

CITY OF HUNTINGTON BEACH *California*



Annual Comprehensive Financial Report



*For The Fiscal
Year Ended
June 30, 2023*



CITY OF HUNTINGTON BEACH, CALIFORNIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2023**

Prepared by the Finance Department

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INTRODUCTORY SECTION

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**City of Huntington Beach
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023**

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CITY OF HUNTINGTON BEACH

December 21, 2023

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, 2023.

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, 2023. 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 194,310 residents, it is known as Surf City due to its abundance of beaches; the year-round sunny and warm Mediterranean climate; and its casual lifestyle. With over 10 miles of coastline and iconic pier spanning 1,856 foot in length- the longest pier on the West Coast- Huntington Beach plays host to over 16 million visitors annually.

As the fourth largest city in Orange County, and the 23rd largest in California by population, Huntington Beach is recognized as a prime location to live, work and play, ranking #1 in the nation for “Quality of City Services” and #21 for “Best-Run City” in the State of California by WalletHub (June 2023). Huntington Beach was also ranked one of the top ten “Best City for People with Disabilities” by WalletHub (September 2023). The City boasts an annual median household income of \$104,728, 52 percent higher than the median household income for the United States, 25 percent higher than the State of California and 4 percent higher than Orange County. In addition, 45 percent of its residents have a college education. There are over 103,000 people employed by public and private entities in Huntington Beach.

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

Coming off the heels of the COVID-19 pandemic, there are several reasons to reflect on the measures taken over the past couple 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 proactive Budget Balancing Plan. Looking ahead, economic indicators point to recession. Although home sales during the pandemic resulted in a \$2.9 billion increase in assessed property valuations, supply chain shortages and inflationary pressures on normal business activities set the tone for economic conditions within the next few years. 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 2023/24 assessed property value grew 5.6 percent to \$53.1 billion. This solid performance, coupled with steady year-over-year growth, reflects a stable property tax base that can weather steep declines in real estate markets. Over 60 percent of parcels have an assessed valuation (AV) base year prior to 2004, representing a significant amount of untapped AV. For Fiscal Year 2021/22, secured property tax revenue collections totaled \$62.9 million. For Fiscal Year 2022/23, secured property taxes totaled \$68.5 million, reflecting a 9 percent increase.

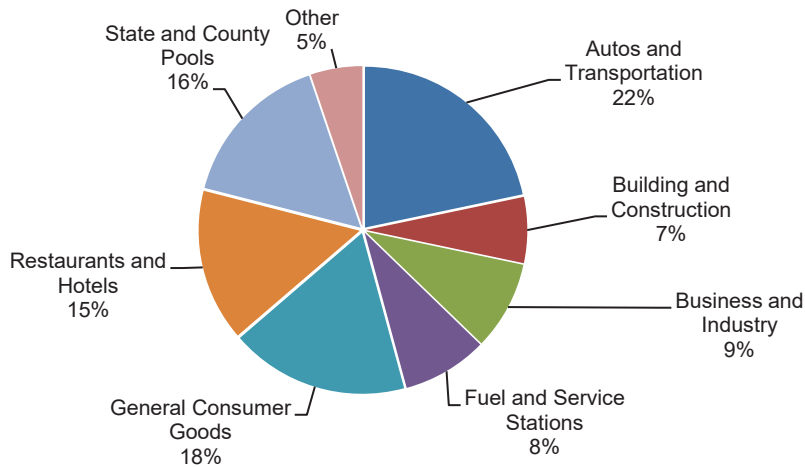
**City of Huntington Beach
Total Assessed Valuation
Fiscal Years 2014/15 - 2023/24
(in billions)**



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 2022/23**



City of Huntington Beach Historical Sales Tax Revenue

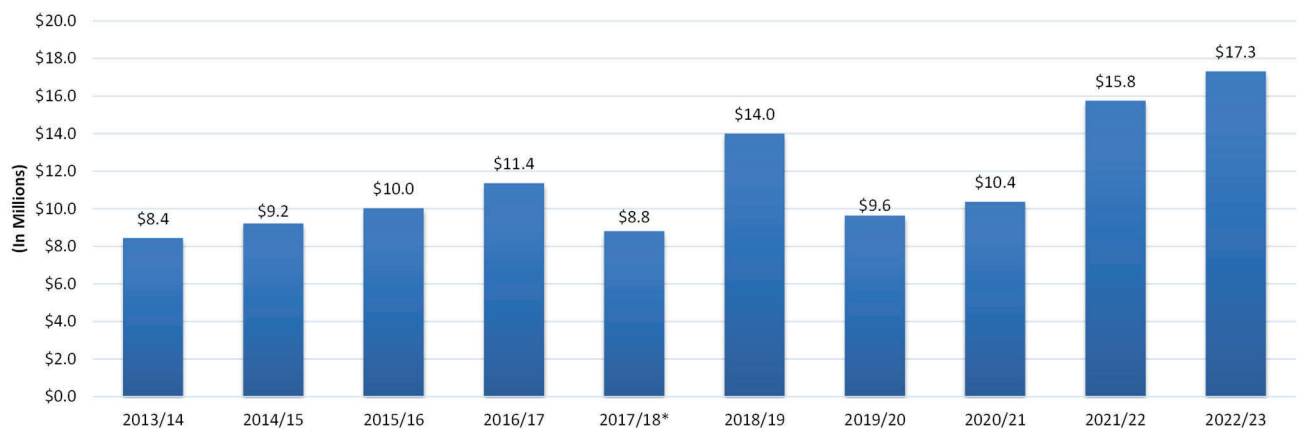


*Fiscal Year 2017/18 reflects nine months of data only due to the change in the City's fiscal year

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 \$17.3M in TOT revenues during FY22/23, reflecting a \$1.6M, or 10 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 \$971k.

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 designee.

Cash Management Policies and Practices

Surplus cash is invested by the elected City Treasurer, in investments allowed by the City's Investment Policy. The Investment Policy is adopted annually by the City Council after approval by the Investment Advisory Board. It outlines guidelines to meet the daily cash flow needs of the City, maximize the efficiency of the City's cash management system, and identifies prudent investment vehicles for cash balances. The rate of return earned for the year ended June 30, 2023 was 1.78 percent. The City Treasurer, as required by California Government Code 53601, has prepared an annual Statement of Investment Policy which allows the City to meet current obligations while earning a market rate of return. Further information regarding the City's cash and investments can be found in Note 2 of the financial statements.

Long-Term Financial Planning and Major Initiatives

The Strategic Goals provides the framework for the goals and objectives of the City. The City Council 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 on October 3, 2023, 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 in the process of developing a “One Stop Shop” to facilitate the permitting process. The new “One Stop Shop” will streamline the permitting process and provide 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 is anticipated to be publicly released in late April 2024.

Joint Youth Training Center

On November 16, 2023, the City’s Police and Fire Department broke ground on the new Joint Youth Training Center (Training Center) which will replace the existing 50-year old Search & Rescue structure. This state-of-the-art Training Center will be home to the City’s Fire & Police Explorer Program. Opening in late 2024, this facility will provide a much needed space to train the City’s future public safety leaders. In 2021, the Huntington Beach Search and Rescue Explorer (HBSAR) program was reorganized and shifted its focus to provide the proper training in the different disciplines. As a result, the HB Police Explorer and the HB Fire Explorer programs were created to provide the youth with more experience and extensive training. The revamped Explorer programs are vital in teaching the City’s youth not only the technical skills necessary to pursue a career in public safety, but also leadership and character building that will benefit the youth regardless of what career path they choose to pursue.

CivicRec Migration

On March 7, 2023, the Community & Library Services Department, in collaboration with the Information Services and City Treasurer Departments, successfully launched CivicRec, a new recreation registration software for the City’s programs and activities. Preceding the launch, a marketing campaign encouraged customers to create CivicRec accounts for spring and summer activity registration. Despite the time-sensitive nature of the project, it was executed

successfully, with \$618,956 in transactions received on the first day, exceeding expectations. The number of transactions for instructional classes alone increased by 49% from Spring 2022, and online transactions saw more than a 10% increase, indicating positive user experiences with the user-friendly registration software.

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 37th 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, 2022, 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, Thuy Vi, and Shari Saraye for their hard work and dedication.

Respectfully,



Sunny Han
Chief Financial Officer

City of Huntington Beach

City Council

Gracey Van Der Mark, Mayor
Pat Burns, Mayor Pro Tem

Rhonda Bolton, Councilmember
Casey McKeon, Councilmember
Dan Kalmick, Councilmember
Natalie Moser, Councilmember
Tony Strickland, Councilmember

Executive Team

Eric Parra, Interim City Manager
Travis Hopkins, Assistant City Manager

Elected Department Heads

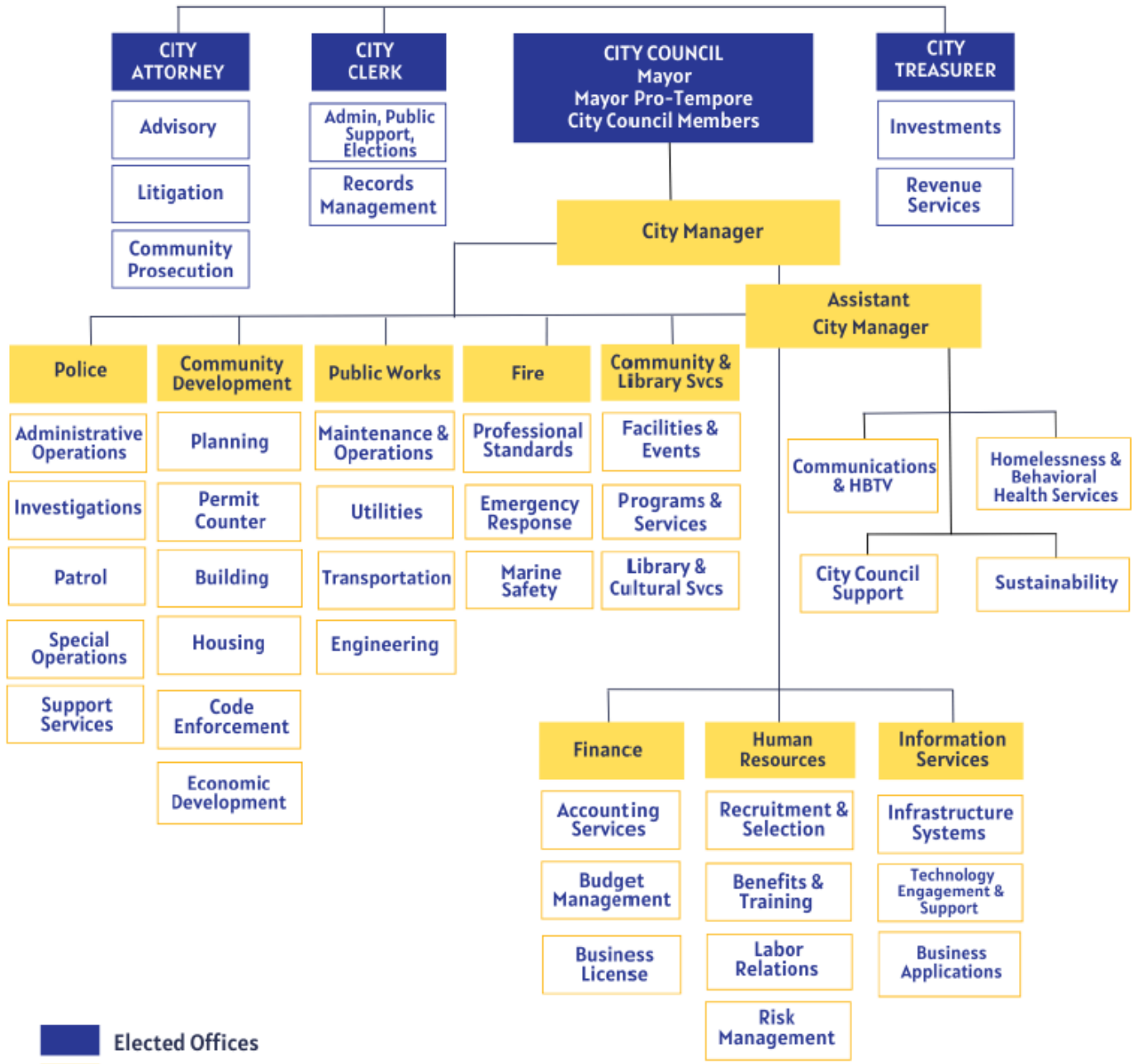
Alisa Backstrom, City Treasurer
Robin Estanislau, City Clerk
Michael Gates, City Attorney

Department Directors

Sunny Han, Finance
Chau Vu, Public Works
Chief Scott Haberle, Fire
Chief Eric Parra, Police
Jennifer Villasenor, Community Development
Theresa St. Peter, Interim Human Resources Director
Ashley Wysocki, Community & Library Services

CITY OF HUNTINGTON BEACH FY 2023-24 Organizational Chart

THE PEOPLE OF HUNTINGTON BEACH



Elected Offices
 Appointed Departments





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, 2022

Christopher P. Morill

Executive Director/CEO

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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, 2023, 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, 2023, 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.

Emphasis of Matter

As described further in Note 11 (10) to the financial statements, during the year ended June 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Agreements. Our opinion is not modified with respect to this matter.

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 one year after the date that the financial statements are issued.

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 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, 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 Comprehensive Annual 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 21, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
December 21, 2023

MANAGEMENT DISCUSSION AND ANALYSIS



City of Huntington Beach Management’s Discussion and Analysis For the Year Ended June 30, 2023

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, 2023. 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, 2023	June 30, 2022	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets	\$ 1,367,093	\$ 1,418,959	\$ (51,866)	-3.7%
Deferred Outflows of Resources	154,594	30,890	123,704	400.5%
Liabilities	664,520	548,996	115,524	21.0%
Deferred Inflows of Resources	21,108	146,115	(125,007)	-85.6%
Total Net Position	836,059	754,738	81,321	10.8%
Unrestricted Net Position	(136,350)	(189,318)	52,968	28.0%
Long-Term Obligations	590,950	448,654	142,296	31.7%
Program Revenues	212,002	154,221	57,781	37.5%
Taxes	221,607	205,853	15,754	7.7%
Other General Revenues	9,214	107	9,107	8511.2%
Expenses	361,502	297,173	64,329	21.6%

- 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 \$836,059,000. Total net position increased by \$81,321,000 or 10.8 percent primarily because of the increase in deferred outflows of resources and decrease in deferred inflows of resources. This change is related to GASB 68, *Accounting and Financial Reporting for Pension*, where the City must recognize adjustments in total pension liability and fiduciary net position. The CalPERS FY 2021/22 -7.5 percent investment loss was recognized in the June 30, 2023 financial statements per GASB 68 requirements, which eliminated the prior year’s net pension asset and created a net pension liability increase of \$145,606,000.
- Long-term obligations increased by \$142,296,000 or 31.7 percent. The increase is primarily the result of GASB 68 adjustments. As stated above, the adjustment increased net pension liability by \$145,606,000 as a result of actuarial valuation adjustment of the City’s current net pension liability.
- Deferred outflows of resources increased by \$123,704,000 or 400.5 percent while deferred inflow of resources decreased by \$125,007,000 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, 2023

- Program revenues increased by \$57,781,000 or 37.5 percent. Most of this increase is due to the receipt of American Rescue Plan Act grant funding. 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. Community Development and Public Works related program revenue also saw an increase of \$7,886,000 and \$4,134,000 which can be attributed to an increase in permits issued, development fees, and affordable housing in-lieu fees from two new residential development projects, Gisler Residential and Delaware Housing Project.

Expenses increased by \$64,329,000 or 21.6 percent, largely due to the prior year's pension expenses being substantially lower than usual due to the 21.3 percent CalPERS investment return which resulted in a Net Pension Asset in FY 2021/22. The -7.5 percent return in the subsequent fiscal year resulted in the creation of a Net Pension Liability and increased pension expense. The City also incurred additional expense for fuel, repairs, natural gas, and other utilities, due to rising costs from inflationary pressures, supply-chain issues, and rate 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



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

activities include the City Council, City Manager, City Treasurer, City Attorney, City Clerk, Finance, Community Development, Fire, Information Services, Police, Community Services, Library Services, and Public Works departments. Business-type activities include Water, Sewer, Refuse, and Hazmat Services.

The government-wide financial statements include the City and all of its component units that are legally separate but whose activities entirely support the City of Huntington Beach. The government-wide financial statements can be found on pages 23-24 of this report.

Fund Financial Statements

The City separates financial activities into funds to maintain control over resources that have been legally separated. All 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 121-122. 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 25 and 27 of this report.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

Proprietary Funds

The City maintains two different types of proprietary funds, enterprise and internal service, 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 29-31 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 32-33 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 34-117 of this report.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

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 133-140 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 \$836,059,000.

Below is a summary schedule of the City's net position on June 30, 2023 (in thousands):

	June 30, 2023	June 30, 2022	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities				
Current and Other Assets	\$ 360,136	\$ 331,062	\$ 29,074	8.8%
Non-Current Assets	1,809	106,219	(104,410)	-98.3%
Capital Assets	<u>772,038</u>	<u>746,371</u>	<u>25,667</u>	3.4%
Total Assets	<u>1,133,983</u>	<u>1,183,652</u>	<u>(49,669)</u>	-4.2%
Deferred Outflows of Resources	<u>144,205</u>	<u>28,739</u>	<u>115,466</u>	401.8%
Current and Other Liabilities	61,970	92,861	(30,891)	-33.3%
Long-Term Obligations	<u>559,315</u>	<u>426,186</u>	<u>133,129</u>	31.2%
Total Liabilities	<u>621,285</u>	<u>519,047</u>	<u>102,238</u>	19.7%
Deferred Inflows of Resources	<u>20,322</u>	<u>136,033</u>	<u>(115,711)</u>	-85.1%
Net Position:				
Net Investment in Capital Assets	727,051	712,289	14,762	2.1%
Restricted	82,564	68,460	14,104	20.6%
Unrestricted	<u>(173,034)</u>	<u>(223,438)</u>	<u>50,404</u>	22.6%
Total Net Position	<u>\$ 636,581</u>	<u>\$ 557,311</u>	<u>\$ 79,270</u>	14.2%

	June 30, 2023	June 30, 2022	Amount Increase (Decrease)	Percent Increase (Decrease)
Business-Type Activities				
Current and Other Assets	\$ 91,312	\$ 82,651	\$ 8,661	10.5%
Non-Current Assets	215	8,658	(8,443)	-97.5%
Capital Assets	<u>141,583</u>	<u>143,998</u>	<u>(2,415)</u>	-1.7%
Total Assets	<u>233,110</u>	<u>235,307</u>	<u>(2,197)</u>	-0.9%
Deferred Outflows of Resources	<u>10,389</u>	<u>2,151</u>	<u>8,238</u>	383.0%
Current and Other Liabilities	11,600	7,481	4,119	55.1%
Long-Term Obligations	<u>31,635</u>	<u>22,468</u>	<u>9,167</u>	40.8%
Total Liabilities	<u>43,235</u>	<u>29,949</u>	<u>13,286</u>	44.4%
Deferred Inflows of Resources	<u>786</u>	<u>10,082</u>	<u>(9,296)</u>	-92.2%
Net Position:				
Net Investment in Capital Assets	141,581	143,998	(2,417)	-1.7%
Restricted	21,213	19,309	1,904	9.9%
Unrestricted	<u>36,684</u>	<u>34,120</u>	<u>2,564</u>	7.5%
Total Net Position	<u>\$ 199,478</u>	<u>\$ 197,427</u>	<u>\$ 2,051</u>	1.0%



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

Analysis of the City's Net Position

Current and Other Assets: The increase in current and other assets of \$29,074,000 for governmental activities is mainly due to the increase in cash balances related to increased property tax, franchise tax, utility users tax, and transient occupancy tax revenues. The overall combined asset decreased by \$49,669,000 which is due to a \$104,410,000 decrease in Non-current Assets.

The increase in current and other assets of \$8,661,000 for business-type activities is primarily due to increased cash balance in the Water Master Plan fund from revenue received for new development projects in Fiscal Year 2022/23. Two of the main projects are Gisler Residential which is for 85 single-family residential homes on 13.9 acres and Delaware Housing Project which is a 346-unit, five story residential apartment community. The overall combined asset decreased by \$2,197,000 or 0.9 percent.

Non-current Assets: Non-current Assets decreased by \$104,410,000 in governmental activities and \$8,443,000 in business-type activities due to GASB 68 adjustments. Fiscal Year 2022/23 saw an increase in net pension liability due to CalPERS' 7.5percent investment loss in FY 2021/22 recognized in FY 2022/23, which resulted in a decrease in Net Pension Asset and an increase in Net Pension Liability.

Current and Other Liabilities: Current and Other Liabilities for governmental activities decreased by \$30,891,000 and increased by \$4,119,000 for business-type activities. For governmental activities, most of the decrease is related to \$29,607,000 of American Rescue Plan Act (ARPA) funds that were received and recorded as unearned revenue in prior years. These funds were recognized as revenue in Fiscal Year 2022/23 as they were expended on eligible public safety expenditures. The increase in business-type activities is due to normal fluctuations in accounts payable and payroll cycles.

Deferred Outflows and Inflows of Resources: The increase in deferred outflows of resources of \$115,466,000 and \$8,238,000 for governmental activities and business-type activities and decrease of deferred inflows of resources of \$115,711,000 and \$9,296,000 for governmental activities and 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 \$133,129,000 for governmental activities and \$9,167,000 for business-type activities primarily due the FY 2021/22 7.5percent CalPERS investment loss recognized in FY 2022/23 which created a net pension liability totaling \$151,970,000.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

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 activities increased \$14,762,000 or 2.1 percent, primarily due to street improvements and construction projects such as improvements to Rodger's Senior Center Repurposing, Central Park Improvements, various fiber expansion projects and replacement of outdated equipment throughout the City. Net position invested in capital assets net of related debt from business-type activities decreased \$2,417,000 or 1.7 percent primarily due to depreciation expense and a reduction of sewer and lift station improvement cost.

Restricted Net Position: An additional portion of the City's net position is subject to external (legally imposed or statutory) restrictions (\$82,564,000 for governmental activities, and \$21,213,000 for business-type activities). These amounts represent 13.0 percent and 10.6 percent of net position for governmental activities and business-type activities, respectively. Restricted net position from governmental activities increased \$14,104,000 or 20.6 percent, largely due to the change in restricted net position in the Pension Liability Fund and Infrastructure Fund. The Pension Liability Fund increased due to revenues set aside from the voter-approved property tax override dedicated to the payment of pension costs. The Infrastructure Fund increased due to the City transferring \$28,741,000 from the General Fund to cover future Infrastructure cost. Restricted net position from business-type activities increased by \$1,904,000 or 9.9 percent primarily due to an increase in restricted Water Master Plan funds available for capital projects as funds are spent.

Unrestricted Net Position: The unrestricted net position (negative \$173,034,000 for governmental activities and \$36,684,000 for business-type activities) represent negative 27.2 percent and 18.4 percent, respectively, of net position for governmental activities and business-type activities. Unrestricted net position for governmental activities increased \$50,404,000 or 22.6 percent. Unrestricted net position for business-type activities increased by \$2,564,000 or 7.5 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, 2023

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

	Governmental Activities			
	June 30, 2023	June 30, 2022	Amount Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Program Revenues:				
Charges for Current Services	\$ 82,704	\$ 68,051	\$ 14,653	21.5%
Operating Grants and Contributions	43,005	9,301	33,704	362.4%
Capital Grants and Contributions	11,202	8,537	2,665	31.2%
Total Program Revenues	136,911	85,889	51,022	59.4%
General Revenues:				
Property Taxes	109,467	102,539	6,928	6.8%
Sales Taxes	57,164	57,652	(488)	-0.8%
Utility Taxes	22,558	19,528	3,030	15.5%
Franchise Taxes	15,100	10,380	4,720	45.5%
Transient Occupancy Tax	17,318	15,754	1,564	9.9%
Use of Money and Property (Loss)	5,153	(1,895)	7,048	-371.9%
From Other Agencies - Unrestricted	3,225	4,631	(1,406)	-30.4%
Disposal of Machinery and Equipment (Loss)	(520)	1,699	(2,219)	-130.6%
Total General Revenues	229,465	210,288	19,177	9.1%
Total Revenues	366,376	296,177	70,199	23.7%
Expenses:				
City Council	429	382	47	12.3%
City Manager	5,780	5,412	368	6.8%
City Treasurer	396	259	137	52.9%
City Attorney	3,248	2,183	1,065	48.8%
City Clerk	1,370	1,060	310	29.2%
Finance	6,211	5,581	630	11.3%
Community Development	20,550	11,634	8,916	76.6%
Fire	71,737	52,808	18,929	35.8%
Information Services	8,565	6,469	2,096	32.4%
Police	89,430	73,964	15,466	20.9%
Community Services	13,389	11,517	1,872	16.3%
Library Services	7,225	5,212	2,013	38.6%
Public Works	49,151	42,598	6,553	15.4%
Interest on Long-Term Debt	9,587	9,548	39	0.4%
Total Expenses	287,068	228,627	58,441	25.6%
Change in Net Position Before Transfers	79,308	67,550		
Transfers	(38)	(39)		
Change in Net Position	79,270	67,511		
Net Position - Beginning of Year	557,311	489,800		
Net Position - End of Year	\$ 636,581	\$ 557,311		

The cost of all governmental activities this year was \$287,068,000. However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities was \$150,157,000, as costs of \$82,704,000 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 \$43,005,000, and capital grants and contributions of \$11,202,000. Overall, the City's governmental program revenues were \$136,911,000. The City paid for the remaining "public benefit" portion of governmental activities with \$229,465,000 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.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

Charges for current services increased \$14,653,000, or 21.5 percent. The largest increase in Charges for Current Services came from Community Development and Public Works. Community Development saw revenue go up by \$7,864,000 while Public Works saw revenues go up by \$4,066,000 due to an increase in permit issuance and fees collected for development projects such as the Gisler Residential and Delaware Housing Projects.

