



CITY OF HUNTINGTON BEACH

To: Honorable Chair and Finance Commissioners
From: Zack Zithisakthanakul, Acting Chief Financial Officer
Date: June 24, 2026
Subject: **Supplemental Communication for the June 24, 2026, Finance Commission Meeting**

Attached is a Supplemental Communication to the Finance Commissioners (Received after distribution of the Agenda):

FINANCE COMMISSIONER ITEMS

- #5. (26-560) - (1) communication received from the Acting Chief Financial Officer – One Attachment
 - Attachment #1 - Responses to Finance Commissioner Questions - 6-24-26

- #5. (26-560) - (1) email received from a commissioner – One Attachment
 - Attachment #1 – EXTERNAL - Notes for meeting today - Supplemental for item 5 – Commissioner Chennault

Commissioner Provided Items

Disclaimer: The following information is provided by an individual Finance Commissioner for discussion purposes only. The content has not been reviewed, verified, or endorsed by City finance staff and does not represent official City data, analysis, or policy.

Notes for meeting today

Question 1 of Zack Questions

See the entries for “use of money and property”, “charges for current services”, and “other revenue” on page 23 of the budget

The actuals values shown for FY 25/25 in the budget in the revenue section follow

“use of money and property”	\$30,251,320
“charges for current services”	\$34,500,414
“other revenue”	\$6,324,613

The Audited values for FY 24/25 show the following

“use of money and property”	\$33,400,000
“charges for current services”	\$35,081,000
“other revenue”	\$7,198,000

Finance said the delta is based upon fair market value today in the budget entries while the audited values are based upon another method of valuing the entries shown

Please explain

- What method of valuation is shown to show the actual values in the audited statement
- What date was used in the budget to show market value
- Explain why the market values are used within the values for previous years within the budget

The budget for the whole general fund is shown below

Revenues and Expenditures Summary General Fund

	FY 2022/23 Actual	FY 2023/24 Actual	FY 2024/25 Actual	FY 2025/26 Adopted	FY 2026/27 Proposed
Revenues					
Non-Operating Revenue *	\$ 31,832,111	\$ 2,787,145	\$ 7,462,708	\$ 5,013,151	\$ 22,697,219
Property Taxes	101,035,756	105,749,624	109,378,867	113,851,018	116,953,606
Sales Tax	52,599,339	51,421,440	49,310,211	52,726,041	52,426,499
Franchises	15,071,436	9,704,588	8,453,143	9,552,622	9,076,892
Transient Occupancy Tax	16,346,910	16,348,132	16,022,412	16,088,389	16,488,230
Transient Occ Tax-STVR	971,205	1,050,751	967,767	1,000,000	967,767
Utility Users Tax	22,558,476	23,282,648	22,706,384	23,294,916	24,358,696
License And Permits	10,630,286	10,199,642	10,354,631	9,974,645	10,855,976
Fines And Forfeitures	3,944,925	3,665,718	6,039,519	5,332,980	4,180,756
Use Of Money And Prop	19,897,753	27,645,565	30,251,320	23,654,565	27,273,165
Revenue From Other Agencies	3,980,542	9,076,271	11,670,846	3,912,305	5,873,710
Charges For Current Services	32,026,278	31,058,651	34,500,414	34,004,992	34,935,402
Other Revenue	1,822,283	574,879	6,324,613	1,096,244	2,193,113
Total Revenues *	312,717,300	292,565,054	313,442,835	300,101,868	328,281,031
Expenditures					
Personnel Services	168,354,704	179,845,154	186,606,125	190,098,645	210,686,544
Utilities	6,912,414	6,949,414	6,985,457	7,415,188	8,172,755
Equipment and Supplies	7,277,285	7,463,074	7,397,378	6,821,358	8,959,758
Repairs and Maintenance	13,069,368	14,261,715	14,279,634	15,772,380	16,061,131
Conferences and Training	841,920	785,557	850,005	658,648	747,180
Professional Services	6,822,962	5,343,144	7,723,475	6,785,226	8,348,907
Other Contract Services	8,273,594	8,228,692	8,598,947	8,137,672	9,376,233
Rental Expense	306,774	331,769	325,198	296,782	432,665
Claims Expense	-	75	-	150,000	154,500
Contribution to Private Agency	-	-	-	200,000	206,000
Payments to Other Governments	3,808,254	6,499,144	7,683,998	5,107,860	6,499,335
Interdepartmental Charges	-	-	12	-	-
Expense Allowances	746,007	747,844	739,751	729,812	778,986
Other Expenses	3,029,640	1,139,179	3,534,829	2,442,703	2,526,480
Capital Expenditures	217,045	32,273	-	-	-
Non-Operating Expenses	72,335,316	59,002,839	60,430,191	54,829,398	55,330,557
Total Expenditures	\$ 291,995,283	\$ 290,629,873	\$ 305,155,000	\$ 299,445,672	\$ 328,281,031

