

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.

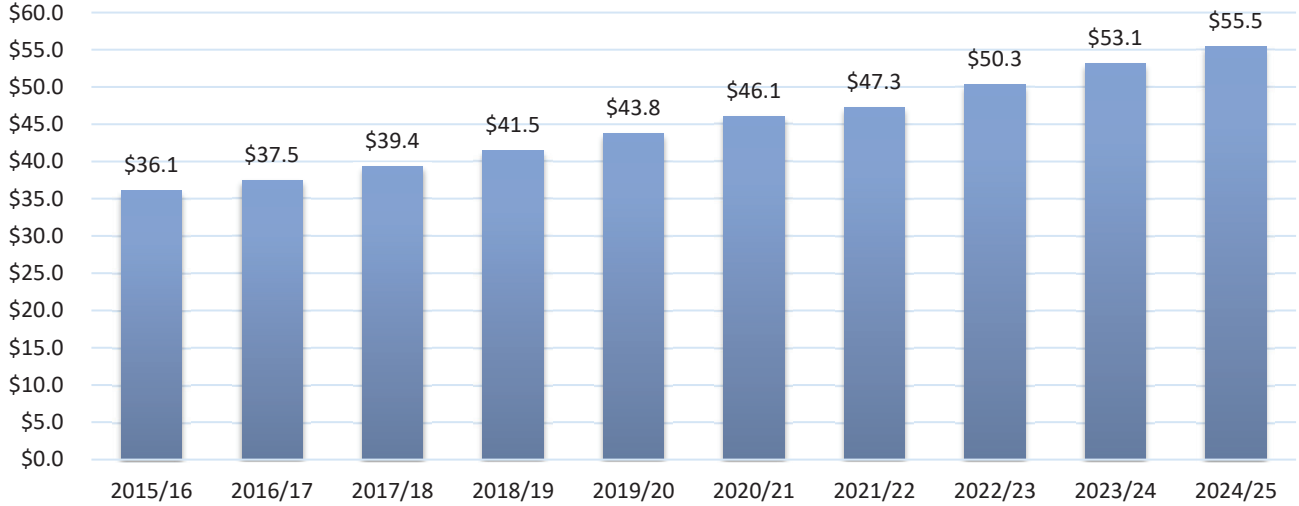
The City of Huntington Beach continues to thrive together through the motto "OneHB," which reflects the City's commitment to facing the potential upcoming recession created by inflationary conditions and supply chain shortages guided by the following principles:

- 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.

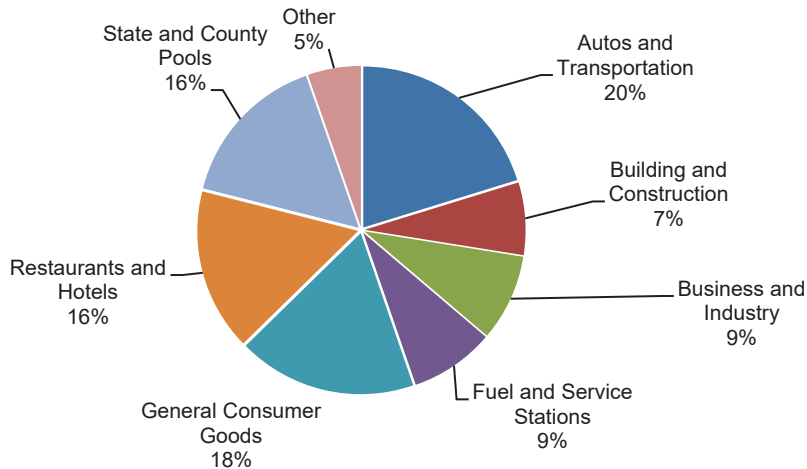
City of Huntington Beach Total Assessed Valuation Fiscal Years 2015/16 - 2024/25 (in billions)