Operating Grants and Contributions increased by \$33,704,000 or 362.4 percent and Capital Grants and Contributions have increased by \$2,655,000 or 31.2 percent. The Operating Grants and Contributions increase is due to the \$29,607,000 of American Rescue Plan Act (ARPA) funds the City recognized as revenue in the current year. The increase in Capital Grants and Contributions is related to increased traffic impact fee and commercial sanitation fee revenue received related to large development projects within the city.

Program expenses increased by \$58,441,000, or 25.5 percent. As mentioned earlier, this is largely due to the prior year's pension expenses being substantially lower than usual due to the 21.3 percent CalPERS investment return which resulted in a Net Pension Asset in FY 2021/22. The -7.5 percent return in the subsequent fiscal year resulted in the creation of a Net Pension Liability and increased pension expense. The City also incurred additional expense for fuel, repairs, natural gas, and other utilities, due to rising costs from inflationary pressures, supply-chain issues, and rate increases.

Total resources available during the year to finance governmental operations were \$923,687,000 consisting of net position at July 1, 2022 of \$557,311,000, program revenues of \$136,911,000, and general revenues of \$229,465,000. Total expenses for governmental activities during the year were \$287,068,000 plus transfers of \$38,000. Thus, net position increased by \$79,270,000 or 14.2 percent, to \$636,581,000.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

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

	Business-Type Activities			
	June 30, 2023	June 30, 2022	Amount Increase (Decrease)	Percent Increase (Decrease)
Program Revenues:				
Charges for Current Services	\$ 75,091	\$ 68,332	\$ 6,759	9.9%
Total Program Revenues	75,091	68,332	6,759	9.9%
Use of Money and Property (Loss)	1,356	(4,328)	5,684	-131.3%
Total Revenues	76,447	64,004	12,443	19.4%
Expenses:				
Water Utility	47,974	44,182	3,792	8.6%
Sewer Service	11,422	10,390	1,032	9.9%
Refuse Collection	14,935	13,738	1,197	8.7%
Hazmat Service	103	236	(133)	-56.4%
Total Expenses	74,434	68,546	5,888	8.6%
Increase (Decrease) in Net Position				
Before Transfers	2,013	(4,542)		
Transfers	38	39		
Total Change In Net Position	2,051	(4,503)		
Net Position - Beginning of Year	197,427	201,930		
Net Position - End of Year	\$ 199,478	\$ 197,427		

The City's net position from business-type activities increased by \$2,013,000 before transfers. This is mainly due to unrealized market gains in the City's investments and increased revenue.

The cost of all business-type activities this year was \$74,434,000. As shown in the Statement of Activities, charges for current services was \$75,091,000 and unrealized market gain was \$1,356,000, which was more than enough to cover business-type activities. Beginning net position was \$197,427,000 and ending net position was \$199,478,000, an increase of \$2,051,000, or 1.0 percent. Of the ending net position, \$141,581,000, or 71.0 percent, was invested in capital assets, \$21,213,000 or 10.6 percent was restricted for expenses for the Water Master Plan, and \$36,684,000, or 18.4 percent was unrestricted.

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

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, 2023	June 30, 2022	Amount Increase (Decrease)	Percent Increase (Decrease)
Total Fund Balance:				
General Fund	\$ 126,537	\$ 102,824	\$ 23,713	23.1%
Grants Special Revenue Fund	655	(4,311)	4,966	115.2%
LMIHAF Capital Projects Fund	4,919	4,856	63	1.3%
Pension Liability Fund	24,982	20,729	4,253	20.5%
Infrastructure	33,398	20,485	12,913	63.0%
Total Fund Balance:	\$ 190,491	\$ 144,583	\$ 45,908	31.8%



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

The General Fund Balance increased by \$23,713,000, primarily due to one-time savings from the use of American Rescue Plan Act funding for public safety expenditures which facilitated the creation of an HB Recovery Reserve totaling \$10,886,000. Additionally, the City realized additional revenue primarily due to one-time spikes in natural gas prices during Winter 2022-23 and increased natural gas and electricity rates. Transient Occupancy Tax (TOT) remained strong, mainly due to higher average daily rates and a full fiscal year of TOT from the City's Short-Term Vacation Rentals.

The Grants Special Revenue Fund Balance increased by \$4,966,000 primarily due to a payment of \$3,549,000 from the Monsanto class-action settlement.

The LMIHAF Capital Projects Fund Balance increased by \$63,000 primarily due to the interest earned on City investments and loan payments received for developer loans.

The Pension Liability Fund increased by \$4,253,000, largely due to revenues set aside from the voter-approved property tax override dedicated to the payment of Public Safety pension costs.

The Infrastructure Fund increased by \$12,913,000 due to the City transferring HB Recovery funds from the General Fund to the Infrastructure fund for projects including: construction of a Joint Youth Training Center for Police and Fire and various mobility, arterial beautification, and sustainability-related capital improvements.

Financial Analysis of the City's Major Proprietary Funds

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

	Enterprise Funds			
	June 30, 2023	June 30, 2022	Amount Increase (Decrease)	Percent Increase (Decrease)
Net Position:				
Water Fund	\$ 120,533	\$ 118,766	\$ 1,767	1.5%
Sewer Fund	78,606	78,509	97	0.1%
Refuse Fund	35	16	19	118.8%
Hazmat Service Fund	304	136	168	123.5%
Total Net Position	\$ 199,478	\$ 197,427	\$ 2,051	1.0%
Unrestricted Net Position:				
Water Fund	\$ 10,880	\$ 9,104	\$ 1,776	19.5%
Sewer Fund	25,556	24,977	579	2.3%
Refuse Fund	(56)	(97)	41	42.3%
Hazmat Service Fund	304	136	168	123.5%
Total Unrestricted Net Position	\$ 36,684	\$ 34,120	\$ 2,564	7.5%

The Water Fund total net position increased by \$1,767,000 due to the City receiving one-



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

time revenue from Orange County Water District in FY 2022/23, which caused the unrestricted net position to increase by \$1,776,000. All enterprise funds except for the Refuse Fund generated revenue that exceeded expenses due to supplies and operations cost exceeding revenue generated in FY 2022/23.

Long-Term Obligations

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

	June 30, 2022	Additions	Retirements	June 30, 2023
Governmental Activities:				
Revenue Bonds	\$ 27,365	\$ -	\$ (2,205)	\$ 25,160
Compensated Absences	15,045	3,376	(3,603)	14,818
Claims Payable	56,431	28,002	(17,812)	66,621
Pollution Remediation	2,000	-	-	2,000
LED Lighting Phase I	314	-	(123)	191
I-Bank CLEEN Loan	1,586	-	(303)	1,283
CEC Loan	2,063	-	(266)	1,797
Pension Obligation Bonds	330,642	-	(12,637)	318,005
Finance Purchase Agreement	11,714	7,742	(2,068)	17,388
Leases Payable	247	398	(189)	456
Subscriptions Payable	3,651	-	(1,051)	2,600
Total Long-Term Obligations				
Governmental Activities	451,058	39,518	(40,257)	450,319
Business-Type Activities:				
Compensated Absences	1,686	529	(389)	1,826
Pension Obligation Bonds	21,368	-	(888)	20,480
Business-Type Activities:	23,054	529	(1,277)	22,306
Total Long-Term Obligations	\$ 474,112	\$ 40,047	\$ (41,534)	\$ 472,625

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 Statement No. 87 Leases 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 \$1,487,000 or 0.3 percent from the prior fiscal year as there were more debt retirements than debt additions during the year.

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 February 2022.

The following are the ratings as determined by Standard and Poor's and Fitch Ratings as of June 30, 2023.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

<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+	AA+

Capital Assets

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

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

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

	June 30, 2023	June 30, 2022	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities:				
Land	\$ 369,538	\$ 369,538	\$ -	0.0%
Buildings	127,820	127,310	510	0.4%
Machinery and Equipment	32,401	19,510	12,891	66.1%
Construction in Progress	11,249	12,235	(986)	-8.1%
Infrastructure	227,641	217,525	10,116	4.7%
Right to Use Leased Asset	462	253	209	82.6%
Right to Use SBITA Asset	2,927	3,651	(724)	-19.8%
Total Governmental Activities	772,038	750,022	22,016	2.9%
Business-Type Activities:				
Land	3,907	3,907	-	0.0%
Buildings	66,089	68,693	(2,604)	-3.8%
Machinery and Equipment	6,064	6,863	(799)	-11.6%
Construction in Progress	839	109	730	669.7%
Infrastructure	64,684	64,426	258	0.4%
Total Business-Type Activities	141,583	143,998	(2,415)	-1.7%
Total Capital Assets	\$ 913,621	\$ 894,020	\$ 19,601	2.2%

Capital assets from governmental activities increased \$22,016,000 or 2.9 percent. This increase is largely due to street replacement infrastructure costs and machinery and equipment replacement throughout the City. Capital assets from business-type activities



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

decreased \$2,415,000 or 1.7 percent largely due disposal of outdated machinery and equipment. Information on the City's capital assets can be found in Note 12 of the financial statements.

Furthermore, the newly implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), requires the City to recognize subscription liability and an intangible right-to-use subscription asset. For FY 2022/23, the City reported \$2,927,000 in right-to-use SBITA assets.

General Fund Budgetary Highlights

Changes to Original Budget

Comparing the FY 2022/23 General Fund Original (i.e. Adopted) Budget expenditures amount of \$269,971,000 to the final budgeted amount of \$298,423,000 shows a net increase of \$28,452,000, or 10.5 percent. This overall increase is primarily due to budget carryovers of \$5,264,000, increased transfers to the Infrastructure Fund of \$4,586,000, Retirement Supplement Fund of \$4,620,000, Section 115 Trust of \$2,000,000, Self Insurance General Liability Fund of \$4,500,000, Self Insurance Worker's Compensation Fund of \$5,800,000, appropriation of donation revenue totaling \$986,000, and operating increases of \$6,016,000.

Final budgeted revenues for the General Fund increased \$27,026,000 or 9.5 percent from the original (adopted) budget for the Fiscal Year ended June 30, 2023. 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 greater than the final budget by \$1,707,000 for the Fiscal Year ended June 30, 2023. This budget variance is due in large part to actual investment returns outperforming budgeted amounts in the Section 115 Trust.

General Fund expenditures were \$7,714,000 less than the final budget. The favorable budget variance is due in large part to the following:

- The Information Services and Police Departments realized a total of \$2,478,000 in savings primarily due to higher than average vacancies.

Economic Factors and Next Year's Budget

The Adopted FY 2023/24 Budget totals \$508.0 million in all funds. This reflects a \$24.0 million, or 4.5 percent decrease from the FY 2022/23 Adopted All Funds Budget of \$532.0



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

million. A significant portion of the decrease is due to the one-time redistribution of \$29.6 million of American Rescue Plan Act (ARPA) funds to the General Fund in FY 2022/23 for the provision of core governmental services.

General Fund Budget expenditures total \$285.2 million and are supported by revenues of \$283.9 million, plus the one time use of \$8.8 million in General Fund Reserves. Use of reserves include the transfer of \$3.9 million from the Equipment Replacement Reserve to the Equipment Replacement Fund for the purchase of critical infrastructure and public safety vehicles and equipment. The full balance of the AES Reserve (\$4.9 million) is being transferred to a new AES Mitigation Fund to be used for various Capital Improvement Projects (CIP) as outlined in the Memorandum of Understanding between the City and AES Southland Development LLC. 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. Major highlights are as follows:

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 \$145.7 million, to these core services.

In the Police Department, the budget includes \$2.0 million in equipment funds for the replacement of 22 police vehicles and other front line safety equipment. The Capital Improvement Program (CIP) includes \$2,680,000 for relocation and expansion of the Police Department Communications Center, updates to the women's locker room, and fiber installations at the Bella Terra Police substation.

In the Fire Department, the Adopted Budget includes \$825,000 for equipment replacement comprising of ten vehicles and the purchase of ambulance equipment and extraction tools. The CIP includes \$345,000 for a traffic signal at Murdy Fire Station.

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. As part of the process to identify where the City should focus its limited resources, a Quality of Life survey is currently underway to identify the priorities of the City's residents and other key stakeholders.



City of Huntington Beach Management's Discussion and Analysis For the Year Ended June 30, 2023

General Fund Revenue

General Fund revenue is projected to be \$283.9 million, a \$.7 million or 0.3 percent increase from the Fiscal Year 2022/23 Adopted Budget. The largest decrease is in Non-Operating Revenue, which is projected to be \$2.8 million, a \$27.3 million decrease from the FY 2022/23 Adopted Budget of \$30.1 million. This is attributable to the one-time transfer of \$29.6 million in ARPA funds for general governmental services that was included in the FY 2022/23 Adopted Budget. This decrease is offset by increases in Property Tax, Franchise and Utility Users Tax, Use of Money & Property, and Charges for Current Services.

- Property Tax is the largest revenue category for the City and is anticipated to increase by \$5.9 million or 6.0 percent to \$104.2 million due to gains in assessed property valuations.
- Franchise and Utility Users Taxes are projected at \$33.0 million, a 21.8 percent increase, driven by increases in utility prices including gas and electricity.
- Use of Money & Property is anticipated to increase by \$4.9 million to \$21.8 million due to parking rate increases and an expected rise in lease and concession income.
- Charges for Current Services is projected to increase \$7.4 million due to increased demand for services, including medical transports, recreation classes and building and planning services.

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, 2023
(In Thousands)

ASSETS	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash and Investments	\$ 291,761	\$ 76,936	\$ 368,697
Cash and Investments with Fiscal Agent	12,285	-	12,285
Receivables, Net	41,373	10,532	51,905
Advances to Successor Agency	1,363	-	1,363
Lease Receivable	11,107	-	11,107
Inventories	-	1,624	1,624
Prepays	2,032	-	2,032
Joint Venture	215	2,220	2,435
Total Current Assets	360,136	91,312	451,448
Non-Current Assets:			
Net Other Postemployment Benefits Asset	1,809	215	2,024
Total Non-Current Assets	1,809	215	2,024
Capital Assets:			
Non-Depreciable	380,787	4,746	385,533
Depreciable, Net	391,251	136,837	528,088
Total Capital Assets	772,038	141,583	913,621
Total Assets	1,133,983	233,110	1,367,093
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	138,290	9,685	147,975
Deferred Outflows Related to Other Postemployment Benefits	5,915	704	6,619
Total Deferred Outflows of Resources	144,205	10,389	154,594
LIABILITIES			
Current Liabilities:			
Accounts Payable	12,043	8,258	20,301
Accrued Payroll	1,914	282	2,196
Unearned Revenue	4,087	-	4,087
Accrued Interest Payable	632	22	654
Deposits	2,250	1,649	3,899
Long-Term Obligations Due Within One Year	41,044	1,389	42,433
Total Current Liabilities	61,970	11,600	73,570
Long-Term Obligations:			
Long-Term Obligations Due in More than One Year	409,275	20,917	430,192
Net Pension Liability	150,040	10,718	160,758
Total Long-Term Obligations	559,315	31,635	590,950
Total Liabilities	621,285	43,235	664,520
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	3,105	24	3,129
Deferred Inflows Related to Other Postemployment Benefits	6,397	762	7,159
Deferred Inflows Lease Related	10,820	-	10,820
Total Deferred Inflow of Resources	20,322	786	21,108
NET POSITION			
Net Investment in Capital Assets	727,051	141,581	868,632
Restricted for:			
Debt Service	4,461	-	4,461
Capital Projects	25,852	21,213	47,065
Public Works and Community Services Projects	52,251	-	52,251
Total Restricted Net Position	82,564	21,213	103,777
Unrestricted	(173,034)	36,684	(136,350)
Total Net Position	\$ 636,581	\$ 199,478	\$ 836,059

See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(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	\$ 429	\$ 167	\$ -	\$ -	\$ (262)	\$ -	\$ (262)
City Manager	5,780	4,976	311	23	(470)	-	(470)
City Treasurer	396	153	-	-	(243)	-	(243)
City Attorney	3,248	5	-	-	(3,243)	-	(3,243)
City Clerk	1,370	299	-	-	(1,071)	-	(1,071)
Finance	6,211	3,125	-	-	(3,086)	-	(3,086)
Community Development	20,550	18,817	6,373	25	4,665	-	4,665
Fire	71,737	14,166	14,063	-	(43,508)	-	(43,508)
Information Services	8,565	623	-	-	(7,942)	-	(7,942)
Police	89,430	6,139	17,994	-	(65,297)	-	(65,297)
Community Services	13,389	22,545	653	294	10,103	-	10,103
Library Services	7,225	388	585	-	(6,252)	-	(6,252)
Public Works	49,151	11,301	3,026	10,860	(23,964)	-	(23,964)
Interest on Long-Term Debt	9,587	-	-	-	(9,587)	-	(9,587)
Total Governmental Activities	287,068	82,704	43,005	11,202	(150,157)	-	(150,157)
Business-type Activities:							
Water Utility	47,974	48,934	-	-	-	960	960
Sewer Service	11,422	10,982	-	-	-	(440)	(440)
Refuse Collection	14,935	14,899	-	-	-	(36)	(36)
Hazmat Service	103	276	-	-	-	173	173
Total Business-Type Activities	74,434	75,091	-	-	-	657	657
Total Governmental and Business Type Activities	\$ 361,502	\$ 157,795	\$ 43,005	\$ 11,202	\$ (150,157)	\$ 657	\$ (149,500)
General Revenues:							
Taxes:							
Property Taxes					\$ 109,467	\$ -	\$ 109,467
Sales Taxes					57,164	-	57,164
Utility Taxes					22,558	-	22,558
Franchise Taxes					15,100	-	15,100
Transient Occupancy Tax					17,318	-	17,318
Total Taxes					221,607	-	221,607
Other:							
Use of Money and Property					5,153	1,356	6,509
From Other Agencies - Unrestricted					3,225	-	3,225
Disposal of Machinery and Equipment (Loss)					(520)	-	(520)
Total General Revenues					229,465	1,356	230,821
Transfers					(38)	38	-
Total General Revenues and Transfers					229,427	1,394	230,821
Change in Net Position					79,270	2,051	81,321
Net Position - Beginning of Year					557,311	197,427	754,738
Net Position - End of Year					\$ 636,581	\$ 199,478	\$ 836,059

See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(In Thousands)**

	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Pension Liability	Infrastructure	Other Governmental Funds	Total
ASSETS							
Cash and Investments	\$ 115,922	\$ 3,020	\$ 3,551	\$ 24,736	\$ 34,780	\$ 63,156	\$ 245,165
Cash and Investments with Fiscal Agent	-	-	-	-	-	12,285	12,285
Taxes Receivable	14,867	-	-	148	-	1,308	16,323
Other Receivables, Net	7,599	7,323	8,339	98	196	1,330	24,885
Lease Receivable	11,107	-	-	-	-	-	11,107
Advances to Successor Agency	-	-	1,363	-	-	-	1,363
Prepays	51	-	-	-	-	-	51
Total Assets	149,546	10,343	13,253	24,982	34,976	78,079	311,179
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	6,701	1,056	10	-	1,478	2,093	11,338
Accrued Payroll	1,777	29	-	-	43	57	1,906
Unearned Revenue	1,122	2,965	-	-	-	-	4,087
Deposits Payable	2,250	-	-	-	-	-	2,250
Total Liabilities	11,850	4,050	10	-	1,521	2,150	19,581
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Lease Related	10,820	-	-	-	-	-	10,820
Unavailable Revenue	339	5,638	8,324	-	57	-	14,358
Total Deferred Inflows of Resources	11,159	5,638	8,324	-	57	-	25,178
FUND BALANCES							
Nonspendable							
Prepays	51	-	-	-	-	-	51
Restricted							
Underground Utilities	364	-	-	-	-	-	364
Restitution	296	-	-	-	-	-	296
Donations	777	-	-	-	-	-	777
Section 115 Trust	18,141	-	-	-	-	-	18,141
Pollution Remediation	-	-	-	-	-	336	336
Debt Service	-	-	-	24,982	-	4,461	29,443
Highways, Streets and Transportation	-	-	-	-	-	14,257	14,257
Low Income Housing	-	-	4,919	-	-	10,891	15,810
Air Quality	-	-	-	-	-	1,038	1,038
Other Capital Projects	-	-	-	-	-	23,695	23,695
Other Purposes	-	655	-	-	-	2,632	3,287
Committed							
Economic Uncertainties	48,411	-	-	-	-	-	48,411
Parks	-	-	-	-	-	5,316	5,316
Other Capital Projects	1,040	-	-	-	33,398	3,196	37,634
Other Purposes	1,779	-	-	-	-	3,910	5,689
Assigned							
Litigation Reserves	3,650	-	-	-	-	-	3,650
AES Reserve	4,900	-	-	-	-	-	4,900
Capital Improvement Reserve	9,086	-	-	-	-	6,197	15,283
Equipment Replacement	8,295	-	-	-	-	-	8,295
General Plan Maintenance	1,515	-	-	-	-	-	1,515
HB Recovery Fund	10,886	-	-	-	-	-	10,886
Oceanview Estates	365	-	-	-	-	-	365
General Liability Plan Migration	2,801	-	-	-	-	-	2,801
Pension Rate Stabilization	4,160	-	-	-	-	-	4,160
Section 115 Trust	2,500	-	-	-	-	-	2,500
Other Purposes	7,520	-	-	-	-	-	7,520
Total Fund Balances	126,537	655	4,919	24,982	33,398	75,929	266,420
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 149,546	\$ 10,343	\$ 13,253	\$ 24,982	\$ 34,976	\$ 78,079	\$ 311,179

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, 2023
(In Thousands)

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

Total Fund Balances Governmental Funds	\$	266,420
<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		1,799
<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	1,163,909	
Accumulated Depreciation	<u>(404,669)</u>	
Total Capital Assets		759,240
Joint Venture		215
<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	3,651	
Accumulated Amortization	<u>(934)</u>	
Total Right to Use Assets		3,389
<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>		
		(10,262)
<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>		
		14,358
Deferred Outflows Related to Pensions		137,824
Deferred Outflows Related to Other Postemployment Benefits (OPEB)		5,883
<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>		
		(149,527)
Deferred Inflows Related to Pensions		(3,104)
Deferred Inflows Related to Other Postemployment Benefits (OPEB)		(6,362)
<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		(632)
<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		(21,944)
Long-Term Obligations Due in More than One Year		<u>(360,716)</u>
Net Position of Governmental Activities	\$	<u>636,581</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, 2023
(In Thousands)

	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Pension Liability	Infrastructure	Other Governmental Funds	Total
REVENUES							
Property Taxes	\$ 101,036	\$ -	\$ -	\$ 8,431	\$ -	\$ -	\$ 109,467
Sales Taxes	52,599	-	-	-	-	4,565	57,164
Utility Taxes	22,558	-	-	-	-	-	22,558
Other Taxes	32,418	-	-	-	-	8,320	40,738
Licenses and Permits	10,630	-	-	-	-	5,058	15,688
Fines and Forfeitures	3,945	-	-	-	-	-	3,945
Use of Money and Property (Loss)	21,401	130	79	447	(1,565)	2,234	22,726
Intergovernmental	4,024	40,872	-	-	501	2,029	47,426
Charges for Current Services	32,787	-	-	16,111	-	11,112	60,010
Other	2,606	3,741	-	-	-	6	6,353
Total Revenues	284,004	44,743	79	24,989	(1,064)	33,324	386,075
EXPENDITURES							
Current:							
City Council	453	-	-	-	-	-	453
City Manager	5,892	300	-	-	-	309	6,501
City Treasurer	417	-	-	-	-	-	417
City Attorney	3,404	-	-	-	-	-	3,404
City Clerk	1,441	1	-	-	-	-	1,442
Finance	7,372	37	-	-	-	11	7,420
Community Development	17,061	3,343	16	-	-	1,149	21,569
Fire	65,658	488	-	-	-	6,353	72,499
Information Services	8,269	-	-	-	-	294	8,563
Police	93,796	2,716	-	-	-	488	97,000
Community Services	12,500	343	-	-	389	3,378	16,610
Library Services	6,951	204	-	-	-	89	7,244
Public Works	27,785	2,739	-	-	14,375	17,262	62,161
Debt Service:							
Principal	4,000	-	-	12,594	-	2,205	18,799
Interest	310	-	-	8,486	-	746	9,542
Total Expenditures	255,309	10,171	16	21,080	14,764	32,284	333,624
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,695	34,572	63	3,909	(15,828)	1,040	52,451
OTHER FINANCING SOURCES (USES)							
Transfers In	30,020	1	-	344	28,741	6,263	65,369
Lease (as Lessee)	398	-	-	-	-	-	398
Issuance of Finance Purchase Agreement	-	-	-	-	-	7,742	7,742
Transfers Out	(35,400)	(29,607)	-	-	-	(400)	(65,407)
Total Other Financing Sources (Uses)	(4,982)	(29,606)	-	344	28,741	13,605	8,102
Net Change In Fund Balances	23,713	4,966	63	4,253	12,913	14,645	60,553
Fund Balances - Beginning of Year	102,824	(4,311)	4,856	20,729	20,485	61,284	205,867
Fund Balances - End of Year	\$ 126,537	\$ 655	\$ 4,919	\$ 24,982	\$ 33,398	\$ 75,929	\$ 266,420

