	38.58%	32.20%	31.14%	37.29%	21.20%

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

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

Notes to Schedule

Valuation date:	6/30/2023	6/30/2021	6/30/2021	6/30/2019	6/30/2019	9/30/2017	9/30/2017	9/30/2015	9/30/2013	9/30/2013
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level Percentage of Payroll 9/30/12 UAAL: fixed 10-year period, Gains/Losses: fixed 15-year period, Discount rate change loss: 10-year period, 6/30/18 UAAL: fixed 5-year period fresh start. 19-year closed period for 2021/2022. 20-year fixed period for 2022/23. 19-year fixed period for 2023/24. Level dollar amortization.
Amortization method/period	
Asset valuation method	Investment gains/losses spread over a 3-year rolling period.
Inflation	3% for 10/1/2013-6/30/2020 and 2.50% per annum for 7/1/2020-6/30/2024.
Salary increases	Aggregate - 2.75% annually. Merit - CalPERS 2000-2019 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, 2021 - June 30, 2023 period. Merit - CalPERS 2000-2019 Experience Study plus 2.75% annually increase for the July 1, 2023 - June 30, 2024 period. 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, 2022 measurement period. 5.50%, net of pension plan investment and administrative expenses, for the July 1, 2022 - June 30, 2024 measurement period.
Investment rate of return	
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, 2021 to June 30, 2022 measurement period. Mortality projected fully generational with Scale MP-2021 for the July 1, 2022 to June 30, 2024 measurement period.

Schedule of Money Weighted Rate of Return

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018²</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money Weighted Rate of Return, net of investment expense	11.10%	8.37%	-15.97%	26.88%	3.79%	4.79%	4.04%	12.87%	10.20%	-2.82%

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

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

City of Huntington Beach
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2024
(in Thousands)

Last Ten Fiscal Years*
Other Post Employment Benefits Plan

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018**
Actuarially Determined Contribution (ADC)	\$ 793	\$ 856	\$ 1,401	\$ 1,364	\$ 1,793	\$ 1,746	\$ 2,022
Contributions in relation to the ADC***	(935)	(1,997)	(2,499)	(1,882)	(1,959)	(2,270)	(4,192)
Contribution deficiency (excess)	\$ (142)	\$ (1,141)	\$ (1,098)	\$ (518)	\$ (166)	\$ (524)	\$ (2,170)
Covered-employee payroll**	\$ 74,640	\$ 72,558	\$ 72,524	\$ 70,881	\$ 76,521	\$ 79,682	\$ 59,589
Contributions as a percentage of covered-employee payroll	1.25%	2.75%	3.45%	2.66%	2.56%	2.85%	7.03%

Notes to Schedule:

Valuation date:	6/30/2023	6/30/2021	6/30/2021	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 19-year fixed period
Asset Valuation Method	Investment gains and losses spread over 5-year fixed period.
Inflation	3% for 10/1/17-6/30/18 and 2.75% per annum for the measurement period 7/1/2018 to 6/30/2022. 2.50% per annum for the measurement period 7/1/2022 to 6/30/2024.
Payroll Growth	2.75% 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. 5.50% for the July 1, 2020 - June 30, 2021 period. 5.75% for the July 1, 2021 to June 30, 2023 period. Assumes investing in California Employers' Retiree Benefit Trust asset allocation Strategy 3, moving to Strategy 2 beginning March 2019.
Healthcare cost-trend rates	8.50%, 1.0% - 2.0% near term increase then decreasing by 0.15%-0.60% per year to trend rate that reflects medical price inflation to an ultimate rate of 3.45% 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 2000-2019-2015 experience Study for Measurement period as of 6/30/23.
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



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 **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 **Lease Capital Project Fund** records activity for leases 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 **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, 2024
(In Thousands)**

SPECIAL REVENUE FUNDS						
	Air Quality	Development Impact Fee	Disability Access	Drainage	Strand Parking Structures	Gas Tax
ASSETS						
Cash and Investments	\$ 807	\$ 6,957	\$ 470	\$ 3,609	\$ 4,125	\$ 7,839
Taxes Receivable	-	-	-	-	-	318
Other Receivables	154	45	3	24	27	943
Total Assets	961	7,002	473	3,633	4,152	9,100
LIABILITIES						
Accounts Payable	51	100	2	37	-	330
Accrued Payroll	-	3	-	-	-	20
Total Liabilities	51	103	2	37	-	350
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	82	-	-	-	-	-
Total Deferred Inflows of Resources	82	-	-	-	-	-
FUND BALANCES						
Restricted						
Pollution Remediation	-	-	-	-	-	-
Highways, Streets and Transportation	-	-	-	-	-	8,750
Low Income Housing	-	-	-	-	-	-
Air Quality	828	-	-	-	-	-
Other Capital Projects	-	6,899	-	3,596	-	-
Other Purposes	-	-	471	-	-	-
Committed						
Parks	-	-	-	-	-	-
Other Purposes	-	-	-	-	4,152	-
Total Fund Balances	828	6,899	471	3,596	4,152	8,750
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 961	\$ 7,002	\$ 473	\$ 3,633	\$ 4,152	\$ 9,100

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2024
(In Thousands)
(continued)**

SPECIAL REVENUE FUNDS							
Housing Residual Receipt	Park Acquisition and Development	Surf City "3"	ELM Automation Fund	Traffic Congestion Relief	Traffic Impact Fee	Transportation	Total Special Revenue Funds
\$ 2,165	\$ 7,030	\$ 1,965	\$ 1,034	\$ 1,601	\$ 4,355	\$ 4,681	\$ 46,638
-	-	199	-	151	-	730	1,398
9	448	11	6	19	28	30	1,747
<u>2,174</u>	<u>7,478</u>	<u>2,175</u>	<u>1,040</u>	<u>1,771</u>	<u>4,383</u>	<u>5,441</u>	<u>49,783</u>
-	-	52	18	288	78	278	1,234
-	-	-	3	-	-	26	52
-	-	<u>52</u>	<u>21</u>	<u>288</u>	<u>78</u>	<u>304</u>	<u>1,286</u>
-	-	-	-	-	-	-	82
-	-	-	-	-	-	-	<u>82</u>
-	336	-	-	-	-	-	336
-	-	-	-	1,483	4,305	5,137	19,675
2,174	-	-	-	-	-	-	2,174
-	-	-	-	-	-	-	828
-	-	-	-	-	-	-	10,495
-	-	2,123	1,019	-	-	-	3,613
-	7,142	-	-	-	-	-	7,142
-	-	-	-	-	-	-	4,152
<u>2,174</u>	<u>7,478</u>	<u>2,123</u>	<u>1,019</u>	<u>1,483</u>	<u>4,305</u>	<u>5,137</u>	<u>48,415</u>
<u>\$ 2,174</u>	<u>\$ 7,478</u>	<u>\$ 2,175</u>	<u>\$ 1,040</u>	<u>\$ 1,771</u>	<u>\$ 4,383</u>	<u>\$ 5,441</u>	<u>\$ 49,783</u>

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2024
(In Thousands)
(continued)**

	DEBT SERVICE FUNDS		CAPITAL PROJECT FUNDS	
	Public Financing Authority	Total Debt Service Fund	Affordable Housing In-Lieu	Lease Capital Project
ASSETS				
Cash and Investments	\$ 3,399	\$ 3,399	\$ 10,066	\$ -
Cash and Investments with Fiscal Agent	1,115	1,115	-	2,466
Taxes Receivable	-	-	-	-
Other Receivables	-	-	65	22
Prepays	-	-	-	4,576
Total Assets	4,514	4,514	10,131	7,064
LIABILITIES				
Accounts Payable	2	2	-	-
Accrued Payroll	-	-	-	-
Total Liabilities	2	2	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Restricted				
Pollution Remediation	-	-	-	-
Debt Service	4,512	4,512	-	-
Highways, Streets and Transportation	-	-	-	-
Low Income Housing	-	-	10,131	-
Air Quality	-	-	-	-
Other Capital Projects	-	-	-	7,064
Other Purposes	-	-	-	-
Committed				
Parks	-	-	-	-
Other Capital Projects	-	-	-	-
Other Purposes	-	-	-	-
Assigned				
Capital Improvement Reserve	-	-	-	-
Total Fund Balances	4,512	4,512	10,131	7,064
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,514	\$ 4,514	\$ 10,131	\$ 7,064

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2024
(In Thousands)
(continued)**

CAPITAL PROJECT FUNDS					
Parking In-Lieu	Sewer Development	Technology	Total Capital Projects Funds	Total Other Governmental Funds	
\$ 936	\$ 1,959	\$ 6,143	\$ 19,104	\$ 69,141	
-	-	-	2,466	3,581	
-	-	-	-	1,398	
3	13	35	138	1,885	
-	-	589	5,165	5,165	
939	1,972	6,767	26,873	81,170	
-	45	5	50	1,286	
-	-	-	-	52	
-	45	5	50	1,338	
-	-	-	-	82	
-	-	-	-	82	
-	-	-	-	336	
-	-	-	-	4,512	
-	-	-	-	19,675	
-	-	-	10,131	12,305	
-	-	-	-	828	
-	-	-	7,064	17,559	
-	-	-	-	3,613	
-	-	-	-	7,142	
939	1,927	-	2,866	2,866	
-	-	-	-	4,152	
-	-	6,762	6,762	6,762	
939	1,927	6,762	26,823	79,750	
\$ 939	\$ 1,972	\$ 6,767	\$ 26,873	\$ 81,170	