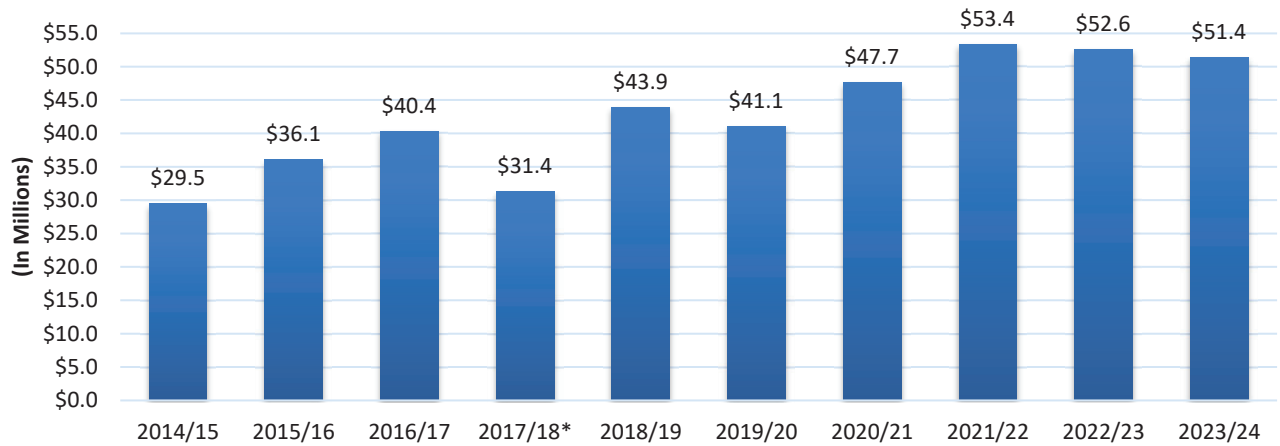
Sales Tax

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

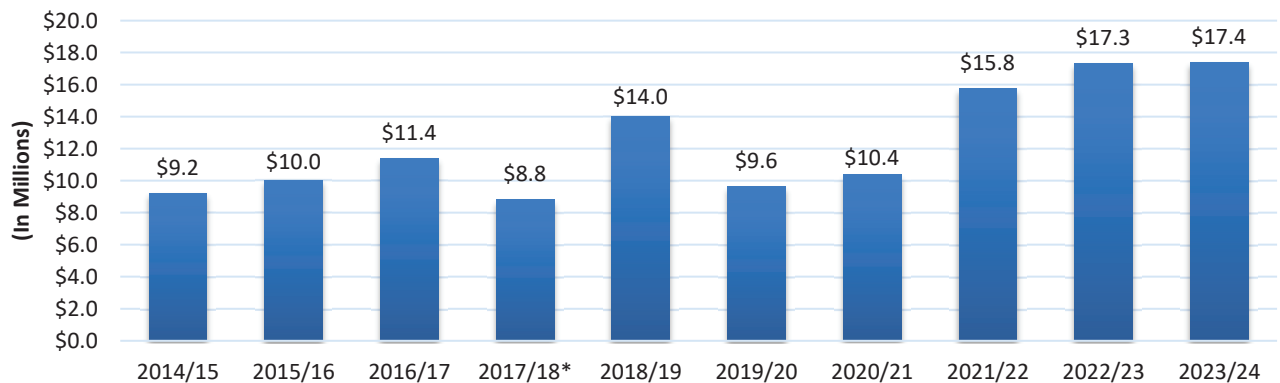


*Fiscal Year 2017/18 reflects nine months of data only due to the change in the City's fiscal year

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 horizontal line followed by a series of loops and a final vertical stroke.

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



THE PEOPLE OF HUNTINGTON BEACH

- Elected Offices
- Appointed Departments



| Community Development | Community & Library Services | Finance | Fire | Human Resources | Information Services | Police | Information Services | City Council Support |
|-----------------------|------------------------------|---------------------|------------------------|-------------------------|---------------------------------|---------------------------|--------------------------|---|
| Building | Events & Rentals | Accounting Services | Emergency Response | Benefits & Training | Business Applications | Administrative Operations | Engineering | Communications & HBTV |
| Code Enforcement | Library & Cultural Services | Budget Management | Marine Safety | Labor Relations | Infrastructure Systems | Investigations | Maintenance & Operations | Homelessness & Behavioral Health Services |
| Economic Development | Program & Services | Business License | Professional Standards | Recruitment & Selection | Technology Engagement & Support | Patrol | Transportation | Sustainability |
| Housing | Facilities & Development | | | Risk Management | | Special Operations | Utilities | |
| Permit Counter | | | | | | Support Services | | |
| Planning | | | | | | | | |



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.