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, 2023
(In Thousands)

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

Net Changes in Fund Balances - Total Governmental Funds	\$	60,553
<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		37,934
Depreciable Assets Disposition		(87)
Non-Depreciable Assets Purchased		3,886
Non-Depreciable Assets Disposition		(4,872)
Capital Asset Depreciation		(18,028)
Joint Venture		16
<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</p>		
Current Year Grant and Other Revenue Accrual		3,724
Prior Year Grant and Other Revenue Accrual		(7,311)
<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>		
		234
<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>		
		(11,938)
<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>		
		1,518
<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>		
		2,790
<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		(632)
Prior Year Interest Accrual		587
<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>		
		18,799
<p>The issuance of long-term debt provides current financial resources to governmental funds.</p>		
		(8,140)
<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>		
		237
Change in Net Position of Governmental Activities	\$	<u>79,270</u>

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023
(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	\$ 23,384	\$ 31,240	\$ 490	\$ 609	\$ 55,723	\$ 46,596
Restricted Cash and Investments	21,213	-	-	-	21,213	-
Other Receivables, Net	6,350	628	688	18	7,684	165
Prepays	-	-	-	-	-	1,981
Joint Ventures	2,220	-	-	-	2,220	-
Inventories	1,624	-	-	-	1,624	-
Unbilled Receivables	1,766	457	625	-	2,848	-
Total Current Assets	56,557	32,325	1,803	627	91,312	48,742
Non-Current Assets:						
Net Other Postemployment Benefits Asset	155	53	5	2	215	10
Total Non-Current Assets	155	53	5	2	215	10
Capital Assets:						
Land	3,907	-	-	-	3,907	-
Buildings and Improvements	57,933	47,690	-	-	105,623	67
Machinery and Equipment	15,463	3,905	215	-	19,583	12,957
Infrastructure	107,936	46,212	-	-	154,148	-
Construction in Progress	-	839	-	-	839	-
Less Accumulated Depreciation	(96,799)	(45,595)	(123)	-	(142,517)	(3,615)
Total Capital Assets	88,440	53,051	92	-	141,583	9,409
Total Assets	145,152	85,429	1,900	629	233,110	58,161
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows Related to Pensions	6,779	2,535	227	144	9,685	466
Deferred Outflows Related to Other Postemployment Benefits	506	173	18	7	704	32
Total Deferred Outflows of Resources	7,285	2,708	245	151	10,389	498
Total Assets and Deferred Outflows of Resources	152,437	88,137	2,145	780	243,499	58,659
LIABILITIES						
Current Liabilities:						
Accounts Payable	6,502	607	1,149	-	8,258	705
Accrued Payroll	190	81	8	3	282	8
Deposits Payable	1,493	-	156	-	1,649	-
Interest Payable	15	6	1	-	22	-
Current Portion of Claims Payable	-	-	-	-	-	19,043
Current Portion of Compensated Absences	356	130	12	-	498	14
Long-Term Obligations Due Within One Year	624	233	21	13	891	43
Total Current Liabilities	9,180	1,057	1,347	16	11,600	19,813
Non-Current Liabilities:						
Compensated Absences	949	346	32	1	1,328	38
Long-Term Obligations Due in More than One Year	13,707	5,127	460	295	19,589	943
Net Pension Liability	7,504	2,806	252	156	10,718	513
Claims Payable	-	-	-	-	-	47,578
Total Non-Current Liabilities	22,160	8,279	744	452	31,635	49,072
Total Liabilities	31,340	9,336	2,091	468	43,235	68,885
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows Related to Pensions	17	7	-	-	24	1
Deferred Inflows Related to Other Postemployment Benefits	547	188	19	8	762	35
Total Deferred Inflows of Resources	564	195	19	8	786	36
NET POSITION						
Investment in Capital Assets	88,440	53,050	91	-	141,581	9,409
Restricted for:						
Capital Projects	21,213	-	-	-	21,213	-
Unrestricted	10,880	25,556	(56)	304	36,684	(19,671)
Total Net Position	120,533	78,606	35	304	199,478	(10,262)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 152,437	\$ 88,137	\$ 2,145	\$ 780	\$ 243,499	\$ 58,659

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, 2023
(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	\$ 39,620	\$ -	\$ -	\$ -	\$ 39,620	\$ -
Fees and Charges for Service	-	10,892	14,812	276	25,980	32,668
Other	9,314	90	87	-	9,491	1,528
Total Operating Revenues	48,934	10,982	14,899	276	75,091	34,196
OPERATING EXPENSES						
Water Purchases	17,981	-	-	-	17,981	-
Supplies and Operations	11,063	8,944	14,901	95	35,003	3,604
Engineering	2,239	-	-	-	2,239	-
Production and Distribution	9,400	-	-	-	9,400	-
Maintenance	1	-	-	-	1	-
Water Meters	1,824	-	-	-	1,824	-
Water Quality	816	-	-	-	816	-
Water Use Efficiency	298	-	-	-	298	-
Claims and Judgments	-	-	-	-	-	25,873
Depreciation	3,978	2,338	21	-	6,337	1,453
Total Operating Expenses	47,600	11,282	14,922	95	73,899	30,930
Operating Income (Loss)	1,334	(300)	(23)	181	1,192	3,266
NON-OPERATING REVENUES (EXPENSES)						
Investment Income	807	537	4	8	1,356	69
Interest Expense	(374)	(140)	(13)	(8)	(535)	(25)
Disposal of Machinery and Equipment (Loss)	-	-	-	-	-	(520)
Total Non-Operating Revenues (Expenses)	433	397	(9)	-	821	(476)
Income (Loss) Before Transfers	1,767	97	(32)	181	2,013	2,790
TRANSFERS						
Transfers In	-	-	51	-	51	-
Transfers Out	-	-	-	(13)	(13)	-
Total Transfers	-	-	51	(13)	38	-
Change in Net Position	1,767	97	19	168	2,051	2,790
Net Position - Beginning of Year	118,766	78,509	16	136	197,427	(13,052)
Net Position - End of Year	\$ 120,533	\$ 78,606	\$ 35	\$ 304	\$ 199,478	\$ (10,262)

See Notes to the Financial Statements

**CITY OF HUNTINGTON BEACH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(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	\$ 45,161	\$ 10,888	\$ 15,045	\$ 268	\$ 71,362	\$ 34,133
Cash Paid to Employees for Services	(10,178)	(4,189)	(434)	(91)	(14,892)	(363)
Cash Paid to Suppliers of Goods and Services	(29,186)	(4,723)	(14,388)	(3)	(48,300)	(20,027)
Other Operating Items						
Net Cash and Investment Provided (Used) by Operating Activities	5,797	1,976	223	174	8,170	13,743
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In	-	-	51	-	51	-
Transfers Out	-	-	-	(13)	(13)	-
Principal Paid	(621)	(233)	(21)	(13)	(888)	(43)
Interest Paid	(374)	(140)	(13)	(8)	(535)	(26)
Net Cash and Investments Provided (Used) by Noncapital Financing Activities	(995)	(373)	17	(34)	(1,385)	(69)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Capital Assets	(2,065)	(1,857)	-	-	(3,922)	(5,156)
Net Cash and Investments Provided (Used) by Capital and Related Financing Activities	(2,065)	(1,857)	-	-	(3,922)	(5,156)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment Income	807	537	4	8	1,356	69
Net Cash and Investments Provided (Used) by Investing Activities	807	537	4	8	1,356	69
Net Increase (Decrease) in Cash and Investments	3,544	283	244	148	4,219	8,587
Cash and Investments - Beginning of Year	41,053	30,957	246	461	72,717	38,009
Cash and Investments - End of Year	\$ 44,597	\$ 31,240	\$ 490	\$ 609	\$ 76,936	\$ 46,596
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND INVESTMENTS PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 1,334	\$ (300)	\$ (23)	\$ 181	\$ 1,192	\$ 3,266
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Investments Provided (Used) by Operating Activities						
Depreciation	3,978	2,338	21	-	6,337	1,453
(Increase) Decrease in Other Receivables, Net	(3,542)	(49)	83	(8)	(3,516)	(63)
(Increase) in Unbilled Receivables	(204)	(45)	(93)	-	(342)	-
Decrease in Prepaids	-	-	-	-	-	(1,186)
(Increase) in Joint Ventures	(404)	-	-	-	(404)	-
(Increase) in Inventory	(180)	-	-	-	(180)	-
(Increase) in Net Pension Asset	5,608	2,098	188	124	8,018	388
Decrease in Net Other Postemployment Benefits Asset	305	104	11	5	425	19
Increase (Decrease) in Accounts Payable	4,445	(81)	69	-	4,433	40
(Decrease) in Accrued Payroll	(329)	(133)	(13)	(9)	(484)	(11)
(Decrease) in Deposits Payable	(27)	-	156	-	129	-
Increase in Claims Payable	-	-	-	-	-	10,190
Increase (Decrease) in Compensated Absences	127	16	3	(6)	140	11
(Increase) in Deferred Pension Outflow	(5,624)	(2,103)	(189)	(122)	(8,038)	(388)
(Decrease) in Deferred Pension Inflow	(6,222)	(2,327)	(209)	(134)	(8,892)	(428)
Increase in Net Pension Liability	6,967	2,606	234	149	9,956	479
(Increase) in Deferred Other Postemployment Benefits Outflow	(144)	(49)	(5)	(2)	(200)	(9)
(Decrease) in Deferred Other Postemployment Benefits Inflow	(291)	(99)	(10)	(4)	(404)	(18)
Net Cash and Investments Provided by Operating Activities	\$ 5,797	\$ 1,976	\$ 223	\$ 174	\$ 8,170	\$ 13,743
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						

There were no noncash investing, capital, or financing activities during the year ended June 30, 2023.

See Notes to the Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023
(In Thousands)

	Custodial Funds	Pension Trust Fund - Retirement Supplemental Fund	Huntington Beach Redevelopment Successor Agency Private Purpose Trust
ASSETS			
Cash and Investments	\$ 4,102	\$ 5	\$ 11,818
Cash and Investments with Fiscal Agent	3,329	-	2,647
Mutual Funds	-	63,268	-
Money Market Funds	-	554	-
Accounts Receivable, Net	895	-	-
Interest Receivable	-	-	69
Total Assets	8,326	63,827	14,534
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,522	-	319
Accrued Payroll	-	-	4
Advances from City of Huntington Beach	-	-	1,363
Long-Term Obligations Due Within One Year	-	-	4,123
Total Current Liabilities	1,522	-	5,809
Long-Term Obligations:			
Long-Term Obligations Due in More than One Year	-	-	16,521
Total Long-Term Obligations	-	-	16,521
Total Liabilities	1,522	-	22,330
NET POSITION			
Restricted for Pension Benefits	-	63,827	-
Restricted for Individuals and Organizations	6,804	-	(7,796)
Total Net Position	\$ 6,804	\$ 63,827	\$ (7,796)

CITY OF HUNTINGTON BEACH
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(In Thousands)

	Custodial Funds	Pension Trust Fund - Retirement Supplemental Fund	Huntington Beach Redevelopment Successor Agency Private Purpose Trust
ADDITIONS			
Employer Contributions	\$ -	\$ 6,049	\$ -
Collected from Property Owners	1,552	-	11,434
Business Improvement District Taxes	6,960	-	-
Parking Assessments	2,446	-	-
Total Additions Before Investment Income	10,958	6,049	11,434
Investment Income:			
Investment Income (Loss)	127	4,935	217
Less: Investment Expense	-	(112)	-
Net Investment Income (Loss)	127	4,823	217
Total Additions	11,085	10,872	11,651
DEDUCTIONS			
Benefits	-	5,712	-
Administrative Costs	20	334	-
Payments to Other Organizations	7,785	-	-
Economic Development	-	-	250
Interest and Fiscal Agency Expenses	1,359	-	1,247
Principal	1,800	-	-
Total Deductions	10,964	6,046	1,497
Change in Net Position	121	4,826	10,154
Net Position - Beginning of Year	6,683	59,001	(17,950)
Net Position - End of Year	\$ 6,804	\$ 63,827	\$ (7,796)



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

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, 2023

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, 2023

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 \$82,564,000 of governmental activities restricted net position, of which \$45,438,000 is restricted by enabling legislation. The government-wide Statement of Net Position reports \$21,213,000 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, 2023

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 \$173,034,000 of governmental activities unrestricted net position, which is largely a result of the new CalPERS Unfunded Accrued Liability incurred as a result of the -7.5 percent CalPERS investment loss in FY 2021/22 recognized in the current year financial statements. The City's Long-Term Obligations at June 30, 2023 is \$590,950,000, of which, \$559,315,000 is payable from Governmental Activities. The government-wide Statement of Net Position reports \$36,684,000 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, 2023

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, 2023

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, 2023, by major fund (in thousands):

General Fund	\$ 6,826
Grants Special Revenue	3,024
LMIHAF Capital Projects	2,408
Infrastructure	14,762
Other Governmental Funds	32,010
Total Encumbrance All Funds	<u>\$ 59,030</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, 2023

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, 2023

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, 2023

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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Cash and Investments

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

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

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

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State Treasurer of the State of California. LAIF has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk. In addition, these structured notes and asset-backed securities are subject to interest rate risk as a result of changes in interest rates. In June 2020, the City Council adopted a resolution authorizing the deposit and investment of excess funds in the Orange County Investment Pool (OCIP). The investments in OCIP are managed by the County Treasurer. The City's investment policy is further discussed in Note 2 on page 53.

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, 2023

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.

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



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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, 2023

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, 2023

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, 2023

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, 2023**

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, 2021	June 30, 2021	June 30, 2021
Measurement Date (MD)	June 30, 2023	June 30, 2022	June 30, 2022
Measurement Period (MP)	July 1, 2022 to June 30, 2023	July 1, 2021 to June 30, 2022	July 1, 2021 to June 30, 2022



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

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, 2023

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, 2023

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, 2023**

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



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS (Continued)

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

Primary Government:	
Cash and Investments	\$ 368,697
Cash and Investments with Fiscal Agent	12,285
Total Primary Government	380,982
Fiduciary Funds:	
Cash and Investments	15,925
Cash and Investments with Fiscal Agent	69,798
Total Fiduciary Funds	85,723
Total Deposits and Investments	\$ 466,705

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)				
	Fair Value	Less than 1	1 to 3	3 to 5	Total
US Treasuries	\$ 79,016	\$ 26,521	\$ 37,881	\$ 14,614	\$ 79,016
US Agency Securities*	179,931	30,547	107,163	42,221	179,931
Mutual Funds	63,268	63,268	-	-	63,268
Money Market Funds	1,691	1,691	-	-	1,691
Medium Term Notes - IADB	27,325	8,980	18,345	-	27,325
Corporate Bonds	44,687	9,636	28,668	6,383	44,687
Local Agency Investment Fund	3,090	3,090	-	-	3,090
California Asset Mgmt Program	32,548	32,548	-	-	32,548
PARS Pension Rate Stabilization Program	18,141	18,141	-	-	18,141
Total Investments	\$ 449,697	\$ 194,422	\$ 192,057	\$ 63,218	449,697
				Total Deposits	17,008
				Total Deposits and Investments	\$ 466,705

* 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, 2023

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	\$ 79,016	\$ 79,016	\$ -	\$ -	\$ -
US Agency Securities*	N/A	179,931	179,931	-	-	-
Mutual Funds	N/A	63,268	-	-	-	63,268
Money Market Funds	AAA	1,691	1,691	-	-	-
Medium Term Notes - IADB	AA	27,325	27,325	-	-	-
Corporate Bonds	A	44,687	-	8,972	35,715	-
Local Agency Investment Fund	N/A	3,090	-	-	-	3,090
California Asset Mgmt Program	N/A	32,548	32,548	-	-	-
PARS Pension Rate Stabilization Program	N/A	18,141	-	-	-	18,141
Total Investments		\$ 449,697	\$ 320,511	\$ 8,972	\$ 35,715	\$ 84,499

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	\$ 129,305
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	\$ 22,587
Int'l Bank for Recon & Development	IBRD	\$ 18,345
U.S. Treasury Notes	Obligations of the United States Treasury	\$ 79,016



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

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, 2023, the City's deposits with financial institutions were covered by FDIC up to \$250,000, and the remaining amounts were collateralized as described above. None of the City's investments were subject to custodial credit risk. Per the Investment Policy's statement, the City of Huntington Beach is the registered owner of all investments in the portfolio.

Investment in State Investment Pool

The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS (Continued)

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).

Investment in Public Agency Retirement Services Pension Rate Stabilization Program

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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

2. CASH AND INVESTMENTS (Continued)

Fair Value Measurement

The City categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2023 (in thousands):

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
INVESTMENTS:				
U.S. Treasuries	\$ -	\$ 79,016	\$ -	\$ 79,016
U.S. Agency Securities	-	179,931	-	179,931
Mutual Funds	63,268	-	-	63,268
Medium Term Notes - IADB	-	27,325	-	27,325
Corporate Bonds	-	44,687	-	44,687
Total Investments	\$ 63,268	\$ 330,959	\$ -	\$ 394,227

3. OTHER RECEIVABLES

A summary of Other Receivables as of June 30, 2023 is as follows (in thousands):

Description	FY2022-23 Amount
Developer Loans Receivable	\$ 39,679
Emerald Cove Loan Receivable	6,694
Housing Rehabilitation Loans Receivable	2,310
First Time Homebuyers Receivable	1,630
Emergency Medical Fee Receivable	3,301
CDBG Program Receivable	975
Other Grants Receivable	3,321
Other Receivable	6,654
Total Other Receivables	64,564
Allowance for Uncollectible Developer Loans	(39,679)
Net Other Receivables on Governmental Fund Financial Statements	\$ 24,885
 Other Receivables Reconciliation	
Net Receivable on Government-wide Financial Statements	\$ 41,373
Taxes Receivable on Governmental Fund Financial Statements	(16,323)
Other Receivables on Internal Service Fund	(165)
Net Other Receivables on Governmental Fund Financial Statements	\$ 24,885



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

3. OTHER RECEIVABLES (Continued)

a. Developer Loans

Loans made to developers to construct or rehabilitate certain facilities under deferred loan agreements total \$39,679,000 at year-end. These loans are allowed until a future event occurs. Loans to the Low and Moderate Income Housing Asset Fund total \$20,109,000, loans made under the Home Program total \$14,483,000 and loans made under the Affordable Housing In-Lieu Program total \$5,087,000. Interest rates on these loans range from 0% to 10%. The allowance for uncollectible developer loans is \$36,679,000 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, 2023 is \$6,694,000.

c. Housing Rehabilitation Loans

Loans made to qualified homeowners and landlords in the City of Huntington Beach to rehabilitate certain single-family homes or multifamily rental housing under deferred loan agreements total \$2,310,000 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, 2023**

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)	\$ 1,090	\$ -	\$ 1,090
Public Works - Unearned Revenue	32	-	32
Grants	-	2,965	2,965
Total	\$ 1,122	\$ 2,965	\$ 4,087

5. UNAVAILABLE REVENUE

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

	General Fund	Grants Special Revenue	LMIHAF	Other Governmental Funds	Total Unavailable Revenue
Grants	\$ -	\$ 2,735	\$ -	\$ -	\$ 2,735
Deferred Loans:					
Emerald Cove	-	-	6,694	-	6,694
Housing Rehabilitation	-	2,310	-	-	2,310
First Time Homebuyers	-	-	1,630	-	1,630
Other Unavailable Revenue	339	593	-	57	989
Total	\$ 339	\$ 5,638	\$ 8,324	\$ 57	\$ 14,358

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, 2023**

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	\$ 59,878
CalPERS Safety Plan	92,092
Supplemental Plan (Note 7)	8,788
Total	\$ 160,758

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	\$ 37,275	\$ 11,564	\$ 263	\$ 7,451	\$ 56,553
CalPERS Safety Plan	53,093	21,764	77	13,220	88,154
Supplemental Plan (Note 7)	3,268	-	-	-	3,268
Total	\$ 93,636	\$ 33,328	\$ 340	\$ 20,671	\$ 147,975

Deferred Inflows of Resources

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

	Differences between Expected and Actual Experience	Total
CalPERS Miscellaneous Plan	\$ 148	\$ 148
CalPERS Safety Plan	2,981	2,981
Total	\$ 3,129	\$ 3,129



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

6. RETIREMENT PLAN – NORMAL (Continued)

Pension expenses for the measurement period ending June 30, 2022 (the measurement date), are included in the accompanying financial statements as follows:

	Net Pension Expense/(Income)
CalPERS Miscellaneous Plan	\$ 15,828
CalPERS Safety Plan	21,878
Supplemental Plan (Note 7)	2,047
Total	\$ 39,753

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, 2023

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, 2023

6. RETIREMENT PLAN – NORMAL (Continued)

The Plans' provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous Agent Plans	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 years	minimum 52 years
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%, 50 years - 63+ years, respectively	1.0% - 2.5%, 52 years - 67+ years, respectively
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates		
July 1, 2022 - June 30, 2023	15.000%	15.000%

	Safety Agent Plans	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 years	minimum 52 years
Monthly benefits, as a % of eligible compensation	3%, 50+ years	2.0% - 2.7%, 50 years - 57+ years, respectively
Required employee contribution rates	9.000%	11.75%/13.00% (Fire PEPRA)
Required employer contribution rates		
July 1, 2022 - June 30, 2023	27.590%	27.590%



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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, 2022, 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 15.000% and 27.590% for the miscellaneous and safety plans, respectively, for the period July 1, 2022 through June 30, 2023.

At June 30, 2021, the valuation date, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active members	553	384
Transferred members	476	75
Terminated members	369	65
Retired members and beneficiaries	1097	650



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2021 actuarial valuation, rolled forward to June 30, 2022 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, 2023**

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, 2023

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 – July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021. On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

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, 2021 (Valuation Date)	\$ 619,966	\$ 671,565	\$ (51,599)
Changes in the year:			
Service cost	8,174	-	8,174
Interest on the total pension liabilities	43,253	-	43,253
Changes of Assumptions	19,824	-	19,824
Differences between expected and actual experience	451	-	451
Benefit payments, including refunds of members contribution:	(34,942)	(34,942)	-
Contributions - employer	-	6,951	(6,951)
Contributions - employee	-	3,533	(3,533)
Net investment income	-	(49,840)	49,840
Administrative expenses	-	(419)	419
Net changes	<u>36,760</u>	<u>(74,717)</u>	<u>111,477</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 656,726</u>	<u>\$ 596,848</u>	<u>\$ 59,878</u>

Safety Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2021 (Valuation Date)	\$ 825,437	\$ 882,705	\$ (57,268)
Changes in the year:			
Service cost	14,683	-	14,683
Interest on the total pension liabilities	57,872	-	57,872
Changes of Assumptions	28,785	-	28,785
Differences between expected and actual experience	102	-	102
Benefit payments, including refunds of members contribution:	(45,876)	(45,876)	-
Contributions - employer	-	13,579	(13,579)
Contributions - employee	-	4,985	(4,985)
Net investment income	-	(65,933)	65,933
Administrative expenses	-	(549)	549
Net changes	<u>55,566</u>	<u>(93,794)</u>	<u>149,360</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 881,003</u>	<u>\$ 788,911</u>	<u>\$ 92,092</u>



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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	\$ 145,638	\$ 59,878	\$ (10,540)
Safety Plan	210,004	92,092	(4,315)
Aggregate Total	<u>\$ 355,642</u>	<u>\$ 151,970</u>	<u>\$ (14,855)</u>

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

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

As of the start of the measurement period (July 1, 2021), the net pension asset was \$51,599,000 for the Miscellaneous Plan and \$57,268,000 for the Safety Plan. For the measurement period ending June 30, 2022 (the measurement date), the City incurred a pension expense of \$15,828,000 and \$21,878,000 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, 2023**

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 2021-22 measurement period, the EARSL for each plan is as follows:

	Miscellaneous	Safety
Expected Average Remaining Service Lifetime	2.4	4.1

At June 30, 2023 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	\$ 37,275	\$ -
Changes in assumptions	11,564	-
Difference between expected and actual experience	263	(148)
Contributions made subsequent to the measurement date	7,451	-
Total	\$ 56,553	\$ (148)

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$ 53,093	\$ -
Changes in assumptions	21,764	-
Difference between expected and actual experience	77	(2,981)
Contributions made subsequent to the measurement date	13,220	-
Total	\$ 88,154	\$ (2,981)



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

6. RETIREMENT PLAN – NORMAL (Continued)

For the Miscellaneous Plan and Safety Plan, \$7,451,000 and \$13,220,000, 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
2023	\$ 15,232	\$ 15,306
2024	9,922	16,022
2025	4,749	14,747
2026	19,050	25,877
	<u>\$ 48,953</u>	<u>\$ 71,952</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, 2023**

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, 2021, the date of the Plan’s most recent actuarial valuation, the average monthly benefit received by inactive plan members and beneficiaries receiving benefits is \$626. 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, 2023, the measurement date, the following employees were covered by the benefit terms for the Plan:

Inactive employees receiving benefits	742
Active employees	<u>49</u>
Total	<u>791</u>

c. 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, 2021 actuarial valuation. The City is required to contribute the actuarially determined rate of 3.5% 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, 2023, the contributions were (in thousands):

Contributions - employer	\$ 6,046
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**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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, 2023 is listed below:

<u>Asset Class</u>	<u>Strategic Allocation</u>	<u>Allocation as of June 30, 2023</u>	<u>Long-Term Expected Rate of Return</u>
Fixed Income	40.00%	37.60%	1.55%
Equities	27.00%	55.49%	5.35%
Real Estate	10.00%	6.03%	0.00%
Commodities	2.00%	0.00%	0.00%
Cash and Equivalents	0.00%	0.88%	0.45%
Total	79.00%	100.00%	

Quoted market prices have been used to value investments as of June 30, 2023. 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, 2023:

Concentration of Investments Equaling or Exceeding 5%

Fidelity 500 Index Fund	25.21%
Fidelity US Bond Index	18.79%
Vanguard Ftse Developed Etf	17.04%
Baird Aggregate Bond Fd Instl	6.93%
Doubleline Total Ret Bd I	6.89%
Ishares Core US Reit Etf	6.03%



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

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, 2023, the annual money-weighted rate of return on the Plan's investments, net of pension plan investment expenses, was 8.37%. 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, 2023, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2023 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, 2023

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations for the June 30, 2023 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	5.50%
Inflation	2.50%
Salary Increases	CalPERS 1997-2015 Experience Study plus 2.75% aggregate increase
Investment Rate of Return	5.50% Net of Investment Expenses
Mortality Rate Table	CalPERS 1997-2015 Experience Study, mortality projected fully generational with Scale MP-2021
Retirement, Disability, Withdrawal	CalPERS 1997-2015 Experience Study plus 23% load on future service retirement liability added to reflect recent benefits experience.