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

	SPECIAL REVENUE FUNDS					
	Air Quality	Development Impact Fee	Disability Access	Drainage	Strand Parking Structures	Gas Tax
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Licenses and Permits	-	-	72	-	-	-
Use of Money and Property (Loss)	18	189	12	222	1,758	160
Intergovernmental	229	-	-	-	-	8,737
Charges for Current Service	-	659	-	412	-	-
Other	-	-	-	-	-	-
Total Revenues	247	848	84	634	1,758	8,897
EXPENDITURES						
Current:						
City Manager	-	-	-	-	-	-
Finance	-	-	24	-	-	-
Community Development	-	-	-	-	1,051	-
Information Systems	-	-	-	-	-	-
Police	-	846	-	-	-	-
Community Services	-	1,274	-	-	-	-
Library Services	-	52	-	-	-	-
Public Works	457	-	-	1,167	-	4,943
Total Expenditures	457	2,172	24	1,167	1,051	4,943
Excess Of Revenues Over (Under) Expenditures	(210)	(1,324)	60	(533)	707	3,954
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	(465)	-
Total Other Financing Sources (Uses)	-	-	-	-	(465)	-
Net Change in Fund Balances	(210)	(1,324)	60	(533)	242	3,954
Fund Balances - Beginning of Year	1,038	8,223	411	4,129	3,910	4,796
Fund Balances - End of Year	\$ 828	\$ 6,899	\$ 471	\$ 3,596	\$ 4,152	\$ 8,750

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)
(continued)

SPECIAL REVENUE FUNDS							
Housing Residual Receipt	Park Acquisition and Development	Surf City "3"	ELM Automation Fund	Traffic Congestion Relief	Traffic Impact Fee	Transportation	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,582	\$ 4,582
-	-	441	-	-	-	-	441
-	-	-	-	-	7	-	79
36	275	42	29	39	110	113	3,003
760	-	-	-	1,805	-	-	11,531
-	1,559	-	610	-	138	-	3,378
77	-	-	-	8	-	-	85
873	1,834	483	639	1,852	255	4,695	23,099
-	-	487	-	-	-	-	487
-	-	-	-	-	-	-	24
-	-	-	-	-	-	-	1,051
-	-	-	271	-	-	-	271
-	-	-	-	-	-	-	846
-	8	-	-	-	-	-	1,282
-	-	-	-	-	-	-	52
-	-	-	-	1,699	131	3,508	11,905
-	8	487	271	1,699	131	3,508	15,918
873	1,826	(4)	368	153	124	1,187	7,181
-	-	1,169	-	-	-	-	1,169
-	-	(612)	-	-	-	-	(1,077)
-	-	557	-	-	-	-	92
873	1,826	553	368	153	124	1,187	7,273
1,301	5,652	1,570	651	1,330	4,181	3,950	41,142
\$ 2,174	\$ 7,478	\$ 2,123	\$ 1,019	\$ 1,483	\$ 4,305	\$ 5,137	\$ 48,415

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)
(continued)

	DEBT SERVICE FUNDS		CAPITAL PROJECT FUNDS	
	Public Financing Authority	Total Debt Service Funds	Affordable Housing In-Lieu	Lease Capital Project
REVENUES				
Sales Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Licenses and Permits	-	-	70	-
Use of Money and Property (Loss)	45	45	470	356
Intergovernmental	-	-	-	-
Charges for Current Service	-	-	-	-
Other	-	-	1	-
Total Revenues	45	45	541	356
EXPENDITURES				
Current:				
City Manager	-	-	-	-
Finance	7	7	-	-
Community Development	-	-	-	-
Fire	-	-	-	4,635
Information Systems	-	-	-	-
Police	-	-	-	-
Community Services	-	-	-	-
Library Services	-	-	-	-
Public Works	-	-	-	-
Debt Service:				
Principal	2,250	2,250	-	-
Interest	705	705	-	-
Total Expenditures	2,962	2,962	-	4,635
Excess Of Revenues Over (Under) Expenditures	(2,917)	(2,917)	541	(4,279)
Other Financing Sources (Uses):				
Transfers In	2,968	2,968	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	2,968	2,968	-	-
Net Change in Fund Balances	51	51	541	(4,279)
Fund Balances - Beginning of Year	4,461	4,461	9,590	11,343
Fund Balances - End of Year	\$ 4,512	\$ 4,512	\$ 10,131	\$ 7,064

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)
(continued)

CAPITAL PROJECT FUNDS				
Parking In-Lieu	Sewer Development	Technology	Total Capital Projects Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 4,582
-	-	-	-	441
244	-	-	314	393
-	141	314	1,281	4,329
-	12	-	12	11,543
-	161	-	161	3,539
-	12	-	13	98
<u>244</u>	<u>326</u>	<u>314</u>	<u>1,781</u>	<u>24,925</u>
-	-	-	-	487
-	-	-	-	31
74	-	-	74	1,125
-	-	-	4,635	4,635
-	-	749	749	1,020
-	-	-	-	846
-	-	-	-	1,282
-	-	-	-	52
-	826	-	826	12,731
-	-	-	-	2,250
-	-	-	-	705
<u>74</u>	<u>826</u>	<u>749</u>	<u>6,284</u>	<u>25,164</u>
<u>170</u>	<u>(500)</u>	<u>(435)</u>	<u>(4,503)</u>	<u>(239)</u>
-	-	1,000	1,000	5,137
-	-	-	-	(1,077)
-	-	1,000	1,000	4,060
170	(500)	565	(3,503)	3,821
769	2,427	6,197	30,326	75,929
<u>\$ 939</u>	<u>\$ 1,927</u>	<u>\$ 6,762</u>	<u>\$ 26,823</u>	<u>\$ 79,750</u>

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

Air Quality

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 18	\$ 18
Intergovernmental	250	529	229	(300)
Total Revenues	250	529	247	(282)
EXPENDITURES:				
Current:				
Public Works	388	1,605	457	1,148
Total Expenditures	388	1,605	457	1,148
Net Change in Fund Balance	(138)	(1,076)	(210)	866
Fund Balance - Beginning of Year	1,038	1,038	1,038	-
Fund Balance - End of Year	\$ 900	\$ (38)	\$ 828	\$ 866

Development Impact Fee

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 189	\$ 189
Charges for Current Service	915	915	659	(256)
Total Revenues	915	915	848	(67)
EXPENDITURES:				
Current:				
Fire	-	826	-	826
Police	-	1,188	846	342
Community Services	503	2,602	1,274	1,328
Library Services	-	299	52	247
Total Expenditures	503	4,915	2,172	2,743
Net Change in Fund Balance	412	(4,000)	(1,324)	2,676
Fund Balance - Beginning of Year	8,223	8,223	8,223	-
Fund Balance - End of Year	\$ 8,635	\$ 4,223	\$ 6,899	\$ 2,676

Disability Access

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ 84	\$ 84	\$ 72	\$ (12)
Use of Money and Property	-	-	12	12
Total Revenues	84	84	84	-
EXPENDITURES:				
Current:				
Finance	84	84	24	60
Total Expenditures	84	84	24	60
Net Change in Fund Balance	-	-	60	60
Fund Balance - Beginning of Year	411	411	411	-
Fund Balance - End of Year	\$ 411	\$ 411	\$ 471	\$ 60

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

Drainage

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 222	\$ 222
Charges for Current Service	200	200	412	212
Total Revenues	200	200	634	434
EXPENDITURES:				
Current:				
Public Works	424	4,229	1,167	3,062
Total Expenditures	424	4,229	1,167	3,062
Net Change in Fund Balance	(224)	(4,029)	(533)	3,496
Fund Balance - Beginning of Year	4,129	4,129	4,129	-
Fund Balance - End of Year	\$ 3,905	\$ 100	\$ 3,596	\$ 3,496

Strand Parking Structure

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ 1,615	\$ 1,615	\$ 1,758	\$ 143
Total Revenues	1,615	1,615	1,758	143
EXPENDITURES:				
Current:				
Community Development	1,244	1,368	1,051	317
Total Expenditures	1,244	1,368	1,051	317
OTHER FINANCING SOURCES (USES):				
Transfers Out	(465)	(465)	(465)	-
Total Other Financing Sources (Uses)	(465)	(465)	(465)	-
Net Change in Fund Balance	(94)	(218)	242	460
Fund Balance - Beginning of Year	3,910	3,910	3,910	-
Fund Balance - End of Year	\$ 3,816	\$ 3,692	\$ 4,152	\$ 460

Gas Tax

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 160	\$ 160
Intergovernmental	8,612	8,612	8,737	125
Total Revenues	8,612	8,612	8,897	285
EXPENDITURES:				
Current:				
Public Works	7,659	12,342	4,943	7,399
Total Expenditures	7,659	12,342	4,943	7,399
OTHER FINANCING SOURCES (USES):				
Transfers Out	(106)	-	-	-
Total Other Financing Sources (Uses)	(106)	-	-	-
Net Change in Fund Balance	847	(3,730)	3,954	7,684
Fund Balance - Beginning of Year	4,796	4,796	4,796	-
Fund Balance - End of Year	\$ 5,643	\$ 1,066	\$ 8,750	\$ 7,684

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

Housing Residual Receipt

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 36	\$ 36
Intergovernmental	-	-	760	760
Other	30	30	77	47
Total Revenues	30	30	873	843
EXPENDITURES:				
Current:				
Community Development	30	31	-	31
Total Expenditures	30	31	-	31
Net Change in Fund Balance	-	(1)	873	874
Fund Balance - Beginning of Year	1,301	1,301	1,301	-
Fund Balance - End of Year	\$ 1,301	\$ 1,300	\$ 2,174	\$ 874

Park Acquisition and Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property (Loss)	\$ -	\$ -	\$ 275	\$ 275
Charges for Current Service	400	400	1,559	1,159
Total Revenues	400	400	1,834	1,434
EXPENDITURES:				
Current:				
Community Services	554	562	8	554
Total Expenditures	554	562	8	554
Net Change in Fund Balance	(154)	(162)	1,826	1,988
Fund Balance - Beginning of Year	5,652	5,652	5,652	-
Fund Balance - End of Year	\$ 5,498	\$ 5,490	\$ 7,478	\$ 1,988

Surf City "3"

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Other Taxes	\$ 490	\$ 490	\$ 441	\$ (49)
Use of Money and Property	-	-	42	42
Total Revenues	490	490	483	(7)
EXPENDITURES:				
Current:				
City Manager	490	707	487	220
Total Expenditures	490	707	487	220
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(217)	(4)	213
OTHER FINANCING SOURCES (USES):				
Transfers In	-	1,169	1,169	-
Transfers Out	-	(764)	(612)	152
Total Other Financing Sources (Uses)	-	405	557	152
Net Change in Fund Balance	-	188	553	365
Fund Balance - Beginning of Year	1,570	1,570	1,570	-
Fund Balance - End of Year	\$ 1,570	\$ 1,758	\$ 2,123	\$ 365