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% |
| 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 | | | Percent Increase (Decrease) |
|---|--------------------------|-------------------|----------------------------------|-----------------------------------|
| | June 30, 2024 | June 30, 2023 | Amount 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 Emeral 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)

| ASSETS | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|-------------------|
| 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 | | | |
|--|-------------------|------------------------------|------------------------------------|---|-------------------------|--------------------------|---------------------|
| | Expenses | 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 |
| <p>Net Other Postemployment Benefits Asset is not available to pay in the current period and therefore are not reported in the funds.</p> | | |
| Net Other Postemployment Benefits Asset | | 4,628 |
| <p>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.</p> | | |
| Capital Assets | 1,197,076 | |
| Accumulated Depreciation | <u>(421,210)</u> | |
| Total Capital Assets | | 775,866 |
| Joint Venture | | 267 |
| <p>Right to Use Leased/SBITA Assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p> | | |
| 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 |
| <p>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.</p> | | |
| | | 6,459 |
| <p>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.</p> | | |
| | | 49,000 |
| Deferred Outflows Related to Pensions | | 121,370 |
| Deferred Outflows Related to Other Postemployment Benefits (OPEB) | | 5,069 |
| <p>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.</p> | | |
| | | (180,367) |
| Deferred Inflows Related to Pensions | | (973) |
| Deferred Inflows Related to Other Postemployment Benefits (OPEB) | | (7,728) |
| <p>Other long-term liabilities are not due in the current period and, therefore, are not recorded in the governmental funds.</p> | | |
| Accrued Interest Payable | | (614) |
| <p>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.</p> | | |
| 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 |
| <p>Capital expenditures - governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Depreciable Assets Purchased | | 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 |
| <p>Accrual of revenues - certain revenues in the Statement of Activities do not meet the "availability" criteria for revenue recognition in the governmental funds and are not reported in the governmental funds as revenue.</p> | | |
| Current Year Grant and Other Revenue Accrual | | 39,145 |
| Prior Year Grant and Other Revenue Accrual | | (3,724) |
| <p>Repayments on long-term receivables provide current financial resources to governmental funds, while loans provided consume the current financial resources of governmental funds. These transactions, however, have no effect on net position.</p> | | |
| | | (779) |
| <p>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.</p> | | |
| | | (45,163) |
| <p>Other Postemployment Benefits Payments - Expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (expenses).</p> | | |
| | | 649 |
| <p>Internal Service Funds are used by management to charge the costs of certain activities, such as self insurance workers' compensation charges. The net revenue of this internal service fund is reported as governmental activities.</p> | | |
| | | 16,721 |
| <p>Liabilities not liquidated with current resources - some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> | | |
| Current Year Interest Accrual | | (614) |
| Prior Year Interest Accrual | | 632 |
| <p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p> | | |
| | | 20,375 |
| <p>The issuance of long-term debt provides current financial resources to governmental funds.</p> | | |
| | | (2,666) |
| <p>The repayment of some expenses such as compensated absences, claims, and pension expenses, reported in the statement of activities, do not require the use of current resources, and therefore are not reported as expenditures in the governmental funds.</p> | | |
| | | (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) |

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 | <u>\$ 82,164</u> |

Economic Uncertainties Reserve

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

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



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 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 | 3,581 |
| Total Primary Government | 414,955 |
| Fiduciary Funds: | |
| Cash and Investments | 11,135 |
| Cash and Investments with Fiscal Agent | 72,255 |
| 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 | \$ 485,919 | \$ 243,055 | \$ 174,066 | \$ 68,798 | 485,919 |
| | | | | 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):

| INVESTMENTS: | Fair Value Hierarchy | | | Total |
|--------------------------|----------------------|-------------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 | |
| 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:

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

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

| | Miscellaneous | Safety |
|-----------------------------------|----------------------|---------------|
| 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 | <u>23,226</u> | <u>10,196</u> | <u>13,030</u> |
| Balance at June 30, 2023 (Measurement Date) | <u>\$ 679,952</u> | <u>\$ 607,044</u> | <u>\$ 72,908</u> |

| | 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 | <u>40,225</u> | <u>15,993</u> | <u>24,232</u> |
| Balance at June 30, 2023 (Measurement Date) | <u>\$ 921,228</u> | <u>\$ 804,904</u> | <u>\$ 116,324</u> |



**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 | \$ 400,164 | \$ 189,232 | \$ 16,353 |

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 | 772 | |

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 |
|--------------------------|----------|



**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 | <u>(2,254)</u> | <u>2,315</u> | <u>(4,569)</u> |
| Balance at June 30, 2024 | <u>\$ 70,356</u> | <u>\$ 66,137</u> | <u>\$ 4,219</u> |

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):

| | Deferred Inflows of Resources |
|--|----------------------------------|
| 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):

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



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:

| | CERBT Strategy 2 | |
|--|--------------------------|---|
| Asset Class | 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 (Measurement Date June 30, 2022) | \$ 29,692 | \$ 31,716 | \$ (2,024) |
| 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 (Measurement Date June 30, 2023) | \$ 27,630 | \$ 32,837 | \$ (5,207) |

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% | 8.50% Non-Medicare / 7.50% Medicare (Non- Kaiser) / 6.25% Medicare (Kaiser), decreasing to 3.45% | 9.50% Non-Medicare / 8.50% Medicare (Non- Kaiser) / 7.25% Medicare (Kaiser), decreasing to 4.45% |
| | Non-Medicare / 2.45% Medicare (Non- Kaiser), 2.45% | Non-Medicare / 3.45% Medicare (Non- Kaiser), 3.45% | Non-Medicare / 4.45% Medicare (Non- Kaiser), 4.45% |
| | Medicare (Kaiser) | Medicare (Kaiser) | 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.

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

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

| | |
|---|---------|
| Net difference between projected and actual earnings on OPEB plan investments | 5 Years |
|---|---------|



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

| Governmental Activities: | June 30, 2023 | Additions | Retirements | June 30, 2024 | Accrued Interest | Due Within One Year |
|--|--------------------------|-------------------------|---------------------------|--------------------------|----------------------|-------------------------|
| 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 | <u>9,795</u> | <u>-</u> | <u>(1,530)</u> | <u>8,265</u> | <u>19</u> | <u>1,545</u> |
| Total Public Financing Authority | <u>25,160</u> | <u>-</u> | <u>(2,250)</u> | <u>22,910</u> | <u>166</u> | <u>2,295</u> |
| 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 | <u>2,600</u> | <u>2,666</u> | <u>(1,466)</u> | <u>3,800</u> | <u>48</u> | <u>1,478</u> |
| Total Other Long-Term Obligations | <u>425,159</u> | <u>29,480</u> | <u>(49,793)</u> | <u>404,846</u> | <u>448</u> | <u>33,936</u> |
| Total Long-Term Obligations - Governmental Activities | <u>\$ 450,319</u> | <u>\$ 29,480</u> | <u>\$ (52,043)</u> | <u>\$ 427,756</u> | <u>\$ 614</u> | <u>\$ 36,231</u> |



**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 | Defeas 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 | <u>13,745</u> | <u>-</u> | <u>(965)</u> | <u>12,780</u> |
| Total Community Facilities Districts | 24,880 | - | (1,890) | 22,990 |
| Total Obligations Not Recorded in Financial Statements | <u>\$ 24,880</u> | <u>\$ -</u> | <u>\$ (1,890)</u> | <u>\$ 22,990</u> |