The changes in actuarial assumptions include the following:

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality, and retirement rates. The future service retirement liabilities load increased from 15% to 23% to reflect recent experience of benefits being larger than anticipated.

e. Discount Rate & Sensitivity

The discount rate is used in the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employee contributions, benefit payments, expenses, and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount is used. For this valuation, the discount rate is 5.50%, based on the inflation assumption of 2.50% and a long-term asset allocation of 70% equities and 30% fixed income. The geometric real rates of return were assumed to be 5.35% for equities and 1.55% for fixed income. The long-term expected rate of return is applied to all future projected benefit payments.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

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, 2023**

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, 2022	\$ 74,151	\$ 58,999	\$ 15,152
Changes in the year:			
Service cost	237	-	237
Interest on the total pension liabilities	3,934	-	3,934
Differences between expected and actual experience	-	-	-
Changes of Assumptions	-	-	-
Benefit payments, including refunds of members contributions	(5,712)	(5,712)	-
Contributions - employer	-	6,046	(6,046)
Net investment income	-	4,823	(4,823)
Administrative expenses	-	(334)	334
Net changes	<u>(1,541)</u>	<u>4,823</u>	<u>(6,364)</u>
Balance at June 30, 2023	<u>\$ 72,610</u>	<u>\$ 63,822</u>	<u>\$ 8,788</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% (4.50%)	Discount Rate (5.50%)	Discount Rate + 1% (6.50%)
<u>\$ 15,814</u>	<u>\$ 8,788</u>	<u>\$ 2,792</u>



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

7. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense in the amount of \$2,047,000 for the Supplemental Plan.

At June 30, 2023, the City reported deferred outflows of resources related to the supplemental pension plan from the following source (in thousands):

	<u>Deferred Outflows of Resources</u>
Difference between projected and actual earnings on pension plan investments	\$ 3,268

For the Supplemental Plan, \$3,268,000 was reported as deferred outflows of resources related to pensions which will be recognized in pension expense as follows (in thousands):

<u>Year Ended June 30,</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2024	\$ 598
2025	288
2026	2,696
2027	(314)
	\$ 3,268



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

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, 2023**

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, 2022 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	307	212
Inactive employees not yet receiving benefits	312	-
Active Plan Members	858	391
Total Plan Participants	1,477	603

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 \$904,000 for year ended June 30, 2023. 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, and \$151 in 2023). 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 \$90.60 per employee for the Huntington Beach Firefighter's Association (HBFA) and \$143.45 for all other Safety groups in 2023. 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, 2023

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

The City's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

- Actuarial Cost Method – Entry Age Normal
- Discount rate – 5.50%
- Projected salary increases for covered employees due to inflation – aggregate increases of 2.75% per annum
- Investment Rate of Return – 5.50%, 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 - \$151 in 2023, with 4.00% 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		Non-Medicare	Medicare
2023	6.50%	5.65%	2030	4.95%	4.45%
2024	6.25%	5.45%	2031-35	4.80%	4.35%
2025	6.00%	5.25%	2036-45	4.65%	4.25%
2026	5.75%	5.05%	2046-55	4.50%	4.20%
2027	5.55%	4.90%	2056-65	4.35%	4.15%
2028	5.35%	4.75%	2066-75	4.05%	3.95%
2029	5.15%	4.60%	2076+	3.75%	3.75%

¹ Mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017, which may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications. Post-retirement mortality rates include mortality projected fully generational with Scale MP-21.

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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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, 2023**

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, 2022 (Measurement Date June 30, 2021)	\$ 30,276	\$ 36,286	\$ (6,010)
Changes recognized for the measurement period:			
Service Cost	1,004	-	1,004
Interest	1,655	-	1,655
Assumption Changes	(891)	-	(891)
Contributions - Employer	-	2,499	(2,499)
Net Investment Income	-	(4,561)	4,561
Benefit Payments	(2,352)	(2,352)	-
Administrative Expenses	-	(156)	156
Net Changes	(584)	(4,570)	3,986
Balance at June 30, 2023 (Measurement Date June 30, 2022)	\$ 29,692	\$ 31,716	\$ (2,024)

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, 2022 (in thousands):

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Net OPEB Liability	\$ 1,828	\$ (2,024)	\$ (5,189)



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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, 2022 (in thousands):

	1% Decrease (5.50% Non-Medicare / 4.65% Medicare, decreasing to 2.75% Non-Medicare / 2.75% Medicare)	Current Trend (6.50% Non-Medicare / 5.65% Medicare, decreasing to 3.75% Non-Medicare / 3.75% Medicare)	1% Increase (7.50% Non-Medicare / 6.65% Medicare, decreasing to 4.75% Non-Medicare / 4.75% Medicare)
Net OPEB Liability	\$ (5,447)	\$ (2,024)	\$ 2,335

OPEB Plan Fiduciary Net Position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

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

Net difference between projected and actual earnings on OPEB plan investments	5 Years
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**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

8. OTHER POST EMPLOYMENT BENEFITS (Continued)

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

As of June 30, 2023, the City incurred OPEB expense of \$292,000. As of June 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions subsequent to the measurement date	\$ 1,997	\$ -
Difference between expected and actual experience	639	4,682
Changes in Assumptions	1,191	2,477
Net difference between projected and actual earnings on OPEB Plan Investments	2,792	-
	<u>\$ 6,619</u>	<u>\$ 7,159</u>

The \$1,997,000 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the Fiscal Year ending June 30, 2024. 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
2023	\$ (568)
2024	(482)
2025	(531)
2026	482
2027	(739)
Thereafter	(699)
	<u>\$ (2,537)</u>



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

9. RISK MANAGEMENT

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

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

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

There were no liability claims in the past three years that exceeded the coverage limit. Although, there are two claims that exceed the self-insured retention of \$1,000,000 and is not covered under the City's liability insurance plan. Refer to note 18 for further details.

Liability Claims

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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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 \$24.3 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, 2021	\$ 34,794	\$ 11,985	\$ 46,779
Additions	16,278	7,993	24,271
Reductions	(8,309)	(6,310)	(14,619)
Net Increase (Decrease)	7,969	1,683	9,652
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



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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, 2023 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, 2023**

10. INTERFUND TRANSACTIONS (Continued)

b. Transfers In/Out

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

Transfers In	Transfers Out					Total Transfers In
	General Fund	Grants Special Revenue	Other Governmental Funds	Total Governmental Funds	Hazmat Service Fund	
General Fund	\$ -	\$ 29,607	\$ 400	\$ 30,007	\$ 13	\$ 30,020
Grants Special Revenue	1	-	-	1	-	1
Pension Liability	344	-	-	344	-	344
Infrastructure	28,741	-	-	28,741	-	28,741
Other Governmental Funds	6,263	-	-	6,263	-	6,263
Total Governmental Funds	35,349	29,607	400	65,356	13	65,369
Refuse Fund	51	-	-	51	-	51
Total Enterprise Funds	51	-	-	51	-	51
Total Transfers Out	\$ 35,400	\$ 29,607	\$ 400	\$ 65,407	\$ 13	\$ 65,420

The following is a summary of the significant transfers:

- \$29,607,000 was transferred from the Grant Fund to the General Fund to fully expend ARPA funds for eligible police and fire personnel costs.
- \$51,000 was transferred from the General Fund to the Refuse Enterprise Fund to fund the senior citizen rate reduction on refuse charges.
- \$6,263,000 was transferred from the General Fund to Other Governmental Funds for debt service payments of \$2,963,000 and technology upgrades within the Police Department totalling \$3,300,000.
- \$13,000 was transferred from the Hazmat Service Enterprise Fund to the General Fund to cover administrative and overhead expenditures.
- \$28,741,00 was transferred from the General Fund to the Infrastructure Fund for infrastructure-related projects such as road repairs and enhancement and other capital improvement projects.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

11. LONG-TERM OBLIGATIONS

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

Governmental Activities:	June 30, 2022	Additions	Retirements	June 30, 2023	Accrued Interest	Due Within One Year
Public Financing Authority:						
2014(a) Lease Revenue Bonds	\$ 11,215	\$ -	\$ (685)	\$ 10,530	\$ 121	\$ 720
2020(a) Lease Revenue Bonds	4,835	-	-	4,835	36	-
2020(b) Lease Revenue Bonds	11,315	-	(1,520)	9,795	21	1,530
Total Public Financing Authority	27,365	-	(2,205)	25,160	178	2,250
Other Long-Term Obligations:						
Compensated Absences	15,045	3,376	(3,603)	14,818	-	2,039
Claims Payable	56,431	28,002	(17,812)	66,621	-	19,043
Pollution Remediation	2,000	-	-	2,000	-	-
LED Lighting Phase I	314	-	(123)	191	1	126
I-Bank CLEEN Loan	1,586	-	(303)	1,283	12	310
CEC Loan	2,063	-	(266)	1,797	-	269
Pension Obligation Bonds	330,642	-	(12,637)	318,005	347	12,683
Finance Purchase Agreement	11,714	7,742	(2,068)	17,388	61	3,097
Leases Payable	247	398	(189)	456	-	216
Subscriptions Payable	3,651	-	(1,051)	2,600	33	1,011
Total Other Long-Term Obligations	423,693	39,518	(38,052)	425,159	454	38,794
Total Long-Term Obligations - Governmental Activities	\$ 451,058	\$ 39,518	\$ (40,257)	\$ 450,319	\$ 632	\$ 41,044



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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
2024	\$ 720	\$ 352	\$ 1,072
2025	750	319	1,069
2026	785	289	1,074
2027	810	265	1,075
2028	835	240	1,075
2029-2033	4,580	789	5,369
2034-2035	2,050	83	2,133
Total	\$ 10,530	\$ 2,337	\$ 12,867



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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
2024	\$ -	\$ 224	\$ 224
2025	-	224	224
2026	-	224	224
2027	-	224	224
2028	-	224	224
2029-2032	4,835	679	5,514
Total	\$ 4,835	\$ 1,799	\$ 6,634



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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
2024	\$ 1,530	\$ 129	\$ 1,659
2025	1,545	117	1,662
2026	1,560	103	1,663
2027	1,575	83	1,658
2028	1,600	61	1,661
2029-2030	1,985	41	2,026
Total	\$ 9,795	\$ 534	\$ 10,329



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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 \$14,818,000 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 \$66,621,000 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, 2023**

11. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2024	\$ 126	\$ 5	\$ 131
2025	65	1	66
Total	\$ 191	\$ 6	\$ 197

(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
2024	\$ 310	\$ 26	\$ 336
2025	317	19	336
2026	324	11	335
2027	332	4	336
Total	\$ 1,283	\$ 60	\$ 1,343



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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
2024	\$ 269	\$ 17	\$ 286
2025	272	15	287
2026	274	12	286
2027	277	9	286
2028	280	6	286
2029-2030	425	4	429
Total	\$ 1,797	\$ 63	\$ 1,860



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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
2024	\$ 12,683	\$ 8,463	\$ 21,146
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
2029-2033	70,952	34,789	105,741
2034-2038	81,029	24,703	105,732
2039-2043	87,758	10,848	98,606
2044	13,550	457	14,007
Total	\$ 318,005	\$ 111,822	\$ 429,827



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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

In May 2023, a new purchase agreement was approved by City Council in the amount of \$7,742,143 to finance fire equipments, engines and truck.

Debt service requirements to maturity are (in thousands):

Year Ending June 30	Principal	Interest	Total
2024	\$ 3,097	\$ 427	\$ 3,524
2025	2,473	361	2,834
2026	2,266	302	2,568
2027	2,324	245	2,569
2028	2,038	186	2,224
2029-2031	5,190	223	5,413
Total	\$ 17,388	\$ 1,744	\$ 19,132

(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, 2023, the value of the lease liability was \$456,340. The future principal and interest lease payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 216	\$ 8	\$ 224
2025	155	4	159
2026	85	1	86
Total	\$ 456	\$ 13	\$ 469



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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 six subscription agreements for the use of various IT software and is required to make annual fixed payments ranging from \$15,018 to \$544,839 over the subscription terms. As of June 30, 2023, the value of the subscription liability was \$2,600,000. The future principal and interest subscription payment as of June 30, 2023, were as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,011	\$ 58	\$ 1,069
2025	963	36	999
2026	441	13	454
2027	91	4	95
2028	94	2	96
Total	\$ 2,600	\$ 113	\$ 2,713



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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, 2022	Additions	Retirements	June 30, 2023	Accrued Interest	Due Within One Year
Compensated Absences	\$ 1,686	\$ 529	\$ (389)	\$ 1,826	\$ -	\$ 498
Pension Obligation Bonds	21,368	-	(888)	20,480	22	891
Total Long-Term Obligations - Business-Type Activities	\$ 23,054	\$ 529	\$ (1,277)	\$ 22,306	\$ 22	\$ 1,389

(1) Compensated Absences

There is no repayment schedule for the compensated absences amount of \$1,826,000 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
2024	\$ 891	\$ 531	\$ 1,422
2025	897	527	1,424
2026	907	518	1,425
2027	919	504	1,423
2028	934	489	1,423
2029-2033	4,989	2,129	7,118
2034-2038	5,696	1,420	7,116
2039-2042	5,247	446	5,693
Total	\$ 20,480	\$ 6,564	\$ 27,044



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

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):

Community Facilities Districts:	June 30, 2022	Additions	Retirements	June 30, 2023
Community Facilities District No. 2000-1 2013 Special Tax Refunding Bonds	\$ 8,405	\$ -	\$ (675)	\$ 7,730
Community Facilities District No. 2002-1 Special Assessment Tax Bonds	3,605	-	(200)	3,405
Community Facilities District No. 2003-1 2013 Special Tax Refunding Bonds	<u>14,670</u>	<u>-</u>	<u>(925)</u>	<u>13,745</u>
Total Community Facilities Districts	26,680	-	(1,800)	24,880
Total Obligations Not Recorded in Financial Statements	<u>\$ 26,680</u>	<u>\$ -</u>	<u>\$ (1,800)</u>	<u>\$ 24,880</u>

12. CAPITAL ASSETS

a. Changes in Capital Assets

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

Governmental Activities	June 30, 2022	Additions	Dispositions	June 30, 2023
Capital Assets, Not Depreciated:				
Land	\$ 369,538	\$ -	\$ -	\$ 369,538
Construction in Progress	<u>12,235</u>	<u>3,886</u>	<u>(4,872)</u>	<u>11,249</u>
Total Capital Assets -Not Depreciated	<u>381,773</u>	<u>3,886</u>	<u>(4,872)</u>	<u>380,787</u>
Capital Assets Being Depreciated				
Buildings	221,759	5,757	(441)	227,075
Machinery and Equipment	75,098	18,451	(3,977)	89,572
Infrastructure	461,990	18,485	(976)	479,499
Right to Use Leased Asset	448	398	(174)	672
Right to Use SBITA Asset	<u>3,651</u>	<u>-</u>	<u>-</u>	<u>3,651</u>
Total Capital Assets Being Depreciated	<u>762,946</u>	<u>43,091</u>	<u>(5,568)</u>	<u>800,469</u>
Less Accumulated Depreciation:				
Buildings	(94,449)	(5,247)	441	(99,255)
Machinery and Equipment	(55,588)	(5,016)	3,433	(57,171)
Infrastructure	(244,465)	(8,369)	976	(251,858)
Right to Use Leased Asset	(195)	(126)	111	(210)
Right to Use SBITA Asset	<u>-</u>	<u>(724)</u>	<u>-</u>	<u>(724)</u>
Total Accumulated Depreciation	<u>(394,697)</u>	<u>(19,482)</u>	<u>4,961</u>	<u>(409,218)</u>
Total Depreciated - Net	<u>368,249</u>	<u>23,609</u>	<u>(607)</u>	<u>391,251</u>
Total Capital Assets	1,144,719	46,977	(10,440)	1,181,256
Total Accumulated Depreciation	<u>(394,697)</u>	<u>(19,482)</u>	<u>4,961</u>	<u>(409,218)</u>
Capital Assets of Governmental Activities - Net	<u>\$ 750,022</u>	<u>\$ 27,495</u>	<u>\$ (5,479)</u>	<u>\$ 772,038</u>



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

12. CAPITAL ASSETS (Continued)

	June 30, 2022	Additions	Dispositions	June 30, 2023
Business-Type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 3,907	\$ -	\$ -	\$ 3,907
Construction in Progress	109	730	-	839
Total Capital Assets -Not Depreciated	4,016	730	-	4,746
Capital Assets Being Depreciated				
Buildings	105,623	-	-	105,623
Machinery and Equipment	22,388	479	(3,284)	19,583
Infrastructure	151,668	2,725	(245)	154,148
Total Capital Assets Being Depreciated	279,679	3,204	(3,529)	279,354
Less Accumulated Depreciation:				
Buildings	(36,930)	(2,604)	-	(39,534)
Machinery and Equipment	(15,525)	(1,266)	3,272	(13,519)
Infrastructure	(87,242)	(2,467)	245	(89,464)
Total Accumulated Depreciation	(139,697)	(6,337)	3,517	(142,517)
Total Depreciated - Net	139,982	(6,337)	(12)	136,837
Total Capital Assets	283,695	3,934	(3,529)	284,100
Total Accumulated Depreciation	(139,697)	(6,337)	3,517	(142,517)
Capital Assets of Business Activities - Net	\$ 143,998	\$ (2,403)	\$ (12)	\$ 141,583

b. Depreciation Expense

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

Department:

City Manager	\$ 54
City Attorney	2
City Clerk	1
Finance	416
Community Development	135
Fire	288
Information Services	444
Police	222
Community Services	3,065
Library Services	358
Public Works	13,043
Internal Service Fund depreciation charged to functions	1,454
Total	\$ 19,482

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

Fund:

Water	\$ 3,978
Sewer Service	2,338
Refuse	21
Total	\$ 6,337



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

13. INVESTMENT IN JOINT VENTURES

The City participates in a firefighter training center called Central Net Operations Authority (CNOA) through a joint powers agreement with the City of Fountain Valley. The City of Huntington Beach records 76 percent of CNOA net assets as Joint Venture Investments.

14. 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 \$44,314 over the lease terms. The City recognized \$1,662,482 in lease revenue and \$104,926 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2023, the lease receivable is \$11,106,832 and deferred inflow of resources is \$10,819,540. The future principal and interest payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,612	\$ 105	\$ 1,717
2025	1,491	95	1,586
2026	1,501	87	1,588
2027	1,423	78	1,501
2028	833	70	903
2029-2033	1,590	243	1,833
2034-2038	840	201	1,041
2039-2043	808	139	947
2044-2048	640	79	719
2049-2053	369	22	391
Total	\$ 11,107	\$ 1,119	\$ 12,226



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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, 2023**

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, 2022	Additions	Retirements	June 30, 2023	Accrued Interest	Due Within One Year
Bonds Payable						
1999 Tax Allocation Refunding Bonds	\$ 1,190	\$ -	\$ (405)	\$ 785	\$ 16	\$ 425
2002 Tax Allocation Bonds	2,575	-	(875)	1,700	35	920
Total Bonds Payable	3,765	-	(1,280)	2,485	51	1,345
Other Long-Term Obligations						
Mayer DDA	626	-	(626)	-	-	-
Bella Terra OPA (Parking)	3,481	-	(1,613)	1,868	-	1,619
Bella Terra AHA (Phase II)	12,118	-	(789)	11,329	-	789
CIM DDA (Parking & Infrastructure)	4,971	-	(330)	4,641	243	353
CIM DDA (Additional Parking)	337	-	(16)	321	24	17
Total Other Long-Term Obligations	21,533	-	(3,374)	18,159	267	2,778
Total Long-Term Obligations	\$ 25,298	\$ -	\$ (4,654)	\$ 20,644	\$ 318	\$ 4,123

(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
2024	\$ 425	\$ 29	\$ 454
2025	360	9	369
Total	\$ 785	\$ 38	\$ 823



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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
2024	\$ 920	\$ 62	\$ 982
2025	780	20	800
Total	\$ 1,700	\$ 82	\$ 1,782

Pledged Revenues

The Successor Agency will repay a total of \$2,605,000, principal and interest, for the outstanding 1999 and 2002 Tax Allocation Refunding Bonds as of June 30, 2022 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, 2023**

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

(3) Mayer Disposition and Development Agreement

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

(4) Bella Terra Parking Structure

In Fiscal Year 2005/06, the Agency entered into an owner participation agreement with Bella Terra Associates, LLC (formerly Huntington Center Associates, LLC). Under the agreement, the Corporation would construct various public improvements, including a parking structure, which would then be deeded to the City. The Agency would reimburse \$15,000,000 of the costs of the public improvements. As of year-end, the Successor Agency obligation under the agreement amounted to \$1,868,000. Project-generated revenues as available will repay these amounts over the time needed to fully amortize the advance. The interest rate of this obligation is 6.94%. The agreement has been approved as an enforceable obligation by the DOF.

(5) Bella Terra Phase II

In Fiscal Year 2010/11, the Agency entered into an affordable housing agreement with BTDJM Phase II Associates (DJM). The agreement would facilitate the construction of a 467 unit mixed use project, including 43 moderate units and 28 very low units. Under the terms of the agreement, the Agency would reimburse DJM for the construction of the affordable units up to \$17,000,000. DJM has transferred the site to UDR, and as of year-end, the Successor Agency obligation under the agreement amounted to \$11,329,000. 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, 2023**

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

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

Year of Issuance	2009
Type of Debt	Loan from CIM Group, LLC
Original Principal Amount	\$7,900,000
Security	Tax Increment
Interest Rates	7.00%
Interest Payment Dates	September 30 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 \$4,641,000. Repayment shall be made solely from Redevelopment Property Tax Trust Fund (RPTTF) revenues received by the Huntington Beach Redevelopment Successor Agency Private Purpose Trust Fund in the amounts included in the Oversight Board approved Recognized Obligation Payment Schedule (ROPS) to the County Auditor Controller (CAC) and the Department of Finance (DOF). The DDA has been approved as an enforceable obligation by the DOF.



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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

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

Year of Issuance	2009
Type of Debt	Loan from CIM Group, LLC
Original Principal Amount	\$950,000
Security	Tax Increment
Interest Rates	10.00%
Interest Payment Dates	September 30 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 \$321,000. 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, 2023

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 four sales tax sharing agreements that extend until 2024, 2033, and 2038. Sales tax rebates totaled \$1,245,883 for the year ended June 30, 2023. Sales tax sharing agreements include an agreement with Surf City Auto Group II, Inc. wherein the sales tax sharing is a 50%/50% Auto Group/City split with base sales of \$1,767,586 (Jeep sales for 2023) and increases by 1% each year. The other sales tax sharing agreements are with Pinnacle Petroleum through 2024, with base sales of \$100,000, and McKenna Subaru Huntington Beach through 2033 with a 45%/55% McKenna/City split with base sales of \$150,800.

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, 2023

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.