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

ELM Automation Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 29	\$ 29
Charges for Current Service	400	400	610	210
Total Revenues	400	400	639	239
EXPENDITURES:				
Current:				
Information Systems	435	435	271	164
Total Expenditures	435	435	271	164
OTHER FINANCING SOURCES (USES):				
Transfers Out	(18)	-	-	-
Total Other Financing Sources (Uses)	(18)	-	-	-
Net Change in Fund Balance	(53)	(35)	368	403
Fund Balance - Beginning of Year	651	651	651	-
Fund Balance - End of Year	\$ 598	\$ 616	\$ 1,019	\$ 403

Traffic Congestion Relief

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 39	\$ 39
Intergovernmental	1,971	1,971	1,805	(166)
Other	-	-	8	8
Total Revenues	1,971	1,971	1,852	(119)
EXPENDITURES:				
Current:				
Public Works	2,140	3,077	1,699	1,378
Total Expenditures	2,140	3,077	1,699	1,378
Net Change in Fund Balance	(169)	(1,106)	153	1,259
Fund Balance - Beginning of Year	1,330	1,330	1,330	-
Fund Balance - End of Year	\$ 1,161	\$ 224	\$ 1,483	\$ 1,259

Traffic Impact Fee

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
REVENUES:				
Licenses and Permits	\$ -	\$ -	\$ 7	\$ 7
Use of Money and Property	-	-	110	110
Charges for Current Service	100	100	138	38
Total Revenues	100	100	255	155
EXPENDITURES:				
Current:				
Public Works	496	3,170	131	3,039
Total Expenditures	496	3,170	131	3,039
Net Change in Fund Balance	(396)	(3,070)	124	3,194
Fund Balance - Beginning of Year	4,181	4,181	4,181	-
Fund Balance - End of Year	\$ 3,785	\$ 1,111	\$ 4,305	\$ 3,194

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

Transportation

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Sales Taxes	\$ 4,171	\$ 4,171	\$ 4,582	\$ 411
Use of Money and Property	-	-	113	113
Total Revenues	4,171	4,171	4,695	524
EXPENDITURES:				
Current:				
Public Works	3,324	7,866	3,508	4,358
Total Expenditures	3,324	7,866	3,508	4,358
OTHER FINANCING SOURCES (USES):				
Transfers Out	176	-	-	-
Total Other Financing Sources (Uses)	176	-	-	-
Net Change in Fund Balance	1,023	(3,695)	1,187	4,882
Fund Balance - Beginning of Year	3,950	3,950	3,950	-
Fund Balance - End of Year	\$ 4,973	\$ 255	\$ 5,137	\$ 4,882

Public Financing Authority

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 45	\$ 45
Total Revenues	-	-	45	45
EXPENDITURES:				
Current:				
Finance	12	12	7	5
Debt Service:				
Principal	2,250	2,250	2,250	-
Interest	705	705	705	-
Total Expenditures	2,967	2,967	2,962	5
OTHER FINANCING SOURCES (USES):				
Transfers In	2,968	2,968	2,968	-
Total Other Financing Sources (Uses)	2,968	2,968	2,968	-
Net Change in Fund Balance	1	1	51	50
Fund Balance - Beginning of Year	4,461	4,461	4,461	-
Fund Balance - End of Year	\$ 4,462	\$ 4,462	\$ 4,512	\$ 50

Affordable Housing In-Lieu

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ 2,901	\$ 2,901	\$ 70	\$ (2,831)
Use of Money and Property	-	-	470	470
Other	-	-	1	1
Total Revenues	2,901	2,901	541	(2,360)
Net Change in Fund Balance	2,901	2,901	541	(2,360)
Fund Balance - Beginning of Year	9,590	9,590	9,590	-
Fund Balance - End of Year	\$ 12,491	\$ 12,491	\$ 10,131	\$ (2,360)

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

Lease Capital Project

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 356	\$ 356
Total Revenues	<u>-</u>	<u>-</u>	<u>356</u>	<u>356</u>
EXPENDITURES:				
Current:				
Fire	-	10,818	4,635	6,183
Total Expenditures	<u>-</u>	<u>10,818</u>	<u>4,635</u>	<u>6,183</u>
Net Change in Fund Balance	<u>-</u>	<u>(10,818)</u>	<u>(4,279)</u>	<u>6,539</u>
Fund Balance - Beginning of Year	<u>11,343</u>	<u>11,343</u>	<u>11,343</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 11,343</u>	<u>\$ 525</u>	<u>\$ 7,064</u>	<u>\$ 6,539</u>

Parking In-Lieu

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ 54	\$ 54	\$ 244	\$ 190
Total Revenues	<u>54</u>	<u>54</u>	<u>244</u>	<u>190</u>
EXPENDITURES:				
Current:				
Community Development	50	154	74	80
Total Expenditures	<u>50</u>	<u>154</u>	<u>74</u>	<u>80</u>
Net Change in Fund Balance	<u>4</u>	<u>(100)</u>	<u>170</u>	<u>270</u>
Fund Balance - Beginning of Year	<u>769</u>	<u>769</u>	<u>769</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 773</u>	<u>\$ 669</u>	<u>\$ 939</u>	<u>\$ 270</u>

Sewer Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 141	\$ 141
Intergovernmental	12	12	12	-
Charges for Current Service	155	155	161	6
Other	-	-	12	12
Total Revenues	<u>167</u>	<u>167</u>	<u>326</u>	<u>159</u>
EXPENDITURES:				
Current:				
Public Works	800	1,480	826	654
Total Expenditures	<u>800</u>	<u>1,480</u>	<u>826</u>	<u>654</u>
Net Change in Fund Balance	<u>(633)</u>	<u>(1,313)</u>	<u>(500)</u>	<u>813</u>
Fund Balance - Beginning of Year	<u>2,427</u>	<u>2,427</u>	<u>2,427</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,794</u>	<u>\$ 1,114</u>	<u>\$ 1,927</u>	<u>\$ 813</u>

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

Technology

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property (Loss)	\$ -	\$ -	\$ 314	\$ 314
Total Revenues	<u>-</u>	<u>-</u>	<u>314</u>	<u>314</u>
EXPENDITURES:				
Current:				
Information Systems	-	3,004	749	2,255
Total Expenditures	<u>-</u>	<u>3,004</u>	<u>749</u>	<u>2,255</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,000	1,000	1,000	-
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net Change in Fund Balance	<u>1,000</u>	<u>(2,004)</u>	<u>565</u>	<u>2,569</u>
Fund Balance - Beginning of Year	<u>6,197</u>	<u>6,197</u>	<u>6,197</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 7,197</u>	<u>\$ 4,193</u>	<u>\$ 6,762</u>	<u>\$ 2,569</u>

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)**

LMIHAF Capital Projects Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ 200	\$ 200	\$ 790	\$ 590
Intergovernmental	3,801	3,801	3,801	-
Total Revenues	4,001	4,001	4,591	590
EXPENDITURES:				
Current:				
Community Development	25	2,433	1,600	833
Total Expenditures	25	2,433	1,600	833
Excess of Revenues Over (Under) Expenditures	3,976	1,568	2,991	1,423
Net Change in Fund Balance	3,976	1,568	2,991	1,423
Fund Balance - Beginning of Year	4,919	4,919	4,919	-
Fund Balance - End of Year	\$ 8,895	\$ 6,487	\$ 7,910	\$ 1,423

Pension Liability Debt Service Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property Taxes	\$ 7,000	\$ 7,000	\$ 8,880	\$ 1,880
Use of Money and Property	-	-	767	767
Charges for Current Service	5,362	20,933	21,073	140
Other				-
Total Revenues	12,362	27,933	30,720	2,787
EXPENDITURES:				
Current:				
Finance	-	-	5	(5)
Debt Service:				
Principal	13,575	13,575	12,640	935
Interest	8,995	8,995	8,438	557
Total Expenditures	22,570	22,570	21,083	1,487
Excess of Revenues Over (Under) Expenditures	(10,208)	5,363	9,637	4,274
OTHER FINANCING SOURCES (USES):				
Transfers In	17,070	1,500	1,500	-
Total Other Financing Sources (Uses)	17,070	1,500	1,500	-
Net Change in Fund Balance	6,862	6,863	11,137	4,274
Fund Balance - Beginning of Year	24,982	24,982	24,982	-
Fund Balance - End of Year	\$ 31,844	\$ 31,845	\$ 36,119	\$ 4,274

**CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)**

Infrastructure

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 1,474	\$ 1,474
Intergovernmental	-	-	50	50
Other	-	-	67	67
Total Revenues	<u>-</u>	<u>-</u>	<u>1,591</u>	<u>1,591</u>
EXPENDITURES:				
Current:				
Community Services	158	225	219	6
Public Works	14,393	47,792	22,122	25,670
Total Expenditures	<u>14,551</u>	<u>48,017</u>	<u>22,341</u>	<u>25,676</u>
Excess of Revenues Over (Under) Expenditures	<u>(14,551)</u>	<u>(48,017)</u>	<u>(20,750)</u>	<u>27,267</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	14,900	16,749	16,749	-
Transfers Out	(214)	-	-	-
Total Other Financing Sources (Uses)	<u>14,686</u>	<u>16,749</u>	<u>16,749</u>	<u>-</u>
Net Change in Fund Balance	135	(31,268)	(4,001)	27,267
Fund Balance - Beginning of Year	<u>33,398</u>	<u>33,398</u>	<u>33,398</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 33,533</u>	<u>\$ 2,130</u>	<u>\$ 29,397</u>	<u>\$ 27,267</u>



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.