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 | <u>11,249</u> | <u>10,363</u> | <u>(6,471)</u> | <u>15,141</u> |
| Total Capital Assets - Not Depreciated | <u>380,787</u> | <u>10,363</u> | <u>(6,471)</u> | <u>384,679</u> |
| 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 | <u>3,651</u> | <u>2,666</u> | <u>-</u> | <u>6,317</u> |
| Total Capital Assets Being Depreciated | <u>800,469</u> | <u>37,322</u> | <u>(1,569)</u> | <u>836,222</u> |
| 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 | <u>(724)</u> | <u>(1,393)</u> | <u>-</u> | <u>(2,117)</u> |
| Total Accumulated Depreciation | <u>(409,218)</u> | <u>(21,735)</u> | <u>1,563</u> | <u>(429,390)</u> |
| Total Depreciated - Net | <u>391,251</u> | <u>15,587</u> | <u>(6)</u> | <u>406,832</u> |
| Total Capital Assets | 1,181,256 | 47,685 | (8,040) | 1,220,901 |
| Total Accumulated Depreciation | <u>(409,218)</u> | <u>(21,735)</u> | <u>1,563</u> | <u>(429,390)</u> |
| Capital Assets of Governmental Activities - Net | <u>\$ 772,038</u> | <u>\$ 25,950</u> | <u>\$ (6,477)</u> | <u>\$ 791,511</u> |



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 |
|------------------------------|-----------|

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

| REVENUES | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------|---------------------|-------------------|---|
| 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

| REVENUES | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------|---------------------|-----------------|---|
| 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 | \$ 237,239 | \$ 198,618 | \$ 184,278 | \$ 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 | (1,870) | (2,352) | (2,129) | (1,848) | (1,742) | (1,683) | (1,036) |
| 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 | (136) | (156) | (131) | (245) | (61) | (131) | (9) |
| 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

| | <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 | \$ 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>2023-24</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 | \$ 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 |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

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>2018</u> ² | <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 |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

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 |
| <u>3</u> | <u>13</u> | <u>35</u> | <u>138</u> | <u>1,885</u> |
| - | - | 589 | 5,165 | 5,165 |
| <u>939</u> | <u>1,972</u> | <u>6,767</u> | <u>26,873</u> | <u>81,170</u> |
| - | 45 | 5 | 50 | 1,286 |
| - | - | - | - | 52 |
| <u>-</u> | <u>45</u> | <u>5</u> | <u>50</u> | <u>1,338</u> |
| - | - | - | - | 82 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>82</u> |
| - | - | - | - | 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 |
| <u>-</u> | <u>-</u> | <u>6,762</u> | <u>6,762</u> | <u>6,762</u> |
| <u>939</u> | <u>1,927</u> | <u>6,762</u> | <u>26,823</u> | <u>79,750</u> |
| <u>\$ 939</u> | <u>\$ 1,972</u> | <u>\$ 6,767</u> | <u>\$ 26,873</u> | <u>\$ 81,170</u> |

**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 |
| <u>170</u> | <u>(500)</u> | <u>565</u> | <u>(3,503)</u> | <u>3,821</u> |
| <u>769</u> | <u>2,427</u> | <u>6,197</u> | <u>30,326</u> | <u>75,929</u> |
| <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

| REVENUES: | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------|---------------------|-----------------|---|
| 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

| REVENUES: | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------|---------------------|------------------|---|
| 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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|------------------------|---------------------|------------------|---|
| 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 | <u>17,667</u> | <u>20,675</u> | <u>7,776</u> | <u>46,118</u> |
| 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 | <u>20,647</u> | <u>6,781</u> | <u>3,924</u> | <u>31,352</u> |
| Operating Income (Loss) | <u>(2,980)</u> | <u>13,894</u> | <u>3,852</u> | <u>14,766</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Investment Income (Loss) | 933 | 552 | 496 | 1,981 |
| Interest Expense | (26) | - | - | (26) |
| Total Non-Operating Revenues (Expenses) | <u>907</u> | <u>552</u> | <u>496</u> | <u>1,955</u> |
| Income (Loss) Before Transfers | <u>(2,073)</u> | <u>14,446</u> | <u>4,348</u> | <u>16,721</u> |
| Change in Net Position | (2,073) | 14,446 | 4,348 | 16,721 |
| Net Position - Beginning of Year | <u>(24,342)</u> | <u>(8,420)</u> | <u>22,500</u> | <u>(10,262)</u> |
| Net Position - Beginning of Year as Restated | <u>(24,342)</u> | <u>(8,420)</u> | <u>22,500</u> | <u>(10,262)</u> |
| Net Position - End of Year | <u>\$ (26,415)</u> | <u>\$ 6,026</u> | <u>\$ 26,848</u> | <u>\$ 6,459</u> |