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

	June 30, 2022	Additions	Reductions	June 30, 2023
General Fund				
Direct Advances	\$ 2,312	\$ -	\$ -	\$ 2,312
Indirect Advances	6,567	-	-	6,567
Land Sales	32,833	-	-	32,833
Interest	31,163	1,696	-	32,859
Total General Fund	72,875	1,696	-	74,571
Sewer Fund				
Direct Advances	301	7	-	308
Deferred Development Fees	188	4	-	192
Total Sewer Fund	489	11	-	500
Drainage Fund				
Direct Advances	727	16	-	743
Deferred Development Fees	201	4	-	205
Total Drainage Fund	928	20	-	948
Park Acquisition and Development Fund				
Direct Advances	5,983	140	-	6,123
Deferred Development Fees	444	10	-	454
Total Park Acquisition and Development Fund	6,427	150	-	6,577
Water Fund				
Direct Advances	4,503	17	-	4,520
Total Water Fund	4,503	17	-	4,520
Total All Funds	\$ 85,222	\$ 1,894	\$ -	\$ 87,116



**City of Huntington Beach
Notes to Financial Statements
For the Year Ended June 30, 2023**

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

	June 30, 2022	Additions	Reductions	June 30, 2023
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 its payments to retire the former Redevelopment Agency’s portion of the 2010 Lease Revenue Bonds used to finance the Emerald Cove low income housing project were such an obligation. The annual payment on these bonds is approximately \$400,000 a year. The amount that the City contends to be due to pay the former Redevelopment Agency’s share of the bonds is \$3,245,000.

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



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

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.

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.

g. Orange County Oil Spill Response

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

The U.S. Coast Guard, acting as the lead agency, formed an Incident Management Team (comprised of federal, state and regional agencies) to respond to the oil spill incident and coordinate clean-up efforts. A Unified Command Team that includes the U.S. Coast Guard, California Department of Fish and Wildlife, and Amplify Energy Corporation was established to investigate the oil spill incident.

The City has submitted a claim for \$653,259 with Amplify for lost revenues and expenditures incurred for response efforts. The claim is still under review with Amplify at this time.



City of Huntington Beach Notes to Financial Statements For the Year Ended June 30, 2023

17. OTHER INFORMATION

Fund and Accumulated Deficits

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

Internal Service Fund:

Self Insurance Workers' Comp	\$ 24,342
Self Insurance General Liability	\$ 8,420

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

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

18. SUBSEQUENT EVENTS

Kennedy Commission v. Huntington Beach

The Kennedy Commission case arises from an amendment to City's Beach and Edinger Corridors Specific Element Plan to limit the development of multifamily housing. The case, filed by the Kennedy Commission in July 2015 stating that the amendment was in violation of California's Housing Element laws, was tried in Superior Court and ruled in favor of the Plaintiff.

The City appealed the trial court decision and prevailed upon appeal. The Kennedy Commission then appealed the decision with the Supreme Court, which upheld the Court of Appeal's decision in favor of the City. In February 2020, the City adopted a revised Housing Element to comply with clarifying language in Senate Bill 1333 regarding the applicability of key provisions of state planning and zoning laws to charter cities which was certified by the California Department of Housing and Community Development as compliant with Housing Element Law. In response, the Kennedy Commission requested its remaining claims against the City be dismissed and filed a motion for attorney's fees. In July 2021, the Superior Court awarded the Kennedy Commission \$3.5 million in attorney's fees. The City submitted an appeal, which was denied on July 19, 2023. The settlement was paid in full in September 2023.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Huntington Beach Notes to Required Supplementary Information For the Year Ended June 30, 2023

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, 2023
(In Thousands)

General Fund

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Property Taxes	\$ 98,259	\$ 101,036	\$ 101,036	\$ -
Sales Taxes	53,343	52,599	52,599	-
Utility Taxes	18,457	22,558	22,558	-
Other Taxes	23,075	32,390	32,418	28
Licenses and Permits	8,201	10,630	10,630	-
Fines, Forfeitures and Penalties	4,534	3,945	3,945	-
Use of Money and Property	16,997	20,008	21,401	1,393
Intergovernmental	2,729	3,988	4,024	36
Charges for Current Service	26,596	32,596	32,787	191
Other	1,626	2,516	2,606	90
Total Revenues	253,817	282,266	284,004	1,738
EXPENDITURES				
Current:				
City Council	403	456	453	3
City Manager	4,743	7,592	5,892	1,700
City Treasurer	275	417	417	-
City Attorney	2,752	3,404	3,404	-
City Clerk	1,143	1,521	1,441	80
Finance	6,420	8,093	7,372	721
Community Development	15,409	19,309	17,061	2,248
Fire	51,570	65,658	65,658	-
Information Services	7,733	9,242	8,269	973
Police	78,443	95,301	93,796	1,505
Community Services	9,762	12,669	12,500	169
Library Services	5,451	7,149	6,951	198
Public Works	21,630	27,785	27,785	-
Debt Service:				
Principal	696	4,000	4,000	-
Interest	63	310	310	-
Total Expenditures	206,493	262,906	255,309	7,597
Excess of Revenues Over Expenditures	47,324	19,360	28,695	9,335
OTHER FINANCING SOURCES (USES)				
Transfers In	31,474	30,051	30,020	(31)
Leases (as Lessee)	-	-	398	398
Transfers Out	(63,478)	(35,517)	(35,400)	117
Total Other Financing Sources (Uses)	(32,004)	(5,466)	(4,982)	484
Net Change In Fund Balance	15,320	13,894	23,713	9,819
Fund Balance - Beginning of Year	102,824	102,824	102,824	-
Fund Balance - End of Year	\$ 118,144	\$ 116,718	\$ 126,537	\$ 9,819

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, 2023
(In Thousands)**

Grants Special Revenue

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Use of Money and Property	\$ -	\$ -	\$ 130	\$ 130
Intergovernmental	15,035	27,662	40,872	13,210
Other	-	-	3,741	3,741
Total Revenues	15,035	27,662	44,743	17,081
EXPENDITURES				
Current:				
City Manager	6	2,007	300	1,707
City Clerk	-	1	1	-
Finance	-	37	37	-
Community Development	2,947	7,710	3,343	4,367
Fire	-	492	488	4
Police	1,016	5,019	2,716	2,303
Community Services	311	370	343	27
Library Services	60	285	204	81
Public Works	12,131	21,661	2,739	18,922
Total Expenditures	16,471	37,582	10,171	27,411
Excess of Revenues Over (Under)				
Expenditures	(1,436)	(9,920)	34,572	44,492
OTHER FINANCING USES				
Transfers In	-	-	1	1
Transfers Out	(29,669)	(29,607)	(29,607)	-
Total Other Financing Sources (Uses)	(29,669)	(29,607)	(29,606)	1
Net Change In Fund Balance	(31,105)	(39,527)	4,966	44,493
Fund Balance - Beginning of Year	(4,311)	(4,311)	(4,311)	-
Fund Balance - End of Year	\$ (35,416)	\$ (43,838)	\$ 655	\$ 44,493

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	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total Pension Liability									
Service cost	\$ 8,174	\$ 8,005	\$ 7,779	\$ 8,327	\$ 8,314	\$ 8,084	\$ 7,436	\$ 7,102	\$ 7,263
Interest on total pension liability	43,253	42,217	41,058	40,150	38,769	37,749	37,194	35,653	34,412
Differences between expected and actual experience	451	(891)	(6,087)	(183)	(2,042)	(9,148)	1,072	(2,900)	-
Changes in assumptions	19,824	-	-	-	(3,634)	30,762	-	(8,565)	-
Benefit payments, including refunds of employee contributions	(34,942)	(33,392)	(30,321)	(28,508)	(26,685)	(25,312)	(24,316)	(23,377)	(22,444)
Net change in total pension liability	36,760	15,939	12,429	19,786	14,722	42,135	21,386	7,913	19,231
Total pension liability - beginning	619,966	604,027	591,598	571,812	557,090	514,955	493,569	485,656	466,425
Total pension liability - ending (a)	\$ 656,726	\$ 619,966	\$ 604,027	\$ 591,598	\$ 571,812	\$ 557,090	\$ 514,955	\$ 493,569	\$ 485,656
Plan Fiduciary Net Position									
Contributions - employer	\$ 6,951	\$ 150,917	\$ 16,879	\$ 14,816	\$ 13,495	\$ 12,316	\$ 10,982	\$ 9,747	\$ 9,066
Contributions - employee	3,533	3,450	3,630	3,779	3,649	3,869	3,736	3,790	3,909
Investment income	(49,840)	107,447	21,485	27,288	32,963	40,328	1,856	8,230	56,429
Administrative Expense	(419)	(443)	(609)	(296)	(614)	(536)	(226)	(418)	(472)
Benefit payments	(34,942)	(33,392)	(30,321)	(28,508)	(26,685)	(25,312)	(24,316)	(23,377)	(22,444)
Plan to Plan Resource Movement	-	-	-	(13)	1	-	-	-	-
Other	-	-	-	1	(1,166)	-	-	2	-
Net change in plan fiduciary net position	(74,717)	227,979	11,064	17,067	21,643	30,665	(7,968)	(2,026)	46,488
Plan fiduciary net position - beginning	671,565	443,586	432,522	415,455	393,812	363,147	371,115	373,141	326,653
Plan fiduciary net position - ending (b)	\$ 596,848	\$ 671,565	\$ 443,586	\$ 432,522	\$ 415,455	\$ 393,812	\$ 363,147	\$ 371,115	\$ 373,141
Net pension liability - beginning	(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)	\$ 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)	90.88%	108.32%	73.44%	73.11%	72.66%	70.69%	70.52%	75.19%	76.83%
Covered payroll	\$ 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	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.

Changes in assumptions: Effective with the June 30, 2021 valuation date (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. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate 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 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

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

* For covered employee payroll, the measurement period of July 1, 2021 to June 30, 2022 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	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total Pension Liability									
Service cost	\$ 14,683	\$ 13,386	\$ 13,226	\$ 13,644	\$ 13,509	\$ 13,657	\$ 12,159	\$ 11,119	\$ 11,096
Interest on total pension liability	57,872	56,114	54,597	53,048	51,223	49,350	48,390	46,160	44,246
Differences between expected and actual experience	102	(3,882)	(4,721)	(1,220)	2,584	(10,819)	2,678	(820)	-
Changes in assumptions	28,785	-	-	-	(3,657)	40,352	-	(11,054)	-
Benefit payments, including refunds of employee contributions	(45,876)	(44,362)	(41,247)	(38,958)	(37,128)	(34,222)	(32,116)	(30,535)	(29,540)
Net change in total pension liability	55,566	21,256	21,855	26,514	26,531	58,318	31,111	14,870	25,802
Total pension liability - beginning	825,437	804,181	782,326	755,812	729,281	670,963	639,852	624,982	599,180
Total pension liability - ending (a)	\$ 881,003	\$ 825,437	\$ 804,181	\$ 782,326	\$ 755,812	\$ 729,281	\$ 670,963	\$ 639,852	\$ 624,982
Plan Fiduciary Net Position									
Contributions - employer	\$ 13,579	\$ 257,381	\$ 25,848	\$ 23,063	\$ 21,058	\$ 20,629	\$ 18,703	\$ 17,791	\$ 15,152
Contributions - employee	4,985	4,395	4,355	4,337	4,164	4,570	4,058	4,110	3,850
Investment income	(65,933)	133,170	25,784	32,776	39,336	48,413	2,144	9,661	66,805
Administrative Expense	(549)	(532)	(731)	(355)	(736)	(640)	(270)	(497)	(555)
Benefit payments	(45,876)	(44,362)	(41,247)	(38,958)	(37,128)	(34,222)	(32,116)	(30,535)	(29,540)
Net Plan to Plan Resource Movement	-	-	-	13	(3)	-	(29)	-	-
Other	-	-	-	1	(1,398)	-	-	-	-
Net change in plan fiduciary net position	(93,794)	350,052	14,009	20,877	25,293	38,750	(7,510)	530	55,712
Plan fiduciary net position - beginning	882,705	532,653	518,644	497,767	472,474	433,724	441,234	440,704	384,992
Plan fiduciary net position - ending (b)	\$ 788,911	\$ 882,705	\$ 532,653	\$ 518,644	\$ 497,767	\$ 472,474	\$ 433,724	\$ 441,234	\$ 440,704
Net pension liability - beginning	(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)	\$ 92,092	\$ (57,268)	\$ 271,528	\$ 263,682	\$ 258,045	\$ 256,807	\$ 237,239	\$ 198,618	\$ 184,278
Plan fiduciary net position as a percentage of the total pension liability (asset)	89.55%	106.94%	66.24%	66.30%	65.86%	64.79%	64.64%	68.96%	70.51%
Covered payroll	\$ 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	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.

Changes in assumptions: Effective with the June 30, 2021 valuation date (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. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate 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 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

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

* For covered employee payroll, the measurement period of July 1, 2021 to June 30, 2022 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

Total Pension Liability	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18**	2016-17	2015-16	2014-15	2013-14
Service cost	\$ 237	\$ 299	\$ 350	\$ 338	\$ 398	\$ 344	\$ 487	\$ 552	\$ 495	\$ 544
Interest on total pension liability	3,934	3,897	4,292	3,954	3,990	2,964	3,976	3,945	3,919	3,828
Differences between expected and actual experience	-	492	-	4,594	-	(794)	-	982	-	-
Changes in assumptions	-	(1,638)	6,547	1,756	-	2,115	1,515	2,928	-	-
Benefit payments, including refunds of employee contributions	(5,712)	(5,668)	(5,494)	(5,012)	(4,771)	(3,388)	(4,144)	(3,773)	(3,588)	(3,548)
Net change in total pension liability	(1,541)	(2,618)	5,695	5,630	(383)	1,241	1,834	4,634	826	824
Total pension liability - beginning	74,151	76,769	71,074	65,444	65,827	64,586	62,752	58,118	57,292	56,468
Total pension liability - ending (a)	\$ 72,610	\$ 74,151	\$ 76,769	\$ 71,074	\$ 65,444	\$ 65,827	\$ 64,586	\$ 62,752	\$ 58,118	\$ 57,292
Plan Fiduciary Net Position										
Contributions - employer	\$ 6,046	\$ 6,006	\$ 1,435	\$ 3,506	\$ 4,962	\$ 3,507	\$ 5,346	\$ 7,277	\$ 4,678	\$ 4,539
Investment income	4,823	(11,362)	15,717	2,114	2,582	2,128	6,373	4,282	(1,313)	3,465
Administrative Expense	(334)	(338)	(314)	(444)	(191)	(145)	(182)	(189)	(170)	(176)
Benefit payments	(5,712)	(5,668)	(5,494)	(5,012)	(4,771)	(3,388)	(4,144)	(3,773)	(3,588)	(3,548)
Section 115 Trust Segregation	-	-	-	-	-	(3,788)	-	-	-	-
Other	-	-	-	-	-	-	-	-	3,183	258
Net change in plan fiduciary net position	4,823	(11,362)	11,344	164	2,582	(1,686)	7,393	7,597	2,790	4,538
Plan fiduciary net position - beginning	58,999	70,361	59,017	58,853	56,271	57,957	50,564	42,967	40,177	35,639
Plan fiduciary net position - ending (b)	\$ 63,822	\$ 58,999	\$ 70,361	\$ 59,017	\$ 58,853	\$ 56,271	\$ 57,957	\$ 50,564	\$ 42,967	\$ 40,177
Net pension liability - beginning	15,152	6,408	12,057	6,591	9,556	6,629	12,188	15,151	17,115	20,829
Net pension liability - ending (a)-(b)	\$ 8,788	\$ 15,152	\$ 6,408	\$ 12,057	\$ 6,591	\$ 9,556	\$ 6,629	\$ 12,188	\$ 15,151	\$ 17,115
Plan fiduciary net position as a percentage of the total pension liability	87.90%	79.57%	91.65%	83.04%	89.93%	85.48%	89.74%	80.58%	73.93%	70.13%
Covered payroll	\$ 5,497	\$ 6,670	\$ 7,684	\$ 8,469	\$ 12,863	\$ 10,890	\$ 17,167	\$ 19,517	\$ 22,069	\$ 22,004
Net pension liability as a percentage of covered payroll	159.87%	227.17%	83.39%	142.37%	51.24%	87.75%	38.61%	62.45%	68.65%	77.78%

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

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

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

Last Ten Fiscal Years*
Other Post Employment Benefits Plan

Measurement Period	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 1,004	\$ 1,120	\$ 1,096	\$ 1,241	\$ 1,205	\$ 877
Interest on the total OPEB liability	1,655	2,119	2,064	1,859	1,787	1,293
Actual and expected experience difference	-	(6,296)	-	1,411	-	-
Changes in assumptions	(891)	1,603	(298)	(3,358)	-	-
Benefit payments	(2,352)	(2,129)	(1,848)	(1,742)	(1,683)	(1,036)
Net change in total OPEB liability	(584)	(3,583)	1,014	(589)	1,309	1,134
Total OPEB liability - beginning	30,276	33,859	32,845	33,434	32,125	30,991
Total OPEB liability - ending (a)	\$ 29,692	\$ 30,276	\$ 33,859	\$ 32,845	\$ 33,434	\$ 32,125
Plan Fiduciary Net Position						
Contribution - employer**	\$ 2,499	\$ 1,882	\$ 1,959	\$ 2,270	\$ 4,191	\$ 1,036
Net investment income	(4,561)	6,025	1,580	1,901	1,126	471
Benefit payments	(2,352)	(2,129)	(1,848)	(1,742)	(1,683)	(1,036)
Administrative expense	(156)	(131)	(245)	(61)	(131)	(9)
Net change in plan fiduciary net position	(4,570)	5,647	1,446	2,368	3,503	462
Plan fiduciary net position - beginning	36,286	30,639	29,193	26,825	23,322	22,860
Plan fiduciary net position - ending (b)	\$ 31,716	\$ 36,286	\$ 30,639	\$ 29,193	\$ 26,825	\$ 23,322
Net OPEB liability (asset) - ending (a)-(b)	\$ (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)	106.82%	119.85%	90.49%	88.88%	80.23%	72.60%
Covered employee payroll	\$ 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	4.21%	4.58%	8.11%	14.43%

Notes to Schedule:

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

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

**Schedule of Contributions
For the Year Ended June 30, 2023
(in Thousands)**

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

	<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	<u>2013-14</u> ¹
Actuarially determined contribution	\$ 7,451	\$ 6,951	\$ 18,086	\$ 16,878	\$ 14,819	\$ 9,734	\$ 11,921	\$ 11,238	\$ 10,510	\$ 8,685
Contributions in relation to the actuarially determined contributions	(7,451)	(6,951)	(18,086)	(16,878)	(14,819)	(9,734)	(11,921)	(11,238)	(10,510)	(8,685)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 51,089	\$ 46,824	\$ 45,740	\$ 45,952	\$ 45,419	\$ 33,210	\$ 45,118	\$ 44,253	\$ 46,337	\$ 43,327
Contributions as a percentage of covered payroll	14.58%	14.84%	39.54%	36.73%	32.63%	29.31%	26.42%	25.39%	22.68%	20.05%

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

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

Notes to Schedule

Valuation date: 6/30/2013 through 06/30/2020

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, 2022.
Asset valuation method	For 10/1/14-6/30/15, 15 Year Smoothed Market (for details, see June 30, 2012 Funding Valuation Report). For 7/1/15-6/30/22, Fair Value (for details, see the Funding Valuation Reports for the years ended June 30, 2013-2022).
Inflation	2.75% for 10/1/2013-6/30/2019, 2.50% for 7/1/2019-6/30/2020, and 2.80% for 7/1/2020-6/30/2022.
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 6.80 percent compounded annually (net of investment and administrative expenses) as of June 30, 2022.
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 7/1/19-6/30/22, 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 7/1/19-6/30/22, 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, 2023
(in Thousands)**

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

	<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	<u>2013-14</u> ¹
Actuarially determined contribution	\$ 13,220	\$ 13,579	\$ 27,691	\$ 25,847	\$ 23,062	\$ 15,223	\$ 19,468	\$ 19,129	\$ 18,125	\$ 14,759
Contributions in relation to the actuarially determined contributions	(13,220)	(13,579)	(27,691)	(25,847)	(23,062)	(15,223)	(19,468)	(19,129)	(19,125)	(14,759)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ -</u>
Covered payroll	\$ 48,601	\$ 48,023	\$ 45,665	\$ 43,783	\$ 43,684	\$ 31,943	\$ 43,269	\$ 42,607	\$ 44,055	\$ 41,167
Contributions as a percentage of covered payroll	27.20%	28.28%	60.64%	59.03%	52.79%	47.66%	44.99%	44.90%	43.41%	35.85%

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

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

Notes to Schedule

Valuation date: 6/30/2013 through 06/30/2020

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, 2022.
Asset valuation method	For 10/1/14-6/30/15, 15 Year Smoothed Market (for details, see June 30, 2012 Funding Valuation Report). For 7/1/15-6/30/22, Fair Value (for details, see the Funding Valuation Reports for the years ended June 30, 2013-2022).
Inflation	2.75% for 10/1/2013-6/30/2019, 2.50% for 7/1/2019-6/30/2020, and 2.80% for 7/1/2020-6/30/2022.
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 6.80% compounded annually (net of investment and administrative expenses) as of June 30, 2022.
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 7/1/19-6/30/22, 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 7/1/19-6/30/22, 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, 2023
(in Thousands)**

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

	2022-23 ¹	2021-22 ¹	2020-21 ¹	2019-20 ¹	2018-19 ¹	2017-18 ^{1,2}	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 1,413	\$ 889	\$ 933	\$ 1,689	\$ 2,258	\$ 2,879	\$ 3,895	\$ 3,576	\$ 3,634	\$ 4,534
Contributions in relation to the actuarially determined contributions	(6,046)	(6,006)	(1,435)	(3,506)	(4,962)	(3,507)	(5,346)	(7,277)	(4,678)	(4,539)
Contribution deficiency (excess)	\$ (4,633)	\$ (5,117)	\$ (502)	\$ (1,817)	\$ (2,704)	\$ (628)	\$ (1,451)	\$ (3,701)	\$ (1,044)	\$ (5)
Covered payroll	\$ 5,497	\$ 6,670	\$ 7,684	\$ 8,469	\$ 12,863	\$ 10,890	\$ 17,167	\$ 19,517	\$ 22,069	\$ 22,004
Contributions as a percentage of covered payroll	109.99%	90.04%	18.68%	41.40%	38.58%	32.20%	31.14%	37.29%	21.20%	20.63%

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

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

Notes to Schedule

Valuation date:	6/30/2021	6/30/2021	6/30/2019	6/30/2019	9/30/2017	9/30/2017	9/30/2015	9/30/2013	9/30/2013	9/30/2011
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Amortization method/period	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. Level dollar amortization.
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 7/1/2020-6/30/2023.
Salary increases	Aggregate - 2.75% annually. Merit - CalPERS 1997-2015 Experience Study.
Payroll growth	Merit - CalPERS 1997-2011 Experience Study plus 3.25% aggregate increase for the October 1, 2013 to June 30, 2018 measurement period. 3% aggregate increase for the July 1, 2018 - June 30, 2019 measurement period. Merit - CalPERS 1997-2015 Experience Study plus 2.75% annually increase for the July 1, 2021 - June 30, 2023 period.
Investment rate of return	6.5%, net of pension plan investment and administrative expenses, including inflation for the October 1, 2013 to June 30, 2018 measurement period. 6.25%, net of pension plan investment and administrative expenses, for the July 1, 2019 - June 30, 2022 measurement period. 5.50%, net of pension plan investment and administrative expenses, for the July 1, 2022 - June 30, 2023 measurement period.
Retirement age	The probabilities of retirement are based on the CalPERS 1997-2015 Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS 1997-2015 Experience Study. Pre-retirement and Post-retirement mortality rates include mortality projected fully generational with Scale MP-2019, modified to converge to ultimate improvement rates in 2022 for the October 1, 2013 to June 30, 2018 measurement period. Mortality projected fully generational with Scale MP-2019 for the July 1, 2021 to June 30, 2022 measurement period. Mortality projected fully generational with Scale MP-2021 for the July 1, 2022 to June 30, 2023 measurement period.