CITY OF HUNTINGTON BEACH
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2024
(In Thousands)

	Governmental Activities			
	Self Insurance Workers' Comp	Self Insurance General Liability	Equipment Replacement Fund	Internal Service Fund Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 24,888	\$ 15,712	\$ 14,274	\$ 54,874
Other Receivables, Net	1,233	102	57	1,392
Prepays	600	-	1,895	2,495
Total Current Assets	26,721	15,814	16,226	58,761
Non-Current Assets:				
Net Other Postemployment Benefits Asset	17	8	-	25
Total Non-Current Assets	17	8	-	25
Capital Assets:				
Buildings and Improvements	-	-	67	67
Machinery and Equipment	-	-	16,769	16,769
Less Accumulated Depreciation	-	-	(5,634)	(5,634)
Total Capital Assets	-	-	11,202	11,202
Total Assets	26,738	15,822	27,428	69,988
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	369	-	-	369
Deferred Outflows Related to Other Postemployment Benefits	19	8	-	27
Total Deferred Outflows of Resources	388	8	-	396
Total Assets and Deferred Outflows of Resources	27,126	15,830	27,428	70,384
LIABILITIES				
Current Liabilities:				
Accounts Payable	585	10	580	1,175
Accrued Payroll	4	6	-	10
Current Portion of Claims Payable	10,332	4,031	-	14,363
Current Portion of Compensated Absences	13	3	-	16
Long-Term Obligations Due Within One Year	43	-	-	43
Total Current Liabilities	10,977	4,050	580	15,607
Non-Current Liabilities:				
Compensated Absences	35	8	-	43
Long-Term Obligations Due in More than One Year	900	-	-	900
Net Pension Liability	600	-	-	600
Claims Payable	40,999	5,733	-	46,732
Total Non-Current Liabilities	42,534	5,741	-	48,275
Total Liabilities	53,511	9,791	580	63,882
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	1	-	-	1
Deferred Inflows Related to Other Postemployment Benefits	29	13	-	42
Total Deferred Inflows of Resources	30	13	-	43
NET POSITION				
Net Investment in Capital Assets	10,332	4,031	11,202	25,565
Restricted for:				
OPEB Benefits	17	8	-	25
Unrestricted	(36,764)	1,987	15,646	(19,131)
Total Net Position	(26,415)	6,026	26,848	6,459
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 27,126	\$ 15,830	\$ 27,428	\$ 70,384

CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)

	Governmental Activities			
	Self Insurance Workers' Comp	Self Insurance General Liability	Equipment Replacement Fund	Internal Service Fund Total
OPERATING REVENUES				
Fees and Charges for Service	\$ 15,586	\$ 15,569	\$ 5,605	\$ 36,760
Other	2,081	5,106	2,171	9,358
Total Operating Revenues	17,667	20,675	7,776	46,118
OPERATING EXPENSES				
Supplies and Operations	2,106	358	1,905	4,369
Claims and Judgments	18,541	6,423	-	24,964
Depreciation	-	-	2,019	2,019
Total Operating Expenses	20,647	6,781	3,924	31,352
Operating Income (Loss)	(2,980)	13,894	3,852	14,766
NON-OPERATING REVENUES (EXPENSES)				
Investment Income (Loss)	933	552	496	1,981
Interest Expense	(26)	-	-	(26)
Total Non-Operating Revenues (Expenses)	907	552	496	1,955
 Income (Loss) Before Transfers	 (2,073)	 14,446	 4,348	 16,721
 Change in Net Position	 (2,073)	 14,446	 4,348	 16,721
Net Position - Beginning of Year	(24,342)	(8,420)	22,500	(10,262)
Net Position - Beginning of Year as Restated	(24,342)	(8,420)	22,500	(10,262)
Net Position - End of Year	\$ (26,415)	\$ 6,026	\$ 26,848	\$ 6,459

**CITY OF HUNTINGTON BEACH
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(In Thousands)**

	Governmental Activities			
	Self Insurance Workers' Comp	Self Insurance General Liability	Equipment Replacement Fund	Internal Service Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 16,510	\$ 20,613	\$ 7,768	\$ 44,891
Cash Paid to Employees for Services	(198)	(156)	-	(354)
Cash Paid to Suppliers of Goods and Services	(12,791)	(19,481)	(2,087)	(34,359)
Net Cash and Investment Provided (Used) by Operating Activities	3,521	976	5,681	10,178
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Debt Service	(43)	-	-	(43)
Interest Paid	(26)	-	-	(26)
Net Cash and Investments Provided (Used) by Noncapital Financing Activities	(69)	-	-	(69)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	-	-	(3,812)	(3,812)
Net Cash and Investments Provided (Used) by Capital and Related Financing Activities	-	-	(3,812)	(3,812)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment (Loss)	933	552	496	1,981
Net Cash and Investments Provided (Used) by Investing Activities	933	552	496	1,981
Net Increase in Cash and Investments	4,385	1,528	2,365	8,278
Cash and Investments - Beginning of Year	20,503	14,184	11,909	46,596
Cash and Investments - End of Year	\$ 24,888	\$ 15,712	\$ 14,274	\$ 54,874
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND INVESTMENTS PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (2,980)	\$ 13,894	\$ 3,852	\$ 14,766
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Investments Provided (Used) by Operating Activities				
Depreciation	-	-	2,019	2,019
(Increase) in Other Receivables, Net	(1,157)	(62)	(8)	(1,227)
Decrease in Prepaids	-	-	(514)	(514)
(Increase) in Net Other Postemployment Benefits Asset	(10)	(5)	-	(15)
Increase (Decrease) in Accounts Payable	232	(94)	332	470
Increase in Accrued Payroll	-	2	-	2
Increase (Decrease) in Claims Payable	7,244	(12,770)	-	(5,526)
Increase in Compensated Absences	-	7	-	7
Decrease in Deferred Pension Outflow	97	-	-	97
Increase in Net Pension Liability	87	-	-	87
Decrease in Deferred Other Postemployment Benefits Outflow	3	2	-	5
Increase in Deferred Other Postemployment Benefits Inflow	5	2	-	7
Net Cash and Investments Provided (Used) by Operating Activities	\$ 3,521	\$ 976	\$ 5,681	\$ 10,178
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				

There were no noncash investing, capital, or financing activities during the year ended June 30, 2024.



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.

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF FIDUCIARY FUND ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2024

	Custodial Funds			
	Community Facilities Districts	Business Improvement Districts	Parking Structure - Bella Terra	Total Custodial Funds
ASSETS:				
Current Assets:				
Cash and Investments	\$ 1,463	\$ 806	\$ 1,793	\$ 4,062
Cash with Fiscal Agent	1,638	-	1,719	3,357
Accounts Receivable, Net	16	743	17	776
Total Assets	3,117	1,549	3,529	8,195
LIABILITIES:				
Current Liabilities:				
Accounts Payable	-	1,312	50	1,362
Total Current Liabilities	-	1,312	50	1,362
Total Liabilities	-	1,312	50	1,362
NET POSITION				
Restricted for:				
Restricted for Individuals and Organizations	3,117	237	3,479	6,833
Total Net Position	\$ 3,117	\$ 237	\$ 3,479	\$ 6,833

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Custodial Funds			
	Community Facilities Districts	Business Improvement Districts	Parking Structure - Bella Terra	Total Custodial Funds
ADDITIONS				
Special Assessments or Special Taxes				
Collected from Property Owners	\$ 1,559	\$ -	\$ -	\$ 1,559
Business Improvement District Taxes	-	6,961	-	6,961
Parking Assessments	-	-	2,635	2,635
Interest Income	87	-	112	199
Total Additions	1,646	6,961	2,747	11,354
DEDUCTIONS				
Administrative Costs	20	-	-	20
Payments to other Organizations	-	6,989	1,153	8,142
Interest and Fiscal Agency Expenses	580	-	693	1,273
Principal	925	-	965	1,890
Total Deductions	1,525	6,989	2,811	11,325
Change in Net Position	121	(28)	(64)	29
Net Position - Beginning of Year	2,996	265	3,543	6,804
Net Position - End of Year	\$ 3,117	\$ 237	\$ 3,479	\$ 6,833



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.

Financial Trends – contains trend information to help the reader understand how the City's financial performance has changed over time.
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Revenue Capacity – contains information to help the reader assess the City's most significant local revenue source, the property tax.
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Debt Capacity – presents information to assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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

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

Unless otherwise noted, the information in these schedules is derived from the 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				
	2024	2023	June 30, 2022	2021	2020
Governmental Activities					
Net investment in capital assets	\$ 751,578	\$ 727,051	\$ 712,289	\$ 699,204	\$ 673,498
Restricted	127,535	82,564	68,460	65,755	79,926
Unrestricted	(179,145)	(173,034)	(223,438)	(275,159)	(274,523)
Total Governmental Activities Net Position	\$ 699,968	\$ 636,581	\$ 557,311	\$ 489,800	\$ 478,901
Business-Type Activities					
Net investment in capital assets	\$ 141,232	\$ 141,581	\$ 143,998	\$ 142,469	\$ 142,785
Restricted	24,394	21,213	19,309	20,332	22,248
Unrestricted	31,190	36,684	34,120	39,129	38,482
Total Business-Type Activities Net Position	\$ 196,816	\$ 199,478	\$ 197,427	\$ 201,930	\$ 203,515
Primary Government					
Net investment in capital assets	\$ 892,810	\$ 868,632	\$ 856,287	\$ 841,673	\$ 816,283
Restricted	151,929	103,777	87,769	86,087	102,174
Unrestricted	(147,955)	(136,350)	(189,318)	(236,030)	(236,041)
Total Primary Government Net Position	\$ 896,784	\$ 836,059	\$ 754,738	\$ 691,730	\$ 682,416

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

	Fiscal Year Ended				
	2024	2023	June 30, 2022	2021	2020
Expenses:					
Governmental Activities:					
City Council	\$ 441	\$ 429	\$ 382	\$ 423	\$ 405
City Manager	7,699	5,780	5,412	11,163	3,328
City Treasurer	2,124	396	259	340	317
City Attorney	4,156	3,248	2,183	3,140	3,136
City Clerk	1,674	1,370	1,060	1,147	949
Finance	6,499	6,211	5,581	6,828	6,661
Human Resources****	2,786	-	-	-	-
Community Development*	19,124	20,550	11,634	19,716	15,722
Fire	78,253	71,737	52,808	65,960	62,840
Information Services	8,682	8,565	6,469	6,230	8,643
Police	107,440	89,430	73,964	102,415	97,204
Community Services	15,176	13,389	11,517	11,365	12,539
Library Services	7,409	7,225	5,212	6,181	5,776
Public Works	51,560	49,151	42,598	40,270	45,834
Non-Departmental***	-	-	-	-	-
Interest on Long-Term Debt	9,710	9,587	9,548	2,706	1,686
Total Governmental Activities	322,733	287,068	228,627	277,884	265,040
Business-Type Activities					
Water Utility	52,397	47,974	44,182	46,054	44,463
Sewer Service	12,213	11,422	10,390	9,284	9,828
Refuse Collection	15,543	14,935	13,738	12,936	12,609
Hazmat Service	194	103	236	241	235
Total Business-Type Activities	80,347	74,434	68,546	68,515	67,135
Total Business and Government Type Activities	\$ 403,080	\$ 361,502	\$ 297,173	\$ 346,399	\$ 332,175