*Starting in FY 2026/27, the increase in non-operating revenues reflects a new methodology that utilizes the fund balance to achieve a net-zero budget. Under this approach, the fund balance is categorized as an available resource within total revenue. While this methodology contributes to the overall revenue figures, the core revenue from other sources remains the primary driver of the budget's baseline growth.

**GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025
 (In Thousands)**

	Major Governmental Funds						Total
	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Pension Liability	Infrastructure	Nonmajor Governmental Funds	
REVENUES							
Property Taxes	\$ 109,379	\$ -	\$ -	\$ 8,858	\$ -	\$ -	\$ 118,237
Sales Taxes	49,310	-	-	-	-	3,074	52,384
Utility Taxes	22,706	-	-	-	-	-	22,706
Other Taxes	25,365	-	-	-	-	393	25,758
Licenses and Permits	10,355	-	-	-	-	388	10,743
Fines and Forfeitures	6,040	-	-	-	-	-	6,040
Use of Money and Property (Loss)	33,440	328	1,204	1,258	1,868	4,916	43,014
Intergovernmental	18,586	18,927	1,719	-	15	11,419	50,666
Charges for Current Services	35,081	-	-	15,727	-	2,931	53,739
Other	7,198	516	-	-	11	108	7,835
Total Revenues	317,460	19,773	2,923	25,843	1,894	23,229	391,122
EXPENDITURES							
Current:							
City Council	492	-	-	-	-	-	492
City Manager	3,810	966	-	-	-	386	5,162
City Treasurer	2,425	-	-	-	-	-	2,425
City Attorney	4,098	-	-	-	-	-	4,098
City Clerk	1,796	-	-	-	-	-	1,796
Finance	6,249	-	-	-	-	17	6,266
Human Resources	2,578	-	-	-	-	-	2,578
Community Development	15,830	3,471	1,206	-	-	1,180	21,687
Fire	77,345	359	-	-	-	153	77,857
Information Services	8,614	-	-	-	-	1,393	10,007
Police	104,277	2,558	-	-	-	230	107,065
Community Services	13,562	331	-	-	160	903	14,956
Library Services	6,949	170	-	-	-	69	7,188
Public Works	28,394	8,580	-	-	19,688	17,028	73,690
Debt Service:							
Principal	4,761	-	-	12,724	-	2,295	19,780
Interest	480	-	-	8,360	-	660	9,500
Total Expenditures	281,660	16,435	1,206	21,084	19,848	24,314	364,547
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,800	3,338	1,717	4,759	(17,954)	(1,085)	26,575
OTHER FINANCING SOURCES (USES)							
Transfers In	543	-	-	1,500	17,539	2,968	22,550
Transfers Out	(22,077)	-	-	-	-	(530)	(22,607)
Total Other Financing Sources (Uses)	(21,534)	-	-	1,500	17,539	2,438	(57)
Net Change in Fund Balances	14,266	3,338	1,717	6,259	(415)	1,353	26,518
Fund Balances - Beginning of Year	132,319	2,712	7,910	36,119	29,397	79,750	288,207
Fund Balances - End of Year	\$ 146,585	\$ 6,050	\$ 9,627	\$ 42,378	\$ 28,982	\$ 81,103	\$ 314,725

Question 3 – on page 173 of the FY 26/27 Budget, in non-departmental you did the following

https://www.huntingtonbeachca.gov/departments/finance/budget_financial_reports.php#outer-859

A - You combined Permanent Salaries (\$1,000,000) and Other Pay for (\$1,000,000) into a single object called Salaries – why?