Schedule of Money Weighted Rate of Return

	2023	2022	2021	2020	2019	2018 ²	2017	2016	2015	2014
Annual Money Weighted Rate of Return, net of investment expense	8.37%	-15.97%	26.88%	3.79%	4.79%	4.04%	12.87%	10.20%	-2.82%	9.20%

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

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

**City of Huntington Beach
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2023
(in Thousands)**

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

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

Notes to Schedule:

Valuation date:	6/30/2021	6/30/2021	6/30/2019	6/30/2017	6/30/2017	6/30/2015
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Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a 20-year fixed period
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period.
Inflation	3% for 10/1/17-6/30/18 and 2.75% per annum for the measurement period 7/1/2018 to 6/30/2022. 2.50% per annum for the measurement period 7/1/2022 to 6/30/2023.
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	7.0% initial, 1.0% - 2.0% near term increase then decreasing 0.5% per year to trend rate that reflects medical price inflation to an ultimate rate of 4.0% in 2076.
Retirement Age	Tier 1 employees - 2.5% @55 and Tier 2 employees - 2.0% @62. The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997-2011. Tier 1 employees - 2.5% @55 and Tier 2 employees - 2.0% @ 62. The probabilities of retirement are based on the CalPERS 1997-2015 experience Study for Measurement period as of 6/30/21.
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, 2023
(In Thousands)**

SPECIAL REVENUE FUNDS						
	Air Quality	Development Impact Fee	Disability Access	Drainage	Strand Parking Structures	Gas Tax
ASSETS						
Cash and Investments	\$ 1,032	\$ 8,379	\$ 409	\$ 4,126	\$ 3,907	\$ 4,985
Taxes Receivable	-	-	-	-	-	297
Other Receivables	71	34	2	18	16	797
Total Assets	1,103	8,413	411	4,144	3,923	6,079
LIABILITIES						
Accounts Payable	65	187	-	15	13	1,265
Accrued Payroll	-	3	-	-	-	18
Total Liabilities	65	190	-	15	13	1,283
FUND BALANCES						
Restricted						
Pollution Remediation	-	-	-	-	-	-
Highways, Streets and Transportation	-	-	-	-	-	4,796
Low Income Housing	-	-	-	-	-	-
Air Quality	1,038	-	-	-	-	-
Other Capital Projects	-	8,223	-	4,129	-	-
Other Purposes	-	-	411	-	-	-
Committed						
Parks	-	-	-	-	-	-
Other Purposes	-	-	-	-	3,910	-
Total Fund Balances	1,038	8,223	411	4,129	3,910	4,796
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,103	\$ 8,413	\$ 411	\$ 4,144	\$ 3,923	\$ 6,079

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2023
(In Thousands)
(continued)**

SPECIAL REVENUE FUNDS							
Housing Residual Receipt	Park Acquisition and Development	Surf City "3"	ELM Automation Fund	Traffic Congestion Relief	Traffic Impact Fee	Transportation	Total Special Revenue Funds
\$ 1,296	\$ 5,486	\$ 1,482	\$ 671	\$ 1,464	\$ 4,165	\$ 3,386	\$ 40,788
-	-	119	-	143	-	749	1,308
5	166	6	3	6	17	14	1,155
1,301	5,652	1,607	674	1,613	4,182	4,149	43,251
-	-	37	20	283	1	166	2,052
-	-	-	3	-	-	33	57
-	-	37	23	283	1	199	2,109
-	336	-	-	-	-	-	336
-	-	-	-	1,330	4,181	3,950	14,257
1,301	-	-	-	-	-	-	1,301
-	-	-	-	-	-	-	1,038
-	-	-	-	-	-	-	12,352
-	-	1,570	651	-	-	-	2,632
-	5,316	-	-	-	-	-	5,316
-	-	-	-	-	-	-	3,910
1,301	5,652	1,570	651	1,330	4,181	3,950	41,142
\$ 1,301	\$ 5,652	\$ 1,607	\$ 674	\$ 1,613	\$ 4,182	\$ 4,149	\$ 43,251

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2023
(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	\$ 3,386	\$ 3,386	\$ 9,551	\$ 39
Cash and Investments with Fiscal Agent	1,075	1,075	-	11,210
Taxes Receivable	-	-	-	-
Other Receivables	2	2	39	94
Total Assets	4,463	4,463	9,590	11,343
LIABILITIES				
Accounts Payable	2	2	-	-
Accrued Payroll	-	-	-	-
Total Liabilities	2	2	-	-
FUND BALANCES				
Restricted				
Pollution Remediation	-	-	-	-
Debt Service	4,461	4,461	-	-
Highways, Streets and Transportation	-	-	-	-
Low Income Housing	-	-	9,590	-
Air Quality	-	-	-	-
Other Capital Projects	-	-	-	11,343
Other Purposes	-	-	-	-
Committed				
Parks	-	-	-	-
Other Capital Projects	-	-	-	-
Other Purposes	-	-	-	-
Assigned				
Capital Improvement Reserve	-	-	-	-
Total Fund Balances	4,461	4,461	9,590	11,343
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,463	\$ 4,463	\$ 9,590	\$ 11,343

**CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2023
(In Thousands)
(continued)**

CAPITAL PROJECT FUNDS					
Parking In-Lieu	Sewer Development	Technology	Total Capital Projects Funds		Total Other Governmental Funds
\$ 767	\$ 2,454	\$ 6,171	\$ 18,982		\$ 63,156
-	-	-	11,210		12,285
-	-	-	-		1,308
3	11	26	173		1,330
770	2,465	6,197	30,365		78,079
1	38	-	39		2,093
-	-	-	-		57
1	38	-	39		2,150
-	-	-	-		336
-	-	-	-		4,461
-	-	-	-		14,257
-	-	-	9,590		10,891
-	-	-	-		1,038
-	-	-	11,343		23,695
-	-	-	-		2,632
-	-	-	-		5,316
769	2,427	-	3,196		3,196
-	-	-	-		3,910
-	-	6,197	6,197		6,197
769	2,427	6,197	30,326		75,929
\$ 770	\$ 2,465	\$ 6,197	\$ 30,365	\$	\$ 78,079

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(In Thousands)**

	SPECIAL REVENUE FUNDS					
	Air Quality	Development Impact Fee	Disability Access	Drainage	Strand Parking Structures	Gas Tax
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	7,822
Licenses and Permits	-	-	70	-	-	-
Use of Money and Property (Loss)	15	140	6	32	1,625	-
Intergovernmental	324	-	-	-	-	75
Charges for Current Service	-	1,978	-	1,003	-	-
Other	-	-	-	-	-	-
Total Revenues	<u>339</u>	<u>2,118</u>	<u>76</u>	<u>1,035</u>	<u>1,625</u>	<u>7,897</u>
EXPENDITURES						
Current:						
City Manager	-	-	-	-	-	-
Finance	-	-	6	-	-	-
Community Development	-	-	-	-	1,143	-
Fire	-	1	-	-	-	-
Information Systems	-	-	-	-	-	-
Police	-	488	-	-	-	-
Community Services	-	2,973	-	-	-	-
Library Services	-	89	-	-	-	-
Public Works	515	-	-	392	-	8,698
Total Expenditures	<u>515</u>	<u>3,551</u>	<u>6</u>	<u>392</u>	<u>1,143</u>	<u>8,698</u>
Excess Of Revenues Over (Under) Expenditures	<u>(176)</u>	<u>(1,433)</u>	<u>70</u>	<u>643</u>	<u>482</u>	<u>(801)</u>
Other Financing Sources (Uses):						
Transfers Out	-	-	-	-	(400)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400)</u>	<u>-</u>
Net Change in Fund Balances	<u>(176)</u>	<u>(1,433)</u>	<u>70</u>	<u>643</u>	<u>82</u>	<u>(801)</u>
Fund Balances - Beginning of Year	<u>1,214</u>	<u>9,656</u>	<u>341</u>	<u>3,486</u>	<u>3,828</u>	<u>5,597</u>
Fund Balances - End of Year	<u>\$ 1,038</u>	<u>\$ 8,223</u>	<u>\$ 411</u>	<u>\$ 4,129</u>	<u>\$ 3,910</u>	<u>\$ 4,796</u>

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,565	\$ 4,565
-	-	498	-	-	-	-	8,320
-	-	-	-	-	-	-	70
20	(169)	23	(13)	31	60	57	1,827
-	-	-	-	1,618	-	-	2,017
-	4,614	-	683	-	1,516	-	9,794
6	-	-	-	-	-	-	6
<u>26</u>	<u>4,445</u>	<u>521</u>	<u>670</u>	<u>1,649</u>	<u>1,576</u>	<u>4,622</u>	<u>26,599</u>
-	-	309	-	-	-	-	309
-	-	-	-	-	-	-	6
-	-	-	-	-	-	-	1,143
-	-	-	-	-	-	-	1
-	-	-	286	-	-	-	286
-	-	-	-	-	-	-	488
-	405	-	-	-	-	-	3,378
-	-	-	-	-	-	-	89
-	-	-	-	2,496	42	3,888	16,031
-	<u>405</u>	<u>309</u>	<u>286</u>	<u>2,496</u>	<u>42</u>	<u>3,888</u>	<u>21,731</u>
<u>26</u>	<u>4,040</u>	<u>212</u>	<u>384</u>	<u>(847)</u>	<u>1,534</u>	<u>734</u>	<u>4,868</u>
-	-	-	-	-	-	-	(400)
-	-	-	-	-	-	-	(400)
<u>26</u>	<u>4,040</u>	<u>212</u>	<u>384</u>	<u>(847)</u>	<u>1,534</u>	<u>734</u>	<u>4,468</u>
<u>1,275</u>	<u>1,612</u>	<u>1,358</u>	<u>267</u>	<u>2,177</u>	<u>2,647</u>	<u>3,216</u>	<u>36,674</u>
<u>\$ 1,301</u>	<u>\$ 5,652</u>	<u>\$ 1,570</u>	<u>\$ 651</u>	<u>\$ 1,330</u>	<u>\$ 4,181</u>	<u>\$ 3,950</u>	<u>\$ 41,142</u>

**CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(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	-	-	4,932	-
Use of Money and Property (Loss)	22	22	117	326
Intergovernmental	-	-	-	-
Charges for Current Service	-	-	-	-
Other	-	-	-	-
Total Revenues	22	22	5,049	326
EXPENDITURES				
Current:				
City Manager	-	-	-	-
Finance	5	5	-	-
Community Development	-	-	-	-
Fire	-	-	-	6,352
Information Systems	-	-	-	-
Police	-	-	-	-
Community Services	-	-	-	-
Library Services	-	-	-	-
Public Works	-	-	-	-
Debt Service:				
Principal	2,205	2,205	-	-
Interest	746	746	-	-
Total Expenditures	2,956	2,956	-	6,352
Excess Of Revenues Over (Under) Expenditures	(2,934)	(2,934)	5,049	(6,026)
Other Financing Sources (Uses):				
Transfers In	2,963	2,963	-	-
Issuance of Long-Term Debt	-	-	-	7,742
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	2,963	2,963	-	7,742
Net Change in Fund Balances	29	29	5,049	1,716
Fund Balances - Beginning of Year	4,432	4,432	4,541	9,627
Fund Balances - End of Year	\$ 4,461	\$ 4,461	\$ 9,590	\$ 11,343

**CITY OF HUNTINGTON BEACH
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023
 (In Thousands)
 (continued)**

CAPITAL PROJECT FUNDS				
Parking In-Lieu	Sewer Development	Technology	Total Capital Projects Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 4,565
-	-	-	-	8,320
56	-	-	4,988	5,058
-	58	(116)	385	2,234
-	12	-	12	2,029
-	1,318	-	1,318	11,112
-	-	-	-	6
56	1,388	(116)	6,703	33,324
-	-	-	-	309
-	-	-	-	11
6	-	-	6	1,149
-	-	-	6,352	6,353
-	-	8	8	294
-	-	-	-	488
-	-	-	-	3,378
-	-	-	-	89
-	1,231	-	1,231	17,262
-	-	-	-	2,205
-	-	-	-	746
6	1,231	8	7,597	32,284
50	157	(124)	(894)	1,040
-	-	3,300	3,300	6,263
-	-	-	7,742	7,742
-	-	-	-	(400)
-	-	3,300	11,042	13,605
50	157	3,176	10,148	14,645
719	2,270	3,021	20,178	61,284
\$ 769	\$ 2,427	\$ 6,197	\$ 30,326	\$ 75,929

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, 2023
(In Thousands)

Air Quality

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 15	\$ 15
Intergovernmental	250	250	324	74
Total Revenues	250	250	339	89
EXPENDITURES:				
Current:				
Public Works	788	1,508	515	993
Total Expenditures	788	1,508	515	993
Net Change in Fund Balance	(538)	(1,258)	(176)	1,082
Fund Balance - Beginning of Year	1,214	1,214	1,214	-
Fund Balance - End of Year	\$ 676	\$ (44)	\$ 1,038	\$ 1,082

Development Impact Fee

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 140	\$ 140
Charges for Current Service	1,035	1,035	1,978	943
Total Revenues	1,035	1,035	2,118	1,083
EXPENDITURES:				
Current:				
Fire	-	827	1	826
Police	415	1,529	488	1,041
Community Services	1,636	5,301	2,973	2,328
Library Services	350	388	89	299
Total Expenditures	2,401	8,045	3,551	4,494
Net Change in Fund Balance	(1,366)	(7,010)	(1,433)	5,577
Fund Balance - Beginning of Year	9,656	9,656	9,656	-
Fund Balance - End of Year	\$ 8,290	\$ 2,646	\$ 8,223	\$ 5,577

Disability Access

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ 84	\$ 84	\$ 70	\$ (14)
Use of Money and Property	-	-	6	6
Total Revenues	84	84	76	(8)
EXPENDITURES:				
Current:				
Finance	84	84	6	78
Total Expenditures	84	84	6	78
Net Change in Fund Balance	-	-	70	70
Fund Balance - Beginning of Year	341	341	341	-
Fund Balance - End of Year	\$ 341	\$ 341	\$ 411	\$ 70

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, 2023
(In Thousands)

Drainage

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 32	\$ 32
Charges for Current Service	200	200	1,003	803
Total Revenues	200	200	1,035	835
EXPENDITURES:				
Current:				
Public Works	2,845	3,830	392	3,438
Total Expenditures	2,845	3,830	392	3,438
Net Change in Fund Balance	(2,645)	(3,630)	643	4,273
Fund Balance - Beginning of Year	3,486	3,486	3,486	-
Fund Balance - End of Year	\$ 841	\$ (144)	\$ 4,129	\$ 4,273

Strand Parking Structure

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ 1,450	\$ 1,450	\$ 1,625	\$ 175
Total Revenues	1,450	1,450	1,625	175
EXPENDITURES:				
Current:				
Community Development	1,147	1,466	1,143	323
Total Expenditures	1,147	1,466	1,143	323
OTHER FINANCING SOURCES (USES):				
Transfers Out	(400)	(400)	(400)	-
Total Other Financing Sources (Uses)	(400)	(400)	(400)	-
Net Change in Fund Balance	(97)	(416)	82	498
Fund Balance - Beginning of Year	3,828	3,828	3,828	-
Fund Balance - End of Year	\$ 3,731	\$ 3,412	\$ 3,910	\$ 498

Gas Tax

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Other Taxes	\$ 8,273	\$ 8,276	\$ 7,822	\$ (454)
Intergovernmental	-	-	75	75
Total Revenues	8,273	8,276	7,897	(379)
EXPENDITURES:				
Current:				
Public Works	8,140	13,436	8,698	4,738
Total Expenditures	8,140	13,436	8,698	4,738
OTHER FINANCING SOURCES (USES):				
Transfers Out	(122)	-	-	-
Total Other Financing Sources (Uses)	(122)	-	-	-
Net Change in Fund Balance	11	(5,160)	(801)	4,359
Fund Balance - Beginning of Year	5,597	5,597	5,597	-
Fund Balance - End of Year	\$ 5,608	\$ 437	\$ 4,796	\$ 4,359

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, 2023
(In Thousands)

Housing Residual Receipt

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 20	\$ 20
Other	32	32	6	(26)
Total Revenues	32	32	26	(6)
EXPENDITURES:				
Current:				
Community Development	32	32	-	32
Total Expenditures	32	32	-	32
Net Change in Fund Balance	-	-	26	26
Fund Balance - Beginning of Year	1,275	1,275	1,275	-
Fund Balance - End of Year	\$ 1,275	\$ 1,275	\$ 1,301	\$ 26

Park Acquisition and Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property (Loss)	\$ -	\$ -	\$ (169)	\$ (169)
Charges for Current Service	-	-	4,614	4,614
Total Revenues	-	-	4,445	4,445
EXPENDITURES:				
Current:				
Community Services	-	425	405	20
Total Expenditures	-	425	405	20
Net Change in Fund Balance	-	(425)	4,040	4,465
Fund Balance - Beginning of Year	1,612	1,612	1,612	-
Fund Balance - End of Year	\$ 1,612	\$ 1,187	\$ 5,652	\$ 4,465

Surf City "3"

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Other Taxes	\$ 500	\$ 500	\$ 498	\$ (2)
Use of Money and Property	-	-	23	23
Total Revenues	500	500	521	21
EXPENDITURES:				
Current:				
City Manager	623	843	309	534
Total Expenditures	623	843	309	534
Net Change in Fund Balance	(123)	(343)	212	555
Fund Balance - Beginning of Year	1,358	1,358	1,358	-
Fund Balance - End of Year	\$ 1,235	\$ 1,015	\$ 1,570	\$ 555

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, 2023
(In Thousands)

ELM Automation Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property (Loss)	\$ -	\$ -	\$ (13)	\$ (13)
Charges for Current Service	360	360	683	323
Total Revenues	360	360	670	310
EXPENDITURES:				
Current:				
Information Systems	422	439	286	153
Total Expenditures	422	439	286	153
OTHER FINANCING SOURCES (USES):				
Transfers In	118	118	-	(118)
Transfers Out	(18)	-	-	-
Total Other Financing Sources (Uses)	100	118	-	(118)
Net Change in Fund Balance	38	39	384	345
Fund Balance - Beginning of Year	267	267	267	-
Fund Balance - End of Year	\$ 305	\$ 306	\$ 651	\$ 345

Traffic Congestion Relief

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 31	\$ 31
Intergovernmental	1,939	1,939	1,618	(321)
Total Revenues	1,939	1,939	1,649	(290)
EXPENDITURES:				
Current:				
Public Works	2,135	3,507	2,496	1,011
Total Expenditures	2,135	3,507	2,496	1,011
Net Change in Fund Balance	(196)	(1,568)	(847)	721
Fund Balance - Beginning of Year	2,177	2,177	2,177	-
Fund Balance - End of Year	\$ 1,981	\$ 609	\$ 1,330	\$ 721

Traffic Impact Fee

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 60	\$ 60
Charges for Current Service	100	100	1,516	1,416
Total Revenues	100	100	1,576	1,476
EXPENDITURES:				
Current:				
Public Works	290	2,150	42	2,108
Total Expenditures	290	2,150	42	2,108
Net Change in Fund Balance	(190)	(2,050)	1,534	3,584
Fund Balance - Beginning of Year	2,647	2,647	2,647	-
Fund Balance - End of Year	\$ 2,457	\$ 597	\$ 4,181	\$ 3,584

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, 2023
(In Thousands)

Transportation

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Sales Taxes	\$ 4,056	\$ 4,056	\$ 4,565	\$ 509
Use of Money and Property	-	-	57	57
Total Revenues	4,056	4,056	4,622	566
EXPENDITURES:				
Current:				
Public Works	4,171	6,417	3,888	2,529
Total Expenditures	4,171	6,417	3,888	2,529
OTHER FINANCING SOURCES (USES):				
Transfers Out	208	-	-	-
Total Other Financing Sources (Uses)	208	-	-	-
Net Change in Fund Balance	93	(2,361)	734	3,095
Fund Balance - Beginning of Year	3,216	3,216	3,216	-
Fund Balance - End of Year	\$ 3,309	\$ 855	\$ 3,950	\$ 3,095

Public Financing Authority

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 22	\$ 22
Total Revenues	-	-	22	22
EXPENDITURES:				
Current:				
Finance	12	12	5	7
Debt Service:				
Principal	2,205	2,205	2,205	-
Interest	746	746	746	-
Total Expenditures	2,963	2,963	2,956	7
OTHER FINANCING SOURCES (USES):				
Transfers In	2,963	2,963	2,963	-
Total Other Financing Sources (Uses)	2,963	2,963	2,963	-
Net Change in Fund Balance	-	-	29	29
Fund Balance - Beginning of Year	4,432	4,432	4,432	-
Fund Balance - End of Year	\$ 4,432	\$ 4,432	\$ 4,461	\$ 29

Affordable Housing In-Lieu

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ 747	\$ 747	\$ 4,932	\$ 4,185
Use of Money and Property	-	-	117	117
Total Revenues	747	747	5,049	4,302
Net Change in Fund Balance	747	747	5,049	4,302
Fund Balance - Beginning of Year	4,541	4,541	4,541	-
Fund Balance - End of Year	\$ 5,288	\$ 5,288	\$ 9,590	\$ 4,302

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, 2023
(In Thousands)

Lease Capital Project

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 326	\$ 326
Total Revenues	<u>-</u>	<u>-</u>	<u>326</u>	<u>326</u>
EXPENDITURES:				
Current:				
Fire	-	17,360	6,352	11,008
Total Expenditures	<u>-</u>	<u>17,360</u>	<u>6,352</u>	<u>11,008</u>
OTHER FINANCING SOURCES (USES):				
Issuance of Long-Term Debt	-	7,742	7,742	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,742</u>	<u>7,742</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>(9,618)</u>	<u>1,716</u>	<u>11,334</u>
Fund Balance - Beginning of Year	<u>9,627</u>	<u>9,627</u>	<u>9,627</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 9,627</u>	<u>\$ 9</u>	<u>\$ 11,343</u>	<u>\$ 11,334</u>

Parking In-Lieu

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	\$ 394	\$ 394	\$ 56	\$ (338)
Total Revenues	<u>394</u>	<u>394</u>	<u>56</u>	<u>(338)</u>
EXPENDITURES:				
Current:				
Community Development	100	100	6	94
Total Expenditures	<u>100</u>	<u>100</u>	<u>6</u>	<u>94</u>
Net Change in Fund Balance	<u>294</u>	<u>294</u>	<u>50</u>	<u>(244)</u>
Fund Balance - Beginning of Year	<u>719</u>	<u>719</u>	<u>719</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,013</u>	<u>\$ 1,013</u>	<u>\$ 769</u>	<u>\$ (244)</u>

Sewer Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ -	\$ -	\$ 58	\$ 58
Intergovernmental	12	12	12	-
Charges for Current Service	155	155	1,318	1,163
Total Revenues	<u>167</u>	<u>167</u>	<u>1,388</u>	<u>1,221</u>
EXPENDITURES:				
Current:				
Public Works	-	1,900	1,231	669
Total Expenditures	<u>-</u>	<u>1,900</u>	<u>1,231</u>	<u>669</u>
Net Change in Fund Balance	<u>167</u>	<u>(1,733)</u>	<u>157</u>	<u>1,890</u>
Fund Balance - Beginning of Year	<u>2,270</u>	<u>2,270</u>	<u>2,270</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 2,437</u>	<u>\$ 537</u>	<u>\$ 2,427</u>	<u>\$ 1,890</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, 2023
(In Thousands)**

Technology

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property (Loss)	\$ -	\$ -	\$ (116)	\$ (116)
Total Revenues	<u>-</u>	<u>-</u>	<u>(116)</u>	<u>(116)</u>
EXPENDITURES:				
Current:				
Information Systems	1,000	3,094	8	3,086
Total Expenditures	<u>1,000</u>	<u>3,094</u>	<u>8</u>	<u>3,086</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	3,300	3,300	3,300	-
Total Other Financing Sources (Uses)	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>	<u>-</u>
Net Change in Fund Balance	<u>2,300</u>	<u>206</u>	<u>3,176</u>	<u>2,970</u>
Fund Balance - Beginning of Year	<u>3,021</u>	<u>3,021</u>	<u>3,021</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 5,321</u>	<u>\$ 3,227</u>	<u>\$ 6,197</u>	<u>\$ 2,970</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, 2023
(In Thousands)**

LMIHAF Capital Projects Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	\$ 200	\$ 200	\$ 79	\$ (121)
Total Revenues	200	200	79	(121)
EXPENDITURES:				
Current:				
Community Development	25	2,425	16	2,409
Total Expenditures	25	2,425	16	2,409
Net Change in Fund Balance	175	(2,225)	63	2,288
Fund Balance - Beginning of Year	4,856	4,856	4,856	-
Fund Balance - End of Year	\$ 5,031	\$ 2,631	\$ 4,919	\$ 2,288

Pension Liability Debt Service Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property Taxes	\$ 6,621	\$ 6,621	\$ 8,431	\$ 1,810
Use of Money and Property	-	-	447	447
Charges for Current Service	-	15,950	16,111	161
Other	-	-	-	-
Total Revenues	6,621	22,571	24,989	2,418
EXPENDITURES:				
Debt Service:				
Principal	14,525	14,525	12,594	1,931
Interest	9,046	9,046	8,486	560
Total Expenditures	23,571	23,571	21,080	2,491
Excess of Revenues Over (Under) Expenditures	(16,950)	(1,000)	3,909	4,909
OTHER FINANCING SOURCES (USES):				
Transfers In	17,325	1,375	344	1,031
Total Other Financing Sources (Uses)	17,325	1,375	344	1,031
Net Change in Fund Balance	375	375	4,253	5,940
Fund Balance - Beginning of Year	20,729	20,729	20,729	-
Fund Balance - End of Year	\$ 21,104	\$ 21,104	\$ 24,982	\$ 5,940