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

** 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.

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

	Fiscal Year Ended				
	June 30,		September 30,		
	2019	2018**	2017	2016	2015
Governmental Activities					
Net investment in capital assets	\$ 664,281	\$ 650,466	\$ 646,336	\$ 624,180	\$ 615,512
Restricted	66,089	58,537	41,888	41,555	52,270
Unrestricted	(251,022)	(254,528)	(262,874)	(222,863)	(222,787)
Total Governmental Activities Net Position	\$ 479,348	\$ 454,475	\$ 425,350	\$ 442,872	\$ 444,995
Business-Type Activities					
Net investment in capital assets	\$ 145,696	\$ 143,954	\$ 140,478	\$ 142,566	\$ 142,616
Restricted	21,153	25,886	30,444	32,049	28,096
Unrestricted	36,747	27,492	22,228	21,997	28,476
Total Business-Type Activities Net Position	\$ 203,596	\$ 197,332	\$ 193,150	\$ 196,612	\$ 199,188
Primary Government					
Net investment in capital assets	\$ 809,977	\$ 794,420	\$ 786,814	\$ 766,746	\$ 758,128
Restricted	87,242	84,423	72,332	73,604	80,366
Unrestricted	(214,275)	(227,036)	(240,646)	(200,866)	(194,311)
Total Primary Government Net Position	\$ 682,944	\$ 651,807	\$ 618,500	\$ 639,484	\$ 644,183

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

	Fiscal Year Ended				
	June 30,		September 30,		
	2019	2018**	2017	2016	2015
Expenses:					
Governmental Activities:					
City Council	\$ 360	\$ 218	\$ 347	\$ 321	\$ 270
City Manager	4,501	2,063	4,691	3,849	3,302
City Treasurer	246	101	216	208	158
City Attorney	2,886	1,536	3,307	2,598	2,284
City Clerk	976	475	889	806	855
Finance	6,245	3,455	6,201	5,765	5,208
Human Resources****	6,261	4,760	5,693	6,814	5,169
Community Development*	6,144	4,301	7,576	7,208	6,605
Fire	56,494	26,688	52,941	47,965	42,162
Information Services	7,530	4,375	7,047	6,852	6,552
Police	87,355	42,109	84,786	74,943	64,048
Community Services	13,369	6,768	15,558	9,935	13,809
Library Services	5,206	2,890	5,064	4,611	4,246
Public Works	40,803	23,898	35,373	31,791	27,979
Non-Departmental***	-	18,164	29,368	35,240	24,080
Interest on Long-Term Debt	1,823	1,467	2,063	2,119	2,245
Total Governmental Activities	240,199	143,268	261,120	241,025	208,972
Business-Type Activities					
Water Utility	43,405	28,414	45,940	41,643	38,614
Sewer Service	9,442	6,127	9,351	8,729	8,192
Refuse Collection	12,051	8,916	10,821	11,277	11,308
Hazmat Service	234	117	224	244	204
Total Business-Type Activities	65,132	43,574	66,336	61,893	58,318
Total Business and Government Type Activities	\$ 305,331	\$ 186,842	\$ 327,456	\$ 302,918	\$ 267,290

*** Beginning with 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 Fiscal Year ended June 30, 2020. Human Resources was seperated in Fiscal Year ended June 30, 2024.

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

	Fiscal Year Ended				
	2024	2023	June 30, 2022	2021	2020
Program Revenues:					
Governmental Activities:					
Charges for Services					
City Council	\$ 175	\$ 167	\$ 162	\$ 162	\$ 177
City Manager	4,057	4,976	4,131	4,208	5,315
City Treasurer	161	153	149	149	163
City Attorney	6	5	5	6	7
City Clerk	508	299	269	30	220
Finance	3,280	3,125	3,036	3,055	3,302
Human Resources****	7,670	-	-	-	-
Community Development*	11,102	18,817	10,953	8,353	10,037
Fire	20,228	14,166	13,401	8,877	10,122
Information Services	654	623	604	610	636
Police	5,558	6,139	6,687	6,477	5,329
Community Services	24,713	22,545	21,117	15,558	17,631
Library Services	229	388	302	153	266
Public Works	8,570	11,301	7,235	6,045	6,614
Non-Departmental***	-	-	-	-	-
Total Charges for Services	86,911	82,704	68,051	53,683	59,819
Operating Grants	11,678	43,005	9,301	6,013	8,141
Capital Grants	17,266	11,202	8,537	10,192	14,483
Total Governmental Activities Program Revenue	115,855	136,911	85,889	69,888	82,443
Business-Type Activities:					
Water Utility	45,739	48,934	43,590	42,523	40,518
Sewer Service	11,798	10,982	10,791	10,828	10,900
Refuse Collection	15,637	14,899	13,675	13,014	12,573
Hazmat Service	302	276	276	266	279
Total Business-Type Activities Program Revenues	73,476	75,091	68,332	66,631	64,270
Total Primary Government Program Revenue	189,331	212,002	154,221	136,519	146,713
Net (Expense) Revenue:					
Governmental Activities	(206,878)	(150,157)	(142,738)	(207,996)	(182,597)
Business-Type Activities	(6,871)	657	(214)	(1,884)	(2,865)
Total Net (Expense) Revenue	(213,749)	(149,500)	(142,952)	(209,880)	(185,462)
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	114,630	109,467	102,539	99,958	94,263
Sales Taxes	56,003	57,164	57,652	51,162	44,616
Utility Taxes	23,283	22,558	19,528	18,374	18,149
Other Taxes	27,024	32,418	26,134	17,293	18,635
Use of Money and Property	12,361	5,153	(1,895)	4,399	3,208
From Other Agencies	5,883	3,225	4,631	22,000	3,317
Gain on Sale of Property	-	(520)	1,699	-	-
Gain from Elimination of Allowances	31,136	-	-	-	-
Other	-	-	-	-	-
Transfers	(55)	(38)	(39)	(38)	(38)
Total Governmental Activities General Revenues	270,265	229,427	210,249	213,148	182,150
Business-Type Activities:					
Use of Money and Property	4,154	1,356	(4,328)	261	2,746
Transfers	55	38	39	38	38
Total Business-Type Activities General Revenues	4,209	1,394	(4,289)	299	2,784
Total General Revenues and Transfers	274,474	230,821	205,960	213,447	184,934
Changes in Net Position - Governmental Activities	63,387	79,270	67,511	5,152	(447)
Changes in Net Position - Business-Type Activities	(2,662)	2,051	(4,503)	(1,585)	(81)
Total Changes in Net Position	60,725	81,321	63,008	3,567	(528)
Net Position - Beginning of Year	836,059	754,738	691,730	682,416	682,944
Prior Period Adjustment - Governmental Activities	-	-	-	5,747	-
Prior Period Adjustment - Business-Type Activities	-	-	-	-	-
Net Position - Beginning of Year as restated	836,059	754,738	691,730	688,163	682,944
Net Position - End of Year	\$ 896,784	\$ 836,059	\$ 754,738	\$ 691,730	\$ 682,416

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

** 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.

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

	Fiscal Year Ended				
	June 30, 2019	2018**	2017	September 30, 2016	2015
Program Revenues:					
Governmental Activities:					
Charges for Services					
City Council	\$ 149	\$ 91	\$ 108	\$ 116	\$ 71
City Manager	3,300	2,374	3,515	3,029	2,994
City Treasurer	135	81	100	101	639
City Attorney	7	4	5	4	143
City Clerk	327	229	257	201	199
Finance	2,899	1,746	2,047	2,277	1,353
Human Resources****	751	373	654	513	1,263
Community Development*	7,459	5,448	7,448	9,252	10,670
Fire	9,831	9,104	10,296	9,894	8,625
Information Services	628	381	501	521	834
Police	6,044	4,703	4,968	5,958	5,512
Community Services	23,530	19,245	21,693	18,853	18,569
Library Services	308	237	476	408	495
Public Works	6,368	4,392	5,392	5,733	6,474
Non-Departmental***	-	916	1,116	1,290	327
Total Charges for Services	<u>61,736</u>	<u>49,324</u>	<u>58,576</u>	<u>58,150</u>	<u>58,168</u>
Operating Grants	6,644	3,976	7,329	4,723	7,458
Capital Grants	8,361	6,055	3,408	5,939	9,809
Total Governmental Activities Program Revenue	<u>76,741</u>	<u>59,355</u>	<u>69,313</u>	<u>68,812</u>	<u>75,435</u>
Business-Type Activities:					
Water Utility	43,958	29,530	39,938	35,765	35,350
Sewer Service	11,868	8,362	10,854	11,280	11,239
Refuse Collection	12,022	8,820	11,282	11,215	11,221
Hazmat Service	276	25	287	235	222
Total Business-Type Activities Program Revenues	<u>68,124</u>	<u>46,737</u>	<u>62,361</u>	<u>58,495</u>	<u>58,032</u>
Total Primary Government Program Revenue	<u>144,865</u>	<u>106,092</u>	<u>131,674</u>	<u>127,307</u>	<u>133,467</u>
Net (Expense) Revenue:					
Governmental Activities	(163,458)	(83,913)	(191,807)	(172,213)	(133,537)
Business-Type Activities	2,992	3,163	(3,975)	(3,398)	(286)
Total Net (Expense) Revenue	<u>(160,466)</u>	<u>(80,750)</u>	<u>(195,782)</u>	<u>(175,611)</u>	<u>(133,823)</u>
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	89,124	61,185	82,925	87,128	82,615
Sales Taxes	47,437	33,844	43,551	34,289	33,063
Utility Taxes	18,788	14,014	19,303	19,482	20,229
Other Taxes	20,227	14,883	17,991	17,313	16,464
Use of Money and Property	8,746	2,158	3,370	3,618	5,551
From Other Agencies	4,046	2,263	3,896	4,397	5,653
Gain on Sale of Property	-	-	-	-	-
Gain from Elimination of Allowances	-	-	-	-	-
Other	-	2,811	2,438	5,693	4,440
Transfers	(37)	(332)	(51)	(38)	35
Total Governmental Activities General Revenues	<u>188,331</u>	<u>130,826</u>	<u>173,423</u>	<u>171,882</u>	<u>168,050</u>
Business-Type Activities:					
Use of Money and Property	3,235	279	462	939	1,281
Transfers	37	332	51	38	(35)
Total Business-Type Activities General Revenues	<u>3,272</u>	<u>611</u>	<u>513</u>	<u>977</u>	<u>1,246</u>
Total General Revenues and Transfers	<u>191,603</u>	<u>131,437</u>	<u>173,936</u>	<u>172,859</u>	<u>169,296</u>
Changes in Net Position - Governmental Activities	<u>24,873</u>	<u>46,913</u>	<u>(18,384)</u>	<u>(331)</u>	<u>34,513</u>
Changes in Net Position - Business-Type Activities	<u>6,264</u>	<u>3,774</u>	<u>(3,462)</u>	<u>(2,421)</u>	<u>960</u>
Total Changes in Net Position	<u>31,137</u>	<u>50,687</u>	<u>(21,846)</u>	<u>(2,752)</u>	<u>35,473</u>
Net Position - Beginning of Year	<u>651,807</u>	<u>618,500</u>	<u>639,484</u>	<u>642,236</u>	<u>964,254</u>
Prior Period Adjustment - Governmental Activities	-	(17,788)	862	-	(333,677)
Prior Period Adjustment - Business-Type Activities	-	408	-	-	(23,814)
Net Position - Beginning of Year as restated	<u>651,807</u>	<u>601,120</u>	<u>640,346</u>	<u>642,236</u>	<u>606,763</u>
Net Position - End of Year	<u>\$ 682,944</u>	<u>\$ 651,807</u>	<u>\$ 618,500</u>	<u>\$ 639,484</u>	<u>\$ 642,236</u>