**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 Prepays | - | - | (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. |
| Revenue Capacity – contains information to help the reader assess the City's most significant local revenue source, the property tax. |
| 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 separated 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 | <u>86,911</u> | <u>82,704</u> | <u>68,051</u> | <u>53,683</u> | <u>59,819</u> |
| 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 | <u>115,855</u> | <u>136,911</u> | <u>85,889</u> | <u>69,888</u> | <u>82,443</u> |
| 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 | <u>73,476</u> | <u>75,091</u> | <u>68,332</u> | <u>66,631</u> | <u>64,270</u> |
| Total Primary Government Program Revenue | <u>189,331</u> | <u>212,002</u> | <u>154,221</u> | <u>136,519</u> | <u>146,713</u> |
| 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 | <u>(213,749)</u> | <u>(149,500)</u> | <u>(142,952)</u> | <u>(209,880)</u> | <u>(185,462)</u> |
| 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 | <u>270,265</u> | <u>229,427</u> | <u>210,249</u> | <u>213,148</u> | <u>182,150</u> |
| 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 | <u>4,209</u> | <u>1,394</u> | <u>(4,289)</u> | <u>299</u> | <u>2,784</u> |
| Total General Revenues and Transfers | <u>274,474</u> | <u>230,821</u> | <u>205,960</u> | <u>213,447</u> | <u>184,934</u> |
| 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 | <u>836,059</u> | <u>754,738</u> | <u>691,730</u> | <u>682,416</u> | <u>682,944</u> |
| Prior Period Adjustment - Governmental Activities | - | - | - | 5,747 | - |
| Prior Period Adjustment - Business-Type Activities | - | - | - | - | - |
| Net Position - Beginning of Year as restated | <u>836,059</u> | <u>754,738</u> | <u>691,730</u> | <u>688,163</u> | <u>682,944</u> |
| Net Position - End of Year | <u>\$ 896,784</u> | <u>\$ 836,059</u> | <u>\$ 754,738</u> | <u>\$ 691,730</u> | <u>\$ 682,416</u> |

* 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, 2019 | 2018* | 2017 | September 30, 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 | Collected within the Fiscal | | | | Total Collections | | | |
|---------------------------------------|-----------------------------|--------|-----------------------|----------------------------------|-------------------|-----------------------|-----------------------------------|------------------------|
| | Year of the Levy | | Percentage of Levy | Delinquent Tax Collections | Total Collections | | Delinquent Taxes Receivable | Delinquency Percent |
| | Total Levy | Amount | | | Amount | Percentage of Levy | | |
| Secured Taxes | | | | | | | | |
| 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% |
| Unsecured Taxes | | | | | | | | |
| 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% |
| Community Facilities Districts | | | | | | | | |
| 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 ltg 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):

| | Percent Applicable* | Debt Applicable to City |
|--|--------------------------------|------------------------------------|
| Overlapping Tax and Assessment Debt | | |
| 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% | <u>22,990,000</u> |
| 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% | <u>324,910,000</u> |
| Total Direct and Overlapping General Fund Obligation Debt | | \$ 468,149,612 |

| | | |
|---|----------|-----------|
| Overlapping Tax Increment Debt (Successor Agency) | 100.000% | 1,140,000 |
|---|----------|-----------|

| | | |
|----------------------------|--|--------------------------------|
| Total Direct Debt | | \$ 368,715,882 |
| Total Overlapping Debt | | <u>817,142,880</u> |
| Combined Total Debt | | <u>\$ 1,185,858,762</u> |

(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% |
|--------------------------------------|-------|

* 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**

| General Government: | Actual | | | | | | | | | |
|-----------------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018*** | 2017 | 2016 | 2015 |
| 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 |
| | 1,005.75 | 991.75 | 991.75 | 980.75 | 958.25 | 987.25 | 986.25 | 986.25 | 983.75 | 978.25 |

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