**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, 2023
(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 (Loss)	\$ -	\$ -	\$ (1,565)	\$ (1,565)
Intergovernmental	-	135	501	366
Total Revenues	<u>-</u>	<u>135</u>	<u>(1,064)</u>	<u>(1,199)</u>
EXPENDITURES:				
Current:				
Community Services	158	455	389	66
Public Works	24,707	46,698	14,375	32,323
Total Expenditures	<u>24,865</u>	<u>47,153</u>	<u>14,764</u>	<u>32,389</u>
Excess of Revenues Over (Under) Expenditures	<u>(24,865)</u>	<u>(47,018)</u>	<u>(15,828)</u>	<u>31,190</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	24,355	28,741	28,741	-
Transfers Out	218	-	-	-
Total Other Financing Sources (Uses)	<u>24,573</u>	<u>28,741</u>	<u>28,741</u>	<u>-</u>
Net Change in Fund Balance	<u>(292)</u>	<u>(18,277)</u>	<u>12,913</u>	<u>31,190</u>
Fund Balance - Beginning of Year	<u>20,485</u>	<u>20,485</u>	<u>20,485</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 20,193</u>	<u>\$ 2,208</u>	<u>\$ 33,398</u>	<u>\$ 31,190</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, 2023
(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	\$ 20,503	\$ 14,184	\$ 11,909	\$ 46,596
Other Receivables, Net	76	40	49	165
Prepays	600	-	1,381	1,981
Total Current Assets	21,179	14,224	13,339	48,742
Non-Current Assets:				
Net Other Postemployment Benefits Asset	7	3	-	10
Total Non-Current Assets	7	3	-	10
Capital Assets:				
Buildings and Improvements	-	-	67	67
Machinery and Equipment	-	-	12,957	12,957
Less Accumulated Depreciation	-	-	(3,615)	(3,615)
Total Capital Assets	-	-	9,409	9,409
Total Assets	21,186	14,227	22,748	58,161
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	466	-	-	466
Deferred Outflows Related to Other Postemployment Benefits	22	10	-	32
Total Deferred Outflows of Resources	488	10	-	498
Total Assets and Deferred Outflows of Resources	21,674	14,237	22,748	58,659
LIABILITIES				
Current Liabilities:				
Accounts Payable	353	104	248	705
Accrued Payroll	4	4	-	8
Current Portion of Claims Payable	8,604	10,439	-	19,043
Current Portion of Compensated Absences	13	1	-	14
Long-Term Obligations Due Within One Year	43	-	-	43
Total Current Liabilities	9,017	10,548	248	19,813
Non-Current Liabilities:				
Compensated Absences	35	3	-	38
Long-Term Obligations Due in More than One Year	943	-	-	943
Net Pension Liability	513	-	-	513
Claims Payable	35,483	12,095	-	47,578
Total Non-Current Liabilities	36,974	12,098	-	49,072
Total Liabilities	45,991	22,646	248	68,885
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	1	-	-	1
Deferred Inflows Related to Other Postemployment Benefits	24	11	-	35
Total Deferred Inflows of Resources	25	11	-	36
NET POSITION				
Net Investment in Capital Assets	-	-	9,409	9,409
Unrestricted	(24,342)	(8,420)	13,091	(19,671)
Total Net Position	(24,342)	(8,420)	22,500	(10,262)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 21,674	\$ 14,237	\$ 22,748	\$ 58,659

CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(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	\$ 13,628	\$ 10,750	\$ 8,290	\$ 32,668
Other	846	442	240	1,528
Total Operating Revenues	<u>14,474</u>	<u>11,192</u>	<u>8,530</u>	<u>34,196</u>
OPERATING EXPENSES				
Supplies and Operations	1,710	390	1,504	3,604
Claims and Judgments	10,419	15,454	-	25,873
Depreciation	-	-	1,453	1,453
Total Operating Expenses	<u>12,129</u>	<u>15,844</u>	<u>2,957</u>	<u>30,930</u>
Operating Income (Loss)	<u>2,345</u>	<u>(4,652)</u>	<u>5,573</u>	<u>3,266</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment Income (Loss)	46	39	(16)	69
Interest Expense	(25)	-	-	(25)
Disposal of Machinery and Equipment (Loss)	-	-	(520)	(520)
Total Non-Operating Revenues (Expenses)	<u>21</u>	<u>39</u>	<u>(536)</u>	<u>(476)</u>
Income (Loss) Before Transfers	<u>2,366</u>	<u>(4,613)</u>	<u>5,037</u>	<u>2,790</u>
Change in Net Position	2,366	(4,613)	5,037	2,790
Net Position - Beginning of Year	<u>(26,708)</u>	<u>(3,807)</u>	<u>17,463</u>	<u>(13,052)</u>
Net Position - End of Year	<u>\$ (24,342)</u>	<u>\$ (8,420)</u>	<u>\$ 22,500</u>	<u>\$ (10,262)</u>

**CITY OF HUNTINGTON BEACH
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(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	\$ 14,444	\$ 11,179	\$ 8,510	\$ 34,133
Cash Paid to Employees for Services	(180)	(183)	-	(363)
Cash Paid to Suppliers of Goods and Services	(10,848)	(6,711)	(2,468)	(20,027)
Net Cash and Investment Provided (Used) by Operating Activities	<u>3,416</u>	<u>4,285</u>	<u>6,042</u>	<u>13,743</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Debt Service	(43)	-	-	(43)
Interest Paid	(26)	-	-	(26)
Net Cash and Investments Provided (Used) by Noncapital Financing Activities	<u>(69)</u>	<u>-</u>	<u>-</u>	<u>(69)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	-	-	(5,156)	(5,156)
Net Cash and Investments Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(5,156)</u>	<u>(5,156)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment (Loss)	46	39	(16)	69
Net Cash and Investments Provided (Used) by Investing Activities	<u>46</u>	<u>39</u>	<u>(16)</u>	<u>69</u>
Net Increase in Cash and Investments	3,393	4,324	870	8,587
Cash and Investments - Beginning of Year	<u>17,110</u>	<u>9,860</u>	<u>11,039</u>	<u>38,009</u>
Cash and Investments - End of Year	<u>\$ 20,503</u>	<u>\$ 14,184</u>	<u>\$ 11,909</u>	<u>\$ 46,596</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND INVESTMENTS PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 2,345	\$ (4,652)	\$ 5,573	\$ 3,266
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Investments Provided (Used) by Operating Activities				
Depreciation	-	-	1,453	1,453
Decrease (Increase) in Other Receivables, Net	(30)	(13)	(20)	(63)
Decrease in Prepays	-	-	(1,186)	(1,186)
(Increase) in Net Pension Asset	388	-	-	388
(Increase) in Net Other Postemployment Benefits Asset	13	6	-	19
Increase (Decrease) in Accounts Payable	(260)	78	222	40
Increase in Accrued Payroll	(15)	4	-	(11)
Increase in Claims Payable	1,324	8,866	-	10,190
(Decrease) in Compensated Absences	7	4	-	11
Decrease in Deferred Pension Outflow	(388)	-	-	(388)
Increase in Deferred Pension Inflow	(428)	-	-	(428)
(Decrease) in Net Pension Liability	479	-	-	479
(Increase) in Deferred Other Postemployment Benefits Outflow	(6)	(3)	-	(9)
Increase in Deferred Other Postemployment Benefits Inflow	(13)	(5)	-	(18)
Net Cash and Investments Provided (Used) by Operating Activities	<u>\$ 3,416</u>	<u>\$ 4,285</u>	<u>\$ 6,042</u>	<u>\$ 13,743</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
There were no noncash investing, capital, or financing activities during the year ended June 30, 2023.				



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, 2023

	Custodial Funds			
	Community Facilities Districts	Business Improvement Districts	Parking Structure - Bella Terra	Total Custodial Funds
ASSETS:				
Current Assets:				
Cash and Investments	\$ 1,372	\$ 695	\$ 2,035	\$ 4,102
Cash with Fiscal Agent	1,615	-	1,714	3,329
Accounts Receivable, Net	9	841	45	895
Total Assets	2,996	1,536	3,794	8,326
LIABILITIES:				
Current Liabilities:				
Accounts Payable	-	1,271	251	1,522
Total Current Liabilities	-	1,271	251	1,522
Total Liabilities	-	1,271	251	1,522
NET POSITION				
Restricted for:				
Restricted for Individuals and Organizations	2,996	265	3,543	6,804
Total Net Position	\$ 2,996	\$ 265	\$ 3,543	\$ 6,804

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 1,552	\$ -	\$ -	\$ 1,552
Business Improvement District Taxes	-	6,960	-	6,960
Parking Assessments	-	-	2,446	2,446
Interest Income	54	-	73	127
Total Additions	1,606	6,960	2,519	11,085
DEDUCTIONS				
Administrative Costs	20	-	-	20
Payments to other Organizations	-	7,006	779	7,785
Interest and Fiscal Agency Expenses	625	-	734	1,359
Principal	875	-	925	1,800
Total Deductions	1,520	7,006	2,438	10,964
Change in Net Position	86	(46)	81	121
Net Position - Beginning of Year	2,910	311	3,462	6,683
Net Position - End of Year	\$ 2,996	\$ 265	\$ 3,543	\$ 6,804



City of Huntington Beach Statistical Section

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

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

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

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

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

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

	Fiscal Year Ended				
	2023	2022	June 30, 2021	2020	2019
Governmental Activities					
Net investment in capital assets	\$ 727,051	\$ 712,289	\$ 699,204	\$ 673,498	\$ 664,281
Restricted	82,564	68,460	65,755	79,926	66,089
Unrestricted	(173,034)	(223,438)	(275,159)	(274,523)	(251,022)
Total Governmental Activities Net Position	\$ 636,581	\$ 557,311	\$ 489,800	\$ 478,901	\$ 479,348
Business-Type Activities					
Net investment in capital assets	\$ 141,581	\$ 143,998	\$ 142,469	\$ 142,785	\$ 145,696
Restricted	21,213	19,309	20,332	22,248	21,153
Unrestricted	36,684	34,120	39,129	38,482	36,747
Total Business-Type Activities Net Position	\$ 199,478	\$ 197,427	\$ 201,930	\$ 203,515	\$ 203,596
Primary Government					
Net investment in capital assets	\$ 868,632	\$ 856,287	\$ 841,673	\$ 816,283	\$ 809,977
Restricted	103,777	87,769	86,087	102,174	87,242
Unrestricted	(136,350)	(189,318)	(236,030)	(236,041)	(214,275)
Total Primary Government Net Position	\$ 836,059	\$ 754,738	\$ 691,730	\$ 682,416	\$ 682,944

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

	Fiscal Year Ended				
	2023	2022	June 30, 2021	2020	2019
Expenses:					
Governmental Activities:					
City Council	\$ 429	\$ 382	\$ 423	\$ 405	\$ 360
City Manager	5,780	5,412	11,163	3,328	4,501
City Treasurer	396	259	340	317	246
City Attorney	3,248	2,183	3,140	3,136	2,886
City Clerk	1,370	1,060	1,147	949	976
Finance	6,211	5,581	6,828	6,661	6,245
Human Resources****	-	-	-	-	6,261
Community Development*	20,550	11,634	19,716	15,722	6,144
Fire	71,737	52,808	65,960	62,840	56,494
Information Services	8,565	6,469	6,230	8,643	7,530
Police	89,430	73,964	102,415	97,204	87,355
Community Services	13,389	11,517	11,365	12,539	13,369
Library Services	7,225	5,212	6,181	5,776	5,206
Public Works	49,151	42,598	40,270	45,834	40,803
Non-Departmental***	-	-	-	-	-
Interest on Long-Term Debt	9,587	9,548	2,706	1,686	1,823
Total Governmental Activities	287,068	228,627	277,884	265,040	240,199
Business-Type Activities					
Water Utility	47,974	44,182	46,054	44,463	43,405
Sewer Service	11,422	10,390	9,284	9,828	9,442
Refuse Collection	14,935	13,738	12,936	12,609	12,051
Hazmat Service	103	236	241	235	234
Total Business-Type Activities	74,434	68,546	68,515	67,135	65,132
Total Business and Government Type Activities	\$ 361,502	\$ 297,173	\$ 346,399	\$ 332,175	\$ 305,331

* 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, 2018**	September 30,			
		2017	2016	2015	2014
Governmental Activities					
Net investment in capital assets	\$ 650,466	\$ 646,336	\$ 624,180	\$ 615,512	\$ 618,825
Restricted	58,537	41,888	41,555	52,270	34,018
Unrestricted	(254,528)	(262,874)	(222,863)	(222,787)	89,524
Total Governmental Activities Net Position	\$ 454,475	\$ 425,350	\$ 442,872	\$ 444,995	\$ 742,367
Business-Type Activities					
Net investment in capital assets	\$ 143,954	\$ 140,478	\$ 142,566	\$ 142,616	\$ 140,770
Restricted	25,886	30,444	32,049	28,096	27,951
Unrestricted	27,492	22,228	21,997	28,476	53,166
Total Business-Type Activities Net Position	\$ 197,332	\$ 193,150	\$ 196,612	\$ 199,188	\$ 221,887
Primary Government					
Net investment in capital assets	\$ 794,420	\$ 786,814	\$ 766,746	\$ 758,128	\$ 759,595
Restricted	84,423	72,332	73,604	80,366	61,969
Unrestricted	(227,036)	(240,646)	(200,866)	(194,311)	142,690
Total Primary Government Net Position	\$ 651,807	\$ 618,500	\$ 639,484	\$ 644,183	\$ 964,254

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

	Fiscal Year Ended				
	June 30, 2018**	September 30,			
		2017	2016	2015	2014
Expenses:					
Governmental Activities:					
City Council	\$ 218	\$ 347	\$ 321	\$ 270	\$ 258
City Manager	2,063	4,691	3,849	3,302	3,878
City Treasurer	101	216	208	158	169
City Attorney	1,536	3,307	2,598	2,284	2,321
City Clerk	475	889	806	855	747
Finance	3,455	6,201	5,765	5,208	5,314
Human Resources****	4,760	5,693	6,814	5,169	4,616
Community Development*	4,301	7,576	7,208	6,605	7,091
Fire	26,688	52,941	47,965	42,162	43,194
Information Services	4,375	7,047	6,852	6,552	6,456
Police	42,109	84,786	74,943	64,048	66,681
Community Services	6,768	15,558	9,935	13,809	12,509
Library Services	2,890	5,064	4,611	4,246	4,024
Public Works	23,898	35,373	31,791	27,979	31,691
Non-Departmental***	18,164	29,368	35,240	24,080	21,602
Interest on Long-Term Debt	1,467	2,063	2,119	2,245	1,946
Total Governmental Activities	143,268	261,120	241,025	208,972	212,497
Business-Type Activities					
Water Utility	28,414	45,940	41,643	38,614	41,499
Sewer Service	6,127	9,351	8,729	8,192	9,712
Refuse Collection	8,916	10,821	11,277	11,308	11,145
Hazmat Service	117	224	244	204	231
Total Business-Type Activities	43,574	66,336	61,893	58,318	62,587
Total Business and Government Type Activities	\$ 186,842	\$ 327,456	\$ 302,918	\$ 267,290	\$ 275,084

*** 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.

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

	Fiscal Year Ended				
	2023	2022	June 30, 2021	2020	2019
Program Revenues:					
Governmental Activities:					
Charges for Services					
City Council	\$ 167	\$ 162	\$ 162	\$ 177	\$ 149
City Manager	4,976	4,131	4,208	5,315	3,300
City Treasurer	153	149	149	163	135
City Attorney	5	5	6	7	7
City Clerk	299	269	30	220	327
Finance	3,125	3,036	3,055	3,302	2,899
Human Resources****	-	-	-	-	751
Community Development*	18,817	10,953	8,353	10,037	7,459
Fire	14,166	13,401	8,877	10,122	9,831
Information Services	623	604	610	636	628
Police	6,139	6,687	6,477	5,329	6,044
Community Services	22,545	21,117	15,558	17,631	23,530
Library Services	388	302	153	266	308
Public Works	11,301	7,235	6,045	6,614	6,368
Non-Departmental***	-	-	-	-	-
Total Charges for Services	<u>82,704</u>	<u>68,051</u>	<u>53,683</u>	<u>59,819</u>	<u>61,736</u>
Operating Grants	43,005	9,301	6,013	8,141	6,644
Capital Grants	11,202	8,537	10,192	14,483	8,361
Total Governmental Activities Program Revenue	<u>136,911</u>	<u>85,889</u>	<u>69,888</u>	<u>82,443</u>	<u>76,741</u>
Business-Type Activities:					
Water Utility	48,934	43,590	42,523	40,518	43,958
Sewer Service	10,982	10,791	10,828	10,900	11,868
Refuse Collection	14,899	13,675	13,014	12,573	12,022
Hazmat Service	276	276	266	279	276
Total Business-Type Activities Program Revenues	<u>75,091</u>	<u>68,332</u>	<u>66,631</u>	<u>64,270</u>	<u>68,124</u>
Total Primary Government Program Revenue	212,002	154,221	136,519	146,713	144,865
Net (Expense) Revenue:					
Governmental Activities	(150,157)	(142,738)	(207,996)	(182,597)	(163,458)
Business-Type Activities	657	(214)	(1,884)	(2,865)	2,992
Total Net (Expense) Revenue	<u>(149,500)</u>	<u>(142,952)</u>	<u>(209,880)</u>	<u>(185,462)</u>	<u>(160,466)</u>
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	109,467	102,539	99,958	94,263	89,124
Sales Taxes	57,164	57,652	51,162	44,616	47,437
Utility Taxes	22,558	19,528	18,374	18,149	18,788
Other Taxes	32,418	26,134	17,293	18,635	20,227
Use of Money and Property	5,153	(1,895)	4,399	3,208	8,746
From Other Agencies	3,225	4,631	22,000	3,317	4,046
Gain on Sale of Property	(520)	1,699	-	-	-
Other	-	-	-	-	-
Transfers	(38)	(39)	(38)	(38)	(37)
Total Governmental Activities General Revenues	<u>229,427</u>	<u>210,249</u>	<u>213,148</u>	<u>182,150</u>	<u>188,331</u>
Business-Type Activities:					
Use of Money and Property	1,356	(4,328)	261	2,746	3,235
Transfers	38	39	38	38	37
Total Business-Type Activities General Revenues	<u>1,394</u>	<u>(4,289)</u>	<u>299</u>	<u>2,784</u>	<u>3,272</u>
Total General Revenues and Transfers	<u>230,821</u>	<u>205,960</u>	<u>213,447</u>	<u>184,934</u>	<u>191,603</u>
Extraordinary Gain	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position - Governmental Activities	79,270	67,511	5,152	(447)	24,873
Changes in Net Position - Business-Type Activities	2,051	(4,503)	(1,585)	(81)	6,264
Total Changes in Net Position	81,321	63,008	3,567	(528)	31,137
Net Position - Beginning of Year	754,738	691,730	682,416	682,944	651,807
Prior Period Adjustment - Governmental Activities	-	-	5,747	-	-
Prior Period Adjustment - Business-Type Activities	-	-	-	-	-
Net Position - Beginning of Year as restated	754,738	691,730	688,163	682,944	651,807
Net Position - End of Year	\$ 836,059	\$ 754,738	\$ 691,730	\$ 682,416	\$ 682,944

* 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, 2018**	2017	2016	September 30, 2015	2014
Program Revenues:					
Governmental Activities:					
Charges for Services					
City Council	\$ 91	\$ 108	\$ 116	\$ 71	\$ 68
City Manager	2,374	3,515	3,029	2,994	2,835
City Treasurer	81	100	101	639	621
City Attorney	4	5	4	143	139
City Clerk	229	257	201	199	321
Finance	1,746	2,047	2,277	1,353	1,313
Human Resources****	373	654	513	1,263	2,499
Community Development*	5,448	7,448	9,252	10,670	9,357
Fire	9,104	10,296	9,894	8,625	8,672
Information Services	381	501	521	834	809
Police	4,703	4,968	5,958	5,512	5,170
Community Services	19,245	21,693	18,853	18,569	18,055
Library Services	237	476	408	495	434
Public Works	4,392	5,392	5,733	6,474	6,367
Non-Departmental***	916	1,116	1,290	327	318
Total Charges for Services	<u>49,324</u>	<u>58,576</u>	<u>58,150</u>	<u>58,168</u>	<u>56,978</u>
Operating Grants	3,976	7,329	4,723	7,458	7,958
Capital Grants	6,055	3,408	5,939	9,809	5,486
Total Governmental Activities Program Revenue	<u>59,355</u>	<u>69,313</u>	<u>68,812</u>	<u>75,435</u>	<u>70,422</u>
Business-Type Activities:					
Water Utility	29,530	39,938	35,765	35,350	36,944
Sewer Service	8,362	10,854	11,280	11,239	10,665
Refuse Collection	8,820	11,282	11,215	11,221	11,006
Hazmat Service	25	287	235	222	183
Total Business-Type Activities Program Revenues	<u>46,737</u>	<u>62,361</u>	<u>58,495</u>	<u>58,032</u>	<u>58,798</u>
Total Primary Government Program Revenue	106,092	131,674	127,307	133,467	129,220
Net (Expense) Revenue:					
Governmental Activities	(83,913)	(191,807)	(172,213)	(133,537)	(142,075)
Business-Type Activities	3,163	(3,975)	(3,398)	(286)	(3,789)
Total Net (Expense) Revenue	<u>(80,750)</u>	<u>(195,782)</u>	<u>(175,611)</u>	<u>(133,823)</u>	<u>(145,864)</u>
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	61,185	82,925	87,128	82,615	81,355
Sales Taxes	33,844	43,551	34,289	33,063	29,243
Utility Taxes	14,014	19,303	19,482	20,229	20,621
Other Taxes	14,883	17,991	17,313	16,464	15,601
Use of Money and Property	2,158	3,370	3,618	5,551	3,725
From Other Agencies	2,263	3,896	4,397	5,653	4,279
Gain on Sale of Property	-	-	-	-	-
Other	2,811	2,438	5,693	4,440	6,903
Transfers	(332)	(51)	(38)	35	(38)
Total Governmental Activities General Revenues	<u>130,826</u>	<u>173,423</u>	<u>171,882</u>	<u>168,050</u>	<u>161,689</u>
Business-Type Activities:					
Use of Money and Property	279	462	939	1,281	1,015
Transfers	332	51	38	(35)	38
Total Business-Type Activities General Revenues	<u>611</u>	<u>513</u>	<u>977</u>	<u>1,246</u>	<u>1,053</u>
Total General Revenues and Transfers	<u>131,437</u>	<u>173,936</u>	<u>172,859</u>	<u>169,296</u>	<u>162,742</u>
Extraordinary Gain	-	-	-	-	-
Changes in Net Position - Governmental Activities	<u>46,913</u>	<u>(18,384)</u>	<u>(331)</u>	<u>34,513</u>	<u>19,614</u>
Changes in Net Position - Business-Type Activities	<u>3,774</u>	<u>(3,462)</u>	<u>(2,421)</u>	<u>960</u>	<u>(2,736)</u>
Total Changes in Net Position	<u>50,687</u>	<u>(21,846)</u>	<u>(2,752)</u>	<u>35,473</u>	<u>16,878</u>
Net Position - Beginning of Year	<u>618,500</u>	<u>639,484</u>	<u>642,236</u>	<u>964,254</u>	<u>962,179</u>
Prior Period Adjustment - Governmental Activities	<u>(17,788)</u>	<u>862</u>	<u>-</u>	<u>(333,677)</u>	<u>(457)</u>
Prior Period Adjustment - Business-Type Activities	<u>408</u>	<u>-</u>	<u>-</u>	<u>(23,814)</u>	<u>(14,346)</u>
Net Position - Beginning of Year as restated	<u>601,120</u>	<u>640,346</u>	<u>642,236</u>	<u>606,763</u>	<u>947,376</u>
Net Position - End of Year	<u>\$ 651,807</u>	<u>\$ 618,500</u>	<u>\$ 639,484</u>	<u>\$ 642,236</u>	<u>\$ 964,254</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 the Fiscal Year ended June 30, 2020.