*** 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 Fiscal Year ended June 30, 2020. Human Resources was separated in Fiscal Year ended June 30, 2024.

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

	Fiscal Year Ended June 30,				
	2024	2023	2022	2021	2020
General Fund:					
Nonspendable	\$ 148	\$ 51	\$ 82	\$ 115	\$ 120
Restricted	21,670	19,578	14,623	13,561	9,320
Committed	52,023	51,230	26,665	25,565	25,010
Assigned	58,478	55,678	61,454	55,368	45,638
Total General Fund	\$ 132,319	\$ 126,537	\$ 102,824	\$ 94,609	\$ 80,088
Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ 105	\$ 50
Restricted	105,569	87,866	75,774	70,161	71,671
Committed	43,557	45,820	28,559	26,857	21,735
Assigned	6,762	6,197	3,021	3,280	3,527
Unassigned	-	-	(4,311)	-	-
Total Other Governmental Funds	\$ 155,888	\$ 139,883	\$ 103,043	\$ 100,403	\$ 96,983

	Fiscal Year Ended June 30,		Fiscal Year Ended September 30,		
	2019	2018	2017	2016	2015
General Fund:					
Nonspendable	\$ 23	\$ 41	\$ -	\$ -	\$ 4,479
Restricted	8,154	6,384	2,671	2,637	2,871
Committed	25,011	25,011	25,011	25,011	25,011
Assigned	45,825	34,464	33,498	35,199	32,431
Unassigned	-	2,734	-	-	-
Total General Fund	\$ 79,013	\$ 68,634	\$ 61,180	\$ 62,847	\$ 64,792
Other Governmental Funds:					
Nonspendable	\$ 64	\$ 726	\$ -	\$ -	\$ -
Restricted	59,213	52,742	40,588	40,293	45,515
Committed	20,308	20,800	17,686	21,368	21,659
Assigned	3,614	2,701	826	838	161
Total Other Governmental Funds	\$ 83,199	\$ 76,969	\$ 59,100	\$ 62,499	\$ 67,335

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

	Fiscal Year Ended				
	2024	2023	June 30, 2022	2021	2020
REVENUES:					
Property Taxes	\$ 114,630	\$ 109,467	\$ 102,539	\$ 99,958	\$ 94,263
Sales Taxes	56,003	57,164	57,652	51,162	44,616
Utility Taxes	23,283	22,558	19,528	18,374	18,149
Other Taxes	27,465	40,738	33,720	25,745	24,578
Licenses and Permits	10,593	15,688	9,596	8,213	11,266
Fines and Forfeitures	3,666	3,945	5,144	4,619	3,403
From Use of Money and Property	37,769	22,726	14,365	19,163	27,863
From Other Agencies	38,922	47,426	13,060	29,836	11,309
Charges for Current Service/Other Revenue	59,496	66,363	52,809	27,428	34,772
TOTAL REVENUES	371,827	386,075	308,413	284,498	270,219
EXPENDITURES					
Current:					
City Council	464	453	426	1,043	394
City Manager	7,117	6,501	5,265	15,976	4,342
City Treasurer	2,059	417	326	837	297
City Attorney	3,994	3,404	2,995	7,714	2,898
City Clerk	1,653	1,442	1,295	2,810	886
Finance	5,999	7,420	7,259	16,173	6,200
Human Resources*****	2,636	-	-	-	-
Community Development**	19,412	21,569	14,412	39,212	14,692
Fire	76,247	72,499	62,880	149,726	56,477
Information Systems	8,916	8,563	7,871	19,095	8,473
Police	103,468	97,000	93,976	232,438	87,682
Community Services	14,179	16,610	18,455	25,064	14,429
Library Services	7,235	7,244	6,300	14,099	5,199
Public Works	69,169	62,161	50,158	88,007	47,655
Non-Departmental****	-	-	-	-	-
Capital Outlay***	-	-	-	-	-
Debt Service:					
Principal	20,375	18,799	15,918	3,983	5,122
Interest	9,728	9,542	11,299	937	1,748
TOTAL EXPENDITURES	352,651	333,624	298,835	617,114	256,494
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER) EXPENDITURES	19,176	52,451	9,578	(332,616)	13,725
OTHER FINANCING SOURCES (USES):					
Transfers In	28,764	65,369	21,642	13,058	10,009
Issuance of Long-Term Debt	-	-	-	372,010	1,172
Issuance Premium	-	-	-	1,743	-
Issuance Discount	-	-	-	(649)	-
Payments to Escrow	-	-	-	(28,256)	-
Lease (as Lessee)	-	398	448	-	-
Issuance of Finance Purchase Agreement	-	7,742	868	-	-
Subscription Based IT Arrangement	2,666	-	-	-	-
Transfers Out	(28,819)	(65,407)	(21,681)	(13,096)	(10,047)
TOTAL OTHER FINANCING SOURCES (USES)	2,611	8,102	1,277	344,810	1,134
INCREASE (DECREASE) IN FUND BALANCES	\$ 21,787	\$ 60,553	\$ 10,855	\$ 12,194	\$ 14,859
DEBT SERVICE AS A PERCENTAGE OF					
NON-CAPITAL EXPENDITURES	9.7%	9.7%	10.1%	0.9%	3.0%

* 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 Fiscal Year ended September 30, 2011. The department was later renamed to Community Development in Fiscal Year ended September 30, 2016.

*** 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.

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

	Fiscal Year Ended				
	June 30,		September 30,		
	2019	2018*	2017	2016	2015
REVENUES:					
Property Taxes	\$ 89,367	\$ 80,614	\$ 80,826	\$ 86,382	\$ 82,472
Sales Taxes	47,437	33,844	43,551	39,305	32,234
Utility Taxes	18,788	14,014	19,303	19,482	20,229
Other Taxes	27,196	18,409	17,991	17,313	16,464
Licenses and Permits	8,574	6,293	8,812	9,820	9,270
Fines and Forfeitures	4,300	3,048	3,995	5,144	4,746
From Use of Money and Property	23,276	11,600	17,210	18,055	17,473
From Other Agencies	13,072	10,384	15,293	13,712	18,634
Charges for Current Service/Other Revenue	33,787	30,216	32,351	32,506	35,869
TOTAL REVENUES	265,797	208,422	239,332	241,719	237,391
EXPENDITURES					
Current:					
City Council	369	279	333	318	278
City Manager	6,598	3,143	4,116	3,092	2,703
City Treasurer	248	134	201	204	167
City Attorney	2,874	2,037	3,052	2,539	2,425
City Clerk	981	602	830	790	895
Finance	6,484	4,376	5,763	5,659	5,452
Human Resources*****	6,362	5,323	5,535	6,776	4,606
Community Development**	8,138	5,554	6,963	7,062	6,954
Fire	54,431	36,347	46,831	46,200	45,008
Information Systems	8,342	5,385	6,603	6,742	6,846
Police	83,546	57,916	75,015	72,612	68,940
Community Services	11,720	7,958	14,124	10,768	10,223
Library Services	4,944	3,436	4,422	4,247	4,146
Public Works	46,878	30,357	38,635	23,659	23,820
Non-Departmental*****	-	22,432	28,396	24,670	20,067
Capital Outlay****	-	-	-	27,269	14,986
Debt Service:					
Principal	5,346	311	5,091	5,933	5,454
Interest	1,890	965	2,066	2,138	2,226
TOTAL EXPENDITURES	249,151	186,555	247,976	250,678	225,196
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER) EXPENDITURES	16,646	21,867	(8,644)	(8,959)	12,195
OTHER FINANCING SOURCES (USES):					
Transfers In	11,190	13,261	6,692	9,034	12,158
Issuance of Long-Term Debt	-	-	2,767	10,197	-
Issuance Premium	-	-	-	-	-
Issuance Discount	-	-	-	-	-
Payments to Escrow	-	-	-	-	-
Lease (as Lessee)	-	-	-	-	-
Issuance of Finance Purchase Agreement	-	-	-	-	-
Subscription Based IT Arrangement	-	-	-	-	-
Transfers Out	(11,227)	(13,593)	(6,743)	(17,053)	(14,238)
TOTAL OTHER FINANCING SOURCES (USES)	(37)	(332)	2,716	2,178	(2,080)
INCREASE (DECREASE) IN FUND BALANCES	\$ 16,609	\$ 21,535	\$ (5,928)	\$ (6,781)	\$ 10,115
DEBT SERVICE AS A PERCENTAGE OF					
NON-CAPITAL EXPENDITURES	3.3%	0.7%	3.2%	3.6%	3.7%

**** 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 Fiscal Year ended June 30, 2020. Human Resources was separated in Fiscal Year ended June 30, 2024.

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

Fiscal Year	Common Property	Public Utilities	Total Secured	Unsecured	Total Assessed Valuation	Total Direct Tax Rate
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
2021-2022	40,789,946	518	40,790,464	1,041,429	41,831,893	0.17082
2022-2023	43,432,681	948	43,433,629	1,232,123	44,665,752	0.17082
2023-2024	45,689,554	948	45,690,502	1,174,043	46,864,545	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	
2014-2015	0.15582	0.01500	0.62448	0.00350	0.29444	1.09324
2015-2016	0.15582	0.01500	0.07615	0.00350	0.84418	1.09465
2016-2017	0.15582	0.01500	0.07786	0.00350	0.83599	1.08817
2017-2018	0.15582	0.01500	0.09970	0.00350	0.84418	1.11820
2018-2019	0.15582	0.01500	0.09246	0.00350	0.84418	1.11096
2019-2020	0.15582	0.01500	0.08788	0.00350	0.84418	1.10638
2020-2021	0.15582	0.01500	0.07983	0.00350	0.84418	1.09833
2021-2022	0.15582	0.01500	0.07541	0.00350	0.84418	1.09391
2022-2023	0.15582	0.01500	0.07449	0.00350	0.84418	1.09299
2023-2024	0.15582	0.01500	0.08163	0.00350	0.84418	1.10013

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			Total Collections			Delinquent Taxes Receivable	Delinquency Percent
		Year of the Levy		Delinquent Tax Collections	Percentage				
		Amount	of Levy		Amount	of Levy			
<u>Secured Taxes</u>									
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%	
2021-2022	72,014	69,871	97.0%	714	70,585	98.0%	1,510	2.1%	
2022-2023	78,388	76,256	97.3%	547	76,803	98.0%	1,501	1.9%	
2023-2024	80,457	78,570	97.7%	658	79,228	98.5%	1,205	1.5%	
<u>Unsecured Taxes</u>									
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%	
2021-2022	2,267	2,059	90.8%	46	2,105	92.9%	90	4.0%	
2022-2023	2,233	2,102	94.1%	42	2,144	96.0%	59	2.6%	
2023-2024	2,586	2,240	86.6%	33	2,273	87.9%	174	6.7%	
<u>Community Facilities Districts</u>									
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%	
2021-2022	3,987	3,975	99.7%	-	3,975	99.7%	-	0.0%	
2022-2023	4,006	3,962	98.9%	-	3,962	98.9%	31	0.8%	
2023-2024	4,207	4,194	99.7%	35	4,229	100.5%	-	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.

2013/2014 to current fiscal year includes the following:

Secured: includes supplemental, st lrg reorg, nuisance abatement, weed abatement, retirement override, tax admin charges, and community interest. Does not include Community Facilities District CFDs.

Unsecured: includes aircraft unsecured tax. Does not include CFDs.

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**

2023-2024		
	Taxable Assessed Value (In Thousands)	Percent of Total TAV
AES Huntington Beach Energy, LLC	\$ 792,053	1.69%
Bella Terra Associates LLC	407,060	0.87%
DCO Pacific City LLC	233,234	0.50%
Huntington Gateway Industrial LLC	222,400	0.47%
Catalyst Housing Group	219,638	0.47%
PCH Beach Resort LLC	207,865	0.44%
Socal Holding LLC	175,791	0.38%
The Boening Company/McDonnell Douglas	172,041	0.37%
The Waterfront Hotel LLC	150,837	0.32%
Monogram Residential Huntington Beach	144,687	0.31%
Total Top Ten	2,725,606	5.82%
All Other Property Taxpayers	44,138,939	94.18%
City Total	\$ 46,864,545	100.00%

2014-2015		
	Taxable Assessed Value (In Thousands)	Percent of Total TAV
OXY USA Inc	\$ 638,783	2.07%
McDonnell Douglas West Federal Credit Union	338,241	1.10%
Bella Terra Associates LLC	233,012	0.76%
Mayer Financial LP	191,399	0.62%
DCOR LLC	145,379	0.47%
CIM Huntington LLC	104,148	0.34%
Bella Terra Villas LLC	97,724	0.32%
Pacific Sands LLC	89,024	0.29%
United Dominion Realty	88,840	0.29%
AES Huntington Beach LLC	74,100	0.24%
Total Top Ten	2,000,650	6.50%
All Other Property Taxpayers	28,786,535	93.50%
City Total	\$ 30,787,185	100.00%

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				
	2024	2023	June 30, 2022	2021	2020
Long-Term Indebtedness					
Governmental Activities:					
Judgement Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Public Financing Authority:					
2010(a) Lease Revenue Bonds	-	-	-	-	7,410
2011(a) Lease Revenue Bonds	-	-	-	-	15,725
2014(a) Lease Revenue Bonds	9,810	10,530	11,215	11,880	12,530
2020(a) Lease Revenue Bonds	4,835	4,835	4,835	4,835	-
2020(b) Lease Revenue Bonds	8,265	9,795	11,315	12,830	-
Total Public Financing Authority	22,910	25,160	27,365	29,545	35,665
Other Long-Term Obligations:					
Finance Purchase Agreement	14,290	17,388	11,714	12,753	5,241
Leases Payable	240	456	247	-	-
Subscriptions Payable	3,800	2,600	-	-	-
Section 108 Loan City	-	-	-	-	-
LED Lighting Phase I	65	191	314	432	546
CEC	1,528	1,797	2,063	2,457	2,588
I-Bank	973	1,283	1,586	1,882	2,171
Pension Obligation Bonds	305,322	318,005	330,642	341,501	-
Total Other Long-Term Obligations	326,218	341,720	346,566	359,025	10,546
Total Long-Term Obligations - Governmental Activities	349,128	366,880	373,931	388,570	46,211
Long-Term Obligations - Business-Type Activities:					
Pension Obligation Bonds	19,588	20,480	21,368	22,144	-
Total Long-Term Obligations - Business-Type Activities	19,588	20,480	21,368	22,144	-
Total Long Term Obligations - Governmental Activities and Business-Type Activities	\$ 368,716	\$ 387,360	\$ 395,299	\$ 410,714	\$ 46,211
	2024	2023	2022	2021	2020
Population	195,332	198,373	197,437	198,039	200,748
Debt Per Capita	\$ 1,888	\$ 1,953	\$ 2,002	\$ 2,074	\$ 230
Total Personal Income (In Thousands)*	\$ 11,847,667	\$ 10,841,878	\$ 9,995,248	\$ 9,659,154	\$ 9,450,814
Per Capita Personal Income*	\$ 60,654	\$ 54,654	\$ 50,625	\$ 48,774	\$ 47,078
Unemployment Rate**	3.90%	3.60%	2.80%	4.70%	8.60%
Total Employment**	101,700	103,900	104,300	100,700	96,200

* 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				
	June 30, 2019	2018***	September 30, 2017	2016	2015
Long-Term Indebtedness					
Governmental Activities:					
Judgement Obligation Bonds	\$ -	\$ -	\$ -	\$ 659	\$ 1,634
Public Financing Authority:					
2010(a) Lease Revenue Bonds	8,235	9,030	9,030	9,795	10,525
2011(a) Lease Revenue Bonds	17,770	19,735	19,735	21,650	24,985
2014(a) Lease Revenue Bonds	13,145	13,740	13,740	14,315	14,865
2020(a) Lease Revenue Bonds	-	-	-	-	-
2020(b) Lease Revenue Bonds	-	-	-	-	-
Total Public Financing Authority	39,150	42,505	42,505	45,760	50,375
Other Long-Term Obligations:					
Finance Purchase Agreement	5,083	6,079	6,286	4,130	-
Leases Payable	-	-	-	-	-
Subscriptions Payable	-	-	-	-	-
Section 108 Loan City	-	430	430	625	805
LED Lighting Phase I	656	762	866	966	1,063
CEC	2,818	3,000	3,000	3,000	-
I-Bank	2,454	2,730	2,730	3,000	-
Pension Obligation Bonds	-	-	-	-	-
Total Other Long-Term Obligations	11,011	13,001	13,312	11,721	1,868
Total Long-Term Obligations - Governmental Activities	50,161	55,506	55,817	58,140	53,877
Long-Term Obligations - Business-Type Activities:					
Pension Obligation Bonds	-	-	-	-	-
Total Long-Term Obligations - Business-Type Activities	-	-	-	-	-
Total Long Term Obligations - Governmental Activities and Business-Type Activities	\$ 50,161	\$ 55,506	\$ 55,817	\$ 58,140	\$ 53,877
	2019	2018***	2017	2016	2015
Population	202,265	201,761	202,413	201,919	198,389
Debt Per Capita	\$ 248	\$ 275	\$ 276	\$ 288	\$ 272
Total Personal Income (In Thousands)*	\$ 9,222,677	\$ 8,849,843	\$ 8,878,441	\$ 8,880,801	\$ 8,725,545
Per Capita Personal Income*	\$ 45,597	\$ 43,863	\$ 43,863	\$ 43,982	\$ 43,982
Unemployment Rate**	2.60%	2.70%	2.80%	3.90%	3.90%
Total Employment**	107,700	106,900	103,200	107,200	104,000

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

Fiscal Year	Assessed Valuation	Debt Limit - 12% of Assessed Valuation	Debt Applicable to Limit	Legal Debt Margin
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
2021-2022	41,831,893	5,019,827	-	5,019,827
2022-2023	44,665,752	5,359,890	-	5,359,890
2023-2024	46,864,545	5,623,745	-	5,623,745