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

	Fiscal Year Ended June 30,				
	2023	2022	2021	2020	2019
General Fund:					
Nonspendable	\$ 51	\$ 82	\$ 115	\$ 120	\$ 23
Restricted	19,578	14,623	13,561	9,320	8,154
Committed	51,230	26,665	25,565	25,010	25,011
Assigned	55,678	61,454	55,368	45,638	45,825
Unassigned	-	-	-	-	-
Total General Fund	\$ 126,537	\$ 102,824	\$ 94,609	\$ 80,088	\$ 79,013
Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ 105	\$ 50	\$ 64
Restricted	87,866	75,774	70,161	71,671	59,213
Committed	45,820	28,559	26,857	21,735	20,308
Assigned	6,197	3,021	3,280	3,527	3,614
Unassigned	-	(4,311)	-	-	-
Total Other Governmental Funds	\$ 139,883	\$ 103,043	\$ 100,403	\$ 96,983	\$ 83,199

	Fiscal Year Ended June 30,	Fiscal Year Ended September 30,			
	2018	2017	2016	2015	2014
General Fund:					
Nonspendable	\$ 41	\$ -	\$ -	\$ 4,479	\$ 4,378
Restricted	6,384	2,671	2,637	2,871	2,070
Committed	25,011	25,011	25,011	25,011	25,011
Assigned	34,464	33,498	35,199	32,431	29,595
Unassigned	2,734	-	-	-	-
Total General Fund	\$ 68,634	\$ 61,180	\$ 62,847	\$ 64,792	\$ 61,054
Other Governmental Funds:					
Nonspendable	\$ 726	\$ -	\$ -	\$ -	\$ -
Restricted	52,742	40,588	40,293	45,515	27,214
Committed	20,800	17,686	21,368	21,659	16,447
Assigned	2,701	826	838	161	151
Unassigned	-	-	-	-	-
Total Other Governmental Funds	\$ 76,969	\$ 59,100	\$ 62,499	\$ 67,335	\$ 43,812

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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				
	2023	2022	June 30, 2021	2020	2019
REVENUES:					
Property Taxes	\$ 109,467	\$ 102,539	\$ 99,958	\$ 94,263	\$ 89,367
Sales Taxes	57,164	57,652	51,162	44,616	47,437
Utility Taxes	22,558	19,528	18,374	18,149	18,788
Other Taxes	40,738	33,720	25,745	24,578	27,196
Licenses and Permits	15,688	9,596	8,213	11,266	8,574
Fines and Forfeitures	3,945	5,144	4,619	3,403	4,300
From Use of Money and Property	22,726	14,365	19,163	27,863	23,276
From Other Agencies	47,426	13,060	29,836	11,309	13,072
Charges for Current Service/Other Revenue	66,363	52,809	27,428	34,772	33,787
TOTAL REVENUES	386,075	308,413	284,498	270,219	265,797
EXPENDITURES					
Current:					
City Council	453	426	1,043	394	369
City Manager	6,501	5,265	15,976	4,342	6,598
City Treasurer	417	326	837	297	248
City Attorney	3,404	2,995	7,714	2,898	2,874
City Clerk	1,442	1,295	2,810	886	981
Finance	7,420	7,259	16,173	6,200	6,484
Human Resources*****	-	-	-	-	6,362
Community Development**	21,569	14,412	39,212	14,692	8,138
Fire	72,499	62,880	149,726	56,477	54,431
Information Systems	8,563	7,871	19,095	8,473	8,342
Police	97,000	93,976	232,438	87,682	83,546
Community Services	16,610	18,455	25,064	14,429	11,720
Library Services	7,244	6,300	14,099	5,199	4,944
Public Works	62,161	50,158	88,007	47,655	46,878
Non-Departmental****	-	-	-	-	-
Capital Outlay***	-	-	-	-	-
Debt Service:					
Principal	18,799	15,918	3,983	5,122	5,346
Interest	9,542	11,299	937	1,748	1,890
TOTAL EXPENDITURES	333,624	298,835	617,114	256,494	249,151
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER) EXPENDITURES	52,451	9,578	(332,616)	13,725	16,646
OTHER FINANCING SOURCES (USES):					
Transfers In	65,369	21,642	13,058	10,009	11,190
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	-	-	-
Transfers Out	(65,407)	(21,681)	(13,096)	(10,047)	(11,227)
TOTAL OTHER FINANCING SOURCES (USES)	8,102	1,277	344,810	1,134	(37)
INCREASE (DECREASE) IN FUND BALANCES	\$ 60,553	\$ 10,855	\$ 12,194	\$ 14,859	\$ 16,609
DEBT SERVICE AS A PERCENTAGE OF					
NON-CAPITAL EXPENDITURES	9.7%	10.1%	0.9%	3.0%	3.3%

* 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, 2018*	September 30,			
		2017	2016	2015	2014
REVENUES:					
Property Taxes	\$ 80,614	\$ 80,826	\$ 86,382	\$ 82,472	\$ 79,460
Sales Taxes	33,844	43,551	39,305	32,234	30,454
Utility Taxes	14,014	19,303	19,482	20,229	20,621
Other Taxes	18,409	17,991	17,313	16,464	15,601
Licenses and Permits	6,293	8,812	9,820	9,270	7,976
Fines and Forfeitures	3,048	3,995	5,144	4,746	4,392
From Use of Money and Property	11,600	17,210	18,055	17,473	16,695
From Other Agencies	10,384	15,293	13,712	18,634	16,804
Charges for Current Service/Other Revenue	30,216	32,351	32,506	35,869	33,886
TOTAL REVENUES	208,422	239,332	241,719	237,391	225,889
EXPENDITURES					
Current:					
City Council	279	333	318	278	258
City Manager	3,143	4,116	3,092	2,703	3,040
City Treasurer	134	201	204	167	169
City Attorney	2,037	3,052	2,539	2,425	2,321
City Clerk	602	830	790	895	747
Finance	4,376	5,763	5,659	5,452	5,314
Human Resources*****	5,323	5,535	6,776	4,606	4,298
Community Development**	5,554	6,963	7,062	6,954	7,091
Fire	36,347	46,831	46,200	45,008	42,602
Information Systems	5,385	6,603	6,742	6,846	6,456
Police	57,916	75,015	72,612	68,940	66,628
Community Services	7,958	14,124	10,768	10,223	10,040
Library Services	3,436	4,422	4,247	4,146	3,739
Public Works	30,357	38,635	23,659	23,820	22,872
Non-Departmental*****	22,432	28,396	24,670	20,067	21,033
Capital Outlay****	-	-	27,269	14,986	10,729
Debt Service:					
Principal	311	5,091	5,933	5,454	4,797
Interest	965	2,066	2,138	2,226	1,987
TOTAL EXPENDITURES	186,555	247,976	250,678	225,196	214,121
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER) EXPENDITURES	21,867	(8,644)	(8,959)	12,195	11,768
OTHER FINANCING SOURCES (USES):					
Transfers In	13,261	6,692	9,034	12,158	9,832
Issuance of Long-Term Debt	-	2,767	10,197	-	-
Issuance Premium	-	-	-	-	-
Issuance Discount	-	-	-	-	-
Payments to Escrow	-	-	-	-	-
Lease (as Lessee)	-	-	-	-	-
Issuance of Finance Purchase Agreement	-	-	-	-	-
Transfers Out	(13,593)	(6,743)	(17,053)	(14,238)	(9,870)
TOTAL OTHER FINANCING SOURCES (USES)	(332)	2,716	2,178	(2,080)	(38)
INCREASE (DECREASE) IN FUND BALANCES	\$ 21,535	\$ (5,928)	\$ (6,781)	\$ 10,115	\$ 11,730
DEBT SERVICE AS A PERCENTAGE OF					
NON-CAPITAL EXPENDITURES	0.7%	3.2%	3.6%	3.7%	3.3%

**** 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.

**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
2013-2014	28,005,989	53,702	28,059,691	1,106,038	29,165,729	0.17082
2014-2015	29,723,274	74,102	29,797,376	989,809	30,787,185	0.17082
2015-2016	31,193,211	66,802	31,260,013	1,132,728	32,392,741	0.17082
2016-2017	32,540,317	55,802	32,596,119	1,067,760	33,663,879	0.17082
2017-2018	34,199,035	41,102	34,240,137	1,100,077	35,340,214	0.17082
2018-2019	35,941,648	61,202	36,002,850	1,117,879	37,120,729	0.17082
2019-2020	37,741,095	518	37,741,613	1,145,838	38,887,451	0.17082
2020-2021	39,449,688	518	39,450,206	1,111,018	40,561,224	0.17082
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

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	
2013-2014	0.15582	0.01500	0.59841	0.00350	0.31444	1.08717
2014-2015	0.15582	0.01500	0.62448	0.00350	0.29444	1.09324
2015-2016	0.15582	0.01500	0.07615	0.00350	0.84418	1.09465
2016-2017	0.15582	0.01500	0.07786	0.00350	0.83599	1.08817
2017-2018	0.15582	0.01500	0.09970	0.00350	0.84418	1.11820
2018-2019	0.15582	0.01500	0.09246	0.00350	0.84418	1.11096
2019-2020	0.15582	0.01500	0.08788	0.00350	0.84418	1.10638
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

Note: Rates are per \$100 of assessed valuation

Source: County of Orange Auditor Controller

(1) Excludes rates associated with Mello-Roos Districts

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

**CITY OF HUNTINGTON BEACH
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year	Total Levy	Collected within the Fiscal Year of the Levy			Total Collections			
		Amount	Percentage of Levy	Delinquent Tax Collections	Amount	Percentage of Levy	Delinquent Taxes Receivable	Delinquency Percent
<u>Secured Taxes</u>								
2013-2014	49,808	48,452	97.3%	656	49,108	98.6%	545	1.1%
2014-2015	52,188	50,759	97.3%	576	51,335	98.4%	519	1.0%
2015-2016	55,886	53,916	96.5%	546	54,462	97.5%	1,263	2.3%
2016-2017	58,258	56,481	96.9%	525	57,006	97.9%	1,253	2.2%
2017-2018	62,418	59,731	95.7%	474	60,205	96.5%	2,073	3.3%
2018-2019	63,934	62,222	97.3%	622	62,844	98.3%	920	1.4%
2019-2020	66,411	64,767	97.5%	496	65,263	98.3%	1,092	1.6%
2020-2021	69,341	67,887	97.9%	626	68,513	98.8%	926	1.3%
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%
<u>Unsecured Taxes</u>								
2013-2014	1,922	1,693	88.1%	33	1,726	89.8%	76	4.0%
2014-2015	2,016	1,839	91.2%	37	1,876	93.1%	69	3.4%
2015-2016	1,925	1,740	90.4%	35	1,775	92.2%	39	2.0%
2016-2017	1,899	1,692	89.1%	23	1,715	90.3%	34	1.8%
2017-2018	1,964	1,829	93.1%	28	1,857	94.6%	26	1.3%
2018-2019	1,964	1,804	91.9%	20	1,824	92.9%	29	1.5%
2019-2020	2,038	1,906	93.5%	15	1,921	94.3%	43	2.1%
2020-2021	2,143	1,955	91.2%	26	1,981	92.4%	82	3.8%
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%
<u>Community Facilities Districts</u>								
2013-2014	3,968	3,957	99.7%	6	3,963	99.9%	-	0.0%
2014-2015	3,981	3,967	99.6%	1	3,968	99.7%	2	0.1%
2015-2016	4,121	4,106	99.6%	9	4,115	99.9%	2	0.0%
2016-2017	4,098	4,085	99.7%	2	4,087	99.7%	-	0.0%
2017-2018	4,141	4,128	99.7%	5	4,133	99.8%	-	0.0%
2018-2019	4,099	4,086	99.7%	3	4,089	99.8%	1	0.0%
2019-2020	4,053	4,027	99.4%	2	4,029	99.4%	14	0.3%
2020-2021	3,949	3,937	99.7%	-	3,937	99.7%	-	0.0%
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%

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**

2022-2023

	Taxable Assessed Value (In Thousands)	Percent of Total TAV
AES Huntington Beach Energy, LLC	\$ 780,550	1.75%
Bella Terra Associates LLC	401,138	0.90%
Social Holding LLC	278,251	0.62%
DCO Pacific City LLC	227,698	0.51%
Huntington Gateway Industrial LLC	218,039	0.49%
PCH Beach Resort LLC	204,525	0.46%
The Boeing Company/McDonnell Douglas	150,918	0.34%
The Waterfront Hotel LLC	147,891	0.33%
Monogram Residential Huntington Beach	141,850	0.32%
One Pacific Plaza Owner LLC	131,445	0.29%
Total Top Ten	2,682,305	6.01%
All Other Property Taxpayers	41,983,447	93.99%
City Total	\$ 44,665,752	100.00%

2013-2014

	Taxable Assessed Value (In Thousands)	Percent of Total TAV
OXY USA Inc	\$ 568,551	1.95%
Boeing/McDonnell Douglas	333,126	1.14%
Bella Terra Associates LLC	231,961	0.80%
DCOR, LLC	202,939	0.70%
Mayer Financial LP	191,542	0.66%
United Dominion Realty LP	137,308	0.47%
CIM Huntington LLC	104,015	0.36%
Pacific Sands LLC	88,516	0.30%
Essex Huntington on Edinger LP	84,384	0.29%
21002 HB LLC	67,652	0.23%
Total Top Ten	2,009,994	6.90%
All Other Property Taxpayers	27,155,735	93.10%
City Total	\$ 29,165,729	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				
	2023	2022	June 30, 2021	2020	2019
Long-Term Indebtedness					
Governmental Activities:					
Judgement Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Public Financing Authority:					
2010(a) Lease Revenue Bonds	-	-	-	7,410	8,235
2011(a) Lease Revenue Bonds	-	-	-	15,725	17,770
2014(a) Lease Revenue Bonds	10,530	11,215	11,880	12,530	13,145
2020(a) Lease Revenue Bonds	4,835	4,835	4,835	-	-
2020(b) Lease Revenue Bonds	9,795	11,315	12,830	-	-
Total Public Financing Authority	25,160	27,365	29,545	35,665	39,150
Other Long-Term Obligations:					
Finance Purchase Agreement	17,388	11,714	12,753	5,241	5,083
Leases Payable	456	247	-	-	-
Subscriptions Payable	2,600	-	-	-	-
PARS Payable	-	-	-	-	-
Section 108 Loan City	-	-	-	-	-
LED Lighting Phase I	192	314	432	546	656
CEC	1,797	2,063	2,457	2,588	2,818
I-Bank	1,283	1,586	1,882	2,171	2,454
Pension Obligation Bonds	318,005	330,642	341,501	-	-
Total Other Long-Term Obligations	341,721	346,566	359,025	10,546	11,011
Total Long-Term Obligations - Governmental Activities	366,881	373,931	388,570	46,211	50,161
Long-Term Obligations - Business-Type Activities:					
Pension Obligation Bonds	20,480	21,368	22,144	-	-
Total Long-Term Obligations - Business-Type Activities	20,480	21,368	22,144	-	-
Total Long Term Obligations - Governmental Activities and Business-Type Activities	\$ 387,361	\$ 395,299	\$ 410,714	\$ 46,211	\$ 50,161
	2023	2022	2021	2020	2019
Population	198,373	197,437	198,039	200,748	202,265
Debt Per Capita	\$ 1,953	\$ 2,002	\$ 2,074	\$ 230	\$ 248
Total Personal Income (In Thousands)*	\$ 10,841,878	\$ 9,995,248	\$ 9,659,154	\$ 9,450,814	\$ 9,222,677
Per Capita Personal Income*	\$ 54,654	\$ 50,625	\$ 48,774	\$ 47,078	\$ 45,597
Unemployment Rate**	3.60%	2.80%	4.70%	8.60%	2.60%
Total Employment***	103,900	104,300	100,700	96,200	107,700

* 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, 2018***	2017	2016	September 30, 2015	2014
Long-Term Indebtedness					
Governmental Activities:					
Judgement Obligation Bonds	\$ -	\$ -	\$ 659	\$ 1,634	\$ 2,574
Public Financing Authority:					
2010(a) Lease Revenue Bonds	9,030	9,030	9,795	10,525	11,230
2011(a) Lease Revenue Bonds	19,735	19,735	21,650	24,985	28,165
2014(a) Lease Revenue Bonds	13,740	13,740	14,315	14,865	-
2020(a) Lease Revenue Bonds	-	-	-	-	-
2020(b) Lease Revenue Bonds	-	-	-	-	-
Total Public Financing Authority	42,505	42,505	45,760	50,375	39,395
Other Long-Term Obligations:					
Finance Purchase Agreement	6,079	6,286	4,130	-	-
Leases Payable	-	-	-	-	-
Subscriptions Payable	-	-	-	-	-
PARS Payable	-	-	-	-	29
Section 108 Loan City	430	430	625	805	975
LED Lighting Phase I	762	866	966	1,063	-
CEC	3,000	3,000	3,000	-	-
I-Bank	2,730	2,730	3,000	-	-
Pension Obligation Bonds	-	-	-	-	-
Total Other Long-Term Obligations	13,001	13,312	11,721	1,868	1,004
Total Long-Term Obligations - Governmental Activities	55,506	55,817	58,140	53,877	42,973
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	\$ 55,506	\$ 55,817	\$ 58,140	\$ 53,877	\$ 42,973
	2018***	2017	2016	2015	2014
Population	201,761	202,413	201,919	198,389	195,999
Debt Per Capita	\$ 275	\$ 276	\$ 288	\$ 272	\$ 219
Total Personal Income (In Thousands)*	\$ 8,849,843	\$ 8,878,441	\$ 8,880,801	\$ 8,725,545	\$ 8,278,410
Per Capita Personal Income*	\$ 43,863	\$ 43,863	\$ 43,982	\$ 43,982	\$ 42,237
Unemployment Rate**	2.70%	2.80%	3.90%	3.90%	3.60%
Total Employment**	106,900	103,200	107,200	104,000	120,200

**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
2013-2014	29,165,729	3,499,887	-	3,499,887
2014-2015	30,787,185	3,694,462	-	3,694,462
2015-2016	32,392,741	3,887,129	-	3,887,129
2016-2017	33,663,879	4,039,665	-	4,039,665
2017-2018	35,340,214	4,240,826	-	4,240,826
2018-2019	37,120,729	4,454,487	-	4,454,487
2019-2020	38,887,451	4,666,494	-	4,666,494
2020-2021	40,561,224	4,867,347	-	4,867,347
2021-2022	41,831,893	5,019,827	-	5,019,827
2022-2023	44,665,752	5,359,890	-	5,359,890

**CITY OF HUNTINGTON BEACH
STATEMENT OF DIRECT AND
OVERLAPPING BONDED DEBT
JUNE 30, 2023**

2022-23 Assessed Valuation: \$48,837,916,731

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

Overlapping Tax and Assessment Debt	Percent Applicable*	Debt Applicable to City
Metropolitan Water District	1.341%	257,673
Coast Community College District	28.162%	259,310,369
Huntington Beach Union High School District	73.088%	110,384,805
Fountain Valley School District	27.197%	15,616,517
Huntington Beach School District	99.942%	150,571,580
Ocean View School District	93.690%	118,962,878
Westminster School District	24.002%	32,894,635
Los Alamitos Unified School District Facilities District No. 1	1.146%	2,503,382
City of Huntington Beach Community Facilities Districts (1990-1, 2000-1, 2002-1, 2003-1)	100.000%	24,880,000
Total Overlapping Tax and Assessment Debt		<u>\$ 715,381,839</u>

Direct and Overlapping General Fund Debt

Orange County General Fund Obligations	6.738%	30,399,498
Orange County Board of Education General Fund Obligations	6.738%	731,747
North Orange County Regional Occupation Program Certificates of Participation	0.085%	6,622
Coast Community College District General Fund Obligations	28.162%	416,798
Coast Community College District Pension Obligation Bonds	28.162%	388,636
Huntington Beach Union High School District Certificates of Participation	73.088%	40,261,321
Los Alamitos Unified School District Certificates of Participation	1.030%	335,494
Huntington Beach School District General Fund Obligations	99.942%	14,916,939
Ocean View School District Certificates of Participation	93.690%	13,636,580
Westminster School District General Fund Obligations	24.002%	6,210,518
City of Huntington Beach General Fund Obligations	100.000%	45,818,885
City of Huntington Beach Pension Obligation Bonds	100.000%	338,485,000
Total Direct and Overlapping General Fund Obligation Debt		<u>\$ 491,608,038</u>

Overlapping Tax Increment Debt (Successor Agency)	100.000%	2,485,000
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Total Direct Debt		<u>\$ 384,303,885</u>
Total Overlapping Debt		<u>825,170,992</u>
Combined Total Debt		<u>\$ 1,209,474,877</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 (\$384,303,885)	0.79%
Combined Total Debt	2.48%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,957,815,683)

Total Overlapping Tax Increment Debt	0.06%
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* The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

**CITY OF HUNTINGTON BEACH
PRINCIPAL PRIVATE EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2023	% of total
The Boeing Company	3,112	3.00%
Cambro Manufacturing	650	0.63%
Hyatt Regency Huntington Beach	641	0.62%
Safran Cabin Inc	633	0.61%
Boardriders Wholesale LLC	574	0.55%
Huntington Beach Hospital	527	0.51%
Wal-Mart	462	0.44%
No Ordinary Moments	458	0.44%
Waterfront Hilton Beach Resort	450	0.43%
Home Depot USA Inc	436	0.42%
Total of top 10	7,943	7.65%
All others	95,957	92.35%
Total employment (public and private)	103,900	100.00%

	2014	% of total
Boeing	5,581	4.64%
Quiksilver	1,228	1.02%
Cambro MFG Co.	951	0.79%
Ensign United States Drilling	925	0.77%
Hyatt Regency Huntington Beach	641	0.53%
C & D Aerospace	555	0.46%
Huntington Beach Hospital	527	0.44%
Walter Wholesale Electronics	480	0.40%
Wal-Mart	462	0.38%
Rainbow Disposal	408	0.34%
Total of top 10	11,758	9.77%
All others	108,431	90.24%
Total employment (public and private)	120,189	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									
	2023	2022	2021	2020	2019	2018***	2017	2016	2015	2014
City Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager	30.00	27.00	20.00	18.00	12.50	12.50	11.50	11.50	11.50	11.50
City Treasurer	9.50	9.50	1.50	1.50	2.00	2.00	2.00	1.50	1.50	1.50
City Attorney	15.00	11.00	11.00	11.00	11.00	11.00	12.00	11.00	11.00	11.00
City Clerk	6.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	28.50	28.50	32.50	31.50	33.00	33.00	33.00	32.50	31.50	31.50
Human Resources **	-	-	-	-	15.00	15.00	15.00	15.00	15.00	15.00
Community Development	60.50	57.50	57.50	54.00	44.00	44.00	44.00	43.50	44.00	43.00
Information Systems	25.00	25.00	26.00	22.00	30.00	30.00	30.00	30.00	30.00	30.00
Library Services	29.25	29.25	29.25	23.25	28.25	28.25	28.25	28.25	28.25	28.25
Fire	201.00	201.00	201.00	200.00	198.00	198.00	198.00	198.00	198.00	196.50
Police	353.00	353.00	357.00	356.00	365.50	364.50	364.50	364.50	361.50	360.50
Community Services	33.00	33.00	33.00	37.00	36.00	36.00	44.00	44.00	43.00	43.00
Public Works	211.00	211.00	207.00	199.00	207.00	207.00	199.00	199.00	198.00	196.00
	<u>1,002.75</u>	<u>991.75</u>	<u>980.75</u>	<u>958.25</u>	<u>987.25</u>	<u>986.25</u>	<u>986.25</u>	<u>983.75</u>	<u>978.25</u>	<u>972.75</u>

Source: Finance Department, City of Huntington Beach

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

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

*** 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	2023	2022	2021	2020	2019
Finance:					
Water Bills Processed	638,052	637,956	637,920	636,708	639,245
Active Business Licenses	18,787	18,849	19,011	20,910	21,414
Accounts Receivable Billings Processed	10,649	12,437	20,183	25,687	30,217
City Clerk:					
Passports Issued ****	6,455	5,721	418	4,579	7,024
Planning:					
Entitlements Processed	143	154	112	162	221
Plan Reviews	442	606	1,955	1,358	1,542
Field Inspection Complaints	15,247	7,403	11,899	11,610	8,183
Code Violation Cases	5,599	5,051	4,473	3,260	4,786
Building:					
Number of Permits Issued	11,536	10,292	9,075	8,855	9,807
Number of Inspections Completed	33,983	31,080	26,710	32,859	36,562
Value of Construction Permits (Thousands of Dollars)	369,060	237,945	166,000	169,393	135,910
Processed Number of Certificate of Occupancies*	521	641	655	515	686
Completed Plan Reviews	6,916	5,701	4,673	3,469	3,491
Counter Visits	6,264	14,289	115	14,922	21,409
Fire:					
Inspections	7,557	7,311	4,008	5,965	6,140
Responses	21,936	22,076	20,428	21,068	20,354
Ocean Rescues	3,027	4,160	4,116	2,487	4,953
Estimated Beach Visitors	9,101,188	8,345,139	7,910,293	6,712,125	10,577,290
Police:					
Physical Arrests	5,358	5,585	5,363	5,785	5,979
Parking Violations	75,408	97,299	95,753	59,484	79,069
Traffic Violations	6,544	8,869	10,920	12,105	13,314
Community Services:					
Park/Open Space Acreage	1,072	1,072	1,072	1,066	1,066
Enrollment in Recreation Classes	35,192	34,616	15,511	28,952	37,978
Public Works:					
Water Sold (Acre Feet)**	23,358	26,459	27,731	25,966	26,251
Gallons of Sewage Pumped Per Day**	17 million	19 million	19 million	19 million	19 million
Library:					
Items in Collection	289,299	290,351	291,444	294,849	293,995
Items Borrowed	811,837	796,882	481,523	779,124	942,821

* 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	2018***	2017	2016	2015	2014
Finance:					
Water Bills Processed	476,290	632,997	635,052	536,684	630,240
Active Business Licenses	21,782	22,074	21,420	21,424	20,450
Accounts Receivable Billings Processed	25,000	34,963	30,826	38,594	42,360
City Clerk:					
Passports Issued	5,757	7,408	5,623	5,121	4,598
Planning:					
Entitlements Processed	206	216	221	280	204
Plan Reviews	1,466	1,376	1,653	1,595	1,466
Field Inspection Complaints	7,005	8,459	7,951	8,233	7,030
Code Violation Cases	4,219	3,981	4,324	4,710	2,545
Building:					
Number of Permits Issued	7,490	9,728	10,981	10,670	9,348
Number of Inspections Completed	30,501	38,796	39,380	38,320	36,142
Value of Construction Permits (Thousands of Dollars)	109,462	216,252	283,910	234,946	216,343
Processed Number of Certificate of Occupancies*	523	740	n/a	n/a	n/a
Completed Plan Reviews	2,771	4,172	4,172	3,815	3,148
Counter Visits	16,498	21,731	23,492	21,893	21,326
Fire:					
Inspections	3,963	2,758	5,132	6,499	6,641
Responses	14,490	20,555	20,279	19,562	15,815
Ocean Rescues	3,530	3,639	3,977	5,371	6,426
Estimated Beach Visitors	12,522,640	13,339,518	12,272,030	11,803,943	12,035,134
Police:					
Physical Arrests	4,614	5,298	5,112	4,854	4,303
Parking Violations	54,500	70,846	90,361	83,453	74,668
Traffic Violations	11,869	19,916	17,639	17,596	16,330
Community Services:					
Park/Open Space Acreage	1,065	1,065	1,062	1,062	1,062
Enrollment in Recreation Classes	27,152	37,968	34,424	30,228	30,184
Public Works:					
Water Sold (Acre Feet)**	19,777	25,944	24,505	24,763	29,279
Gallons of Sewage Pumped Per Day**	19 million	22 million	19 million	19 million	22 million
Library:					
Items in Collection	292,037	288,599	285,814	343,655	332,092
Items Borrowed	655,626	943,642	921,105	908,656	937,533

**CITY OF HUNTINGTON BEACH
CAPITAL ASSET STATISTICS BY FUNCTION/ACTIVITY
JUNE 30, 2023**

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