**CITY OF HUNTINGTON BEACH
STATEMENT OF DIRECT AND
OVERLAPPING BONDED DEBT
JUNE 30, 2024**

2023-24 Assessed Valuation: \$51,179,643,299

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

Overlapping Tax and Assessment Debt	Percent Applicable*	Debt Applicable to City
Metropolitan Water District	1.320%	240,372
Coast Community College District	27.865%	247,150,313
Los Alamitos Unified School District Facilities Improvement District No. 1	1.121%	2,417,663
Huntington Beach Union High School District	72.664%	99,789,470
Fountain Valley School District	26.687%	15,174,228
Huntington Beach School District	99.946%	150,297,757
Ocean View School District	93.632%	141,286,006
Westminster School District	23.935%	37,223,341
City of Huntington Beach Community Facilities Districts (2000-1, 2002-1, 2003-1)	100.000%	22,990,000
Total Overlapping Tax and Assessment Debt		\$ 716,569,150

Direct and Overlapping General Fund Debt

Orange County General Fund Obligations	6.647%	29,272,391
Orange County Board of Education General Fund Obligations	6.647%	666,694
North Orange County Regional Occupation Program Certificates of Participation	0.082%	6,027
Coast Community College District General Fund Obligations	27.865%	299,549
Coast Community College District Pension Obligation Bonds	27.865%	257,751
Huntington Beach Union High School District Certificates of Participation	72.664%	37,375,520
Los Alamitos Unified School District Certificates of Participation	1.007%	306,458
Huntington Beach School District General Fund Obligations	99.946%	13,476,577
Ocean View School District Certificates of Participation	93.632%	11,914,672
Westminster School District General Fund Obligations	23.935%	5,858,091
City of Huntington Beach General Fund Obligations	100.000%	43,805,882
City of Huntington Beach Pension Obligation Bonds	100.000%	324,910,000
Total Direct and Overlapping General Fund Obligation Debt		\$ 468,149,612

Overlapping Tax Increment Debt (Successor Agency)	100.000%	1,140,000
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Total Direct Debt	\$ 368,715,882
Total Overlapping Debt	817,142,880
Combined Total Debt	\$ 1,185,858,762

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded leases obligations.

Ratios to Adjusted Assessed Valuations

Combined Direct Debt (\$364,676,282)	0.72%
Combined Total Debt	2.32%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$4,102,592,346)

Total Overlapping Tax Increment Debt	0.03%
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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**

	2024	% of total
The Boeing Company	3,112	3.06%
Cambro Manufacturing	650	0.64%
Hyatt Regency Huntington Beach	641	0.63%
Huntington Beach Hospital	527	0.52%
Wal-Mart	462	0.45%
No Ordinary Moments	458	0.45%
Waterfront Hilton Beach Resort	450	0.44%
Home Depot USA Inc	436	0.43%
Home and Body Company	418	0.41%
Target Corporation	351	0.35%
Total of top 10	7,505	7.38%
All others	94,195	92.62%
Total employment (public and private)	101,700	100.00%

	2015	% of total
Boeing	4,857	4.67%
Cambro MFG Co.	951	0.91%
Ensign United States Drilling	925	0.89%
Hyatt Regency Huntington Beach	641	0.62%
C & D Aerospace	555	0.53%
Zodiac Aerospace / Driessen Aircraft	542	0.52%
Huntington Beach Hospital	527	0.51%
Quiksilver	525	0.50%
Walters Wholesale Electronics	480	0.46%
Rainbow Disposal	408	0.39%
Total of top 10	10,411	10.00%
All others	93,589	90.00%
Total employment (public and private)	104,000	100.00%

Source: Finance Department, City of Huntington Beach

CITY OF HUNTINGTON BEACH
FULL-TIME ACTUAL AND BUDGETED CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Actual									
	2024	2023	2022	2021	2020	2019	2018***	2017	2016	2015
General Government:										
City Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager	16.00	14.00	27.00	20.00	18.00	12.50	12.50	11.50	11.50	11.50
City Treasurer	9.50	9.50	9.50	1.50	1.50	2.00	2.00	2.00	1.50	1.50
City Attorney	15.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00	11.00	11.00
City Clerk	6.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	28.50	28.50	28.50	32.50	31.50	33.00	33.00	33.00	32.50	31.50
Human Resources **	15.00	13.00	-	-	-	15.00	15.00	15.00	15.00	15.00
Community Development	61.50	57.50	57.50	57.50	54.00	44.00	44.00	44.00	43.50	44.00
Information Systems	26.00	25.00	25.00	26.00	22.00	30.00	30.00	30.00	30.00	30.00
Library Services	29.25	29.25	29.25	29.25	23.25	28.25	28.25	28.25	28.25	28.25
Fire	202.00	201.00	201.00	201.00	200.00	198.00	198.00	198.00	198.00	198.00
Police	351.00	353.00	353.00	357.00	356.00	365.50	364.50	364.50	364.50	361.50
Community Services	33.00	33.00	33.00	33.00	37.00	36.00	36.00	44.00	44.00	43.00
Public Works	212.00	211.00	211.00	207.00	199.00	207.00	207.00	199.00	199.00	198.00
	<u>1,005.75</u>	<u>991.75</u>	<u>991.75</u>	<u>980.75</u>	<u>958.25</u>	<u>987.25</u>	<u>986.25</u>	<u>986.25</u>	<u>983.75</u>	<u>978.25</u>

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. Human Resources was separated in Fiscal Year ended June 30, 2024.

*** 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	2024	2023	2022	2021	2020
Finance:					
Water Bills Processed	639,300	638,052	637,956	637,920	636,708
Active Business Licenses	18,851	18,787	18,849	19,011	20,910
Accounts Receivable Billings Processed	10,813	10,649	12,437	20,183	25,687
City Clerk:					
Passports Issued ****	4,570	6,455	5,721	418	4,579
Planning:					
Entitlements Processed	131	143	154	112	162
Plan Reviews	398	442	606	1,955	1,358
Field Inspection Complaints	12,108	15,247	7,403	11,899	11,610
Code Violation Cases	3,957	5,599	5,051	4,473	3,260
Building:					
Number of Permits Issued	11,464	11,536	10,292	9,075	8,855
Number of Inspections Completed	44,613	33,983	31,080	26,710	32,859
Value of Construction Permits (Thousands of Dollars)	272,596	369,060	237,945	166,000	169,393
Processed Number of Certificate of Occupancies*	592	521	641	655	515
Completed Plan Reviews	4,812	6,916	5,701	4,673	3,469
Counter Visits	3,318	6,264	14,289	115	14,922
Fire:					
Inspections	7,209	7,557	7,311	4,008	5,965
Responses	22,016	21,936	22,076	20,428	21,068
Ocean Rescues	3,554	3,027	4,160	4,116	2,487
Estimated Beach Visitors	8,984,500	9,101,188	8,345,139	7,910,293	6,712,125
Police:					
Physical Arrests	5,507	5,358	5,585	5,363	5,785
Parking Violations	75,355	75,408	97,299	95,753	59,484
Traffic Violations	5,221	6,544	8,869	10,920	12,105
Community Services:					
Park/Open Space Acreage	1,072	1,072	1,072	1,072	1,066
Enrollment in Recreation Classes	33,312	35,192	34,616	15,511	28,952
Public Works:					
Water Sold (Acre Feet)**	23,153	23,358	26,459	27,731	25,966
Gallons of Sewage Pumped Per Day**	17 million	17 million	19 million	19 million	19 million
Library:					
Items in Collection	280,595	289,299	290,351	291,444	294,849
Items Borrowed	846,059	811,837	796,882	481,523	779,124

* 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	2019	2018***	2017	2016	2015
Finance:					
Water Bills Processed	639,245	476,290	632,997	635,052	536,684
Active Business Licenses	21,414	21,782	22,074	21,420	21,424
Accounts Receivable Billings Processed	30,217	25,000	34,963	30,826	38,594
City Clerk:					
Passports Issued	7,024	5,757	7,408	5,623	5,121
Planning:					
Entitlements Processed	221	206	216	221	280
Plan Reviews	1,542	1,466	1,376	1,653	1,595
Field Inspection Complaints	8,183	7,005	8,459	7,951	8,233
Code Violation Cases	4,786	4,219	3,981	4,324	4,710
Building:					
Number of Permits Issued	9,807	7,490	9,728	10,981	10,670
Number of Inspections Completed	36,562	30,501	38,796	39,380	38,320
Value of Construction Permits (Thousands of Dollars)	135,910	109,462	216,252	283,910	234,946
Processed Number of Certificate of Occupancies*	686	523	740	n/a	n/a
Completed Plan Reviews	3,491	2,771	4,172	4,172	3,815
Counter Visits	21,409	16,498	21,731	23,492	21,893
Fire:					
Inspections	6,140	3,963	2,758	5,132	6,499
Responses	20,354	14,490	20,555	20,279	19,562
Ocean Rescues	4,953	3,530	3,639	3,977	5,371
Estimated Beach Visitors	10,577,290	12,522,640	13,339,518	12,272,030	11,803,943
Police:					
Physical Arrests	5,979	4,614	5,298	5,112	4,854
Parking Violations	79,069	54,500	70,846	90,361	83,453
Traffic Violations	13,314	11,869	19,916	17,639	17,596
Community Services:					
Park/Open Space Acreage	1,066	1,065	1,065	1,062	1,062
Enrollment in Recreation Classes	37,978	27,152	37,968	34,424	30,228
Public Works:					
Water Sold (Acre Feet)**	26,251	19,777	25,944	24,505	24,763
Gallons of Sewage Pumped Per Day**	19 million	19 million	22 million	19 million	19 million
Library:					
Items in Collection	293,995	292,037	288,599	285,814	343,655
Items Borrowed	942,821	655,626	943,642	921,105	908,656

**CITY OF HUNTINGTON BEACH
CAPITAL ASSET STATISTICS BY FUNCTION/ACTIVITY
JUNE 30, 2024**

Library Services	One Main Library and Four Branches
Fire:	
Fire Stations	8
Police:	
Stations	One Main Station and Three Substations
Community Services:	
Acreage of Parks	1,072
Community Centers	6
Public Works:	
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