Snapshot of Non Departmental – Budget

City of Huntington Beach | Proposed Budget 2026-2027

NON-DEPARTMENTAL

**Department Budget Summary
ALL FUNDS by Object Account**

	FY 2022/23 Actual	FY 2023/24 Actual	FY 2024/25 Actual	FY 2025/26 Adopted	FY 2025/26 Revised	FY 2026/27 Proposed	Percent Change From Prior Year
Personnel Services							
Salaries - Permanent	184,206	257	10	(975,321)	(975,321)	2,000,000	-305.06%
Salaries - Temporary	8,254	-	-	-	-	-	0.00%
Salaries - Overtime	265,249	-	362	500,000	500,000	1,000,000	100.00%
Termination Pay Outs	1,794,337	1,153,846	1,476,570	2,045,291	2,045,291	4,867,634	137.99%
Benefits	138,606	60,035	64,634	660,000	660,000	3,175,172	381.09%
Total Personnel Services	2,390,652	1,214,138	1,541,576	2,229,970	2,229,970	11,042,806	395.20%
Operating Expenses							
Utilities	5,989,036	6,062,104	6,181,193	6,550,000	6,550,000	7,251,500	10.71%
Equipment and Supplies	175,021	216,804	208,485	300,000	624,053	672,080	124.03%
Repairs and Maintenance	92,770	54,536	192,670	216,370	451,386	222,861	3.00%
Conferences and Training	915	14,508	3,585	66,600	66,600	68,598	3.00%
Professional Services	2,163,361	1,843,266	2,922,525	3,168,964	3,707,568	3,979,841	25.59%
Other Contract Services	7,125,338	7,324,079	11,369,876	11,042,300	12,735,197	11,373,569	3.00%
Rental Expense	148,578	153,839	139,913	155,000	155,087	159,650	3.00%
Claims Expense	-	-	-	150,000	150,000	154,500	3.00%
Contribution to Private Agency	-	-	-	200,000	200,000	206,000	3.00%
Payments to Other Governments	610,662	621,668	791,683	705,400	705,400	726,562	3.00%
Expense Allowances	1,126	1,139	1,862	-	-	-	0.00%
Other Expenses	2,685,071	669,528	3,103,955	1,950,000	2,547,372	2,008,500	3.00%
Total Operating Expenses	18,991,878	16,961,471	24,915,747	24,504,634	27,892,663	26,823,661	9.46%
Capital Expenditures							
Improvements	67,108	-	19,315	-	128,150	28,500	100.00%
Equipment	9,027,430	6,534,795	4,651,494	8,100,000	11,784,633	4,053,720	-49.95%
Vehicles	4,107,362	3,813,301	3,245,972	-	6,628,271	2,138,000	100.00%
Capitalized PP&E Offset	(5,156,138)	(3,812,033)	(4,402,580)	-	-	-	0.00%
Total Capital Expenditures	8,045,762	6,536,063	3,514,201	8,100,000	18,541,054	6,220,220	-23.21%
Non-Operating Expenses							
Debt Service Expenses	30,217,116	31,488,609	30,737,761	31,913,598	31,916,348	32,145,015	0.73%
Pass Through Payments	-	-	-	2,756	2,756	2,839	3.01%
Transfers to Other Funds	101,425,016	55,826,012	58,144,654	40,383,331	40,383,331	40,682,835	0.74%
Depreciation	19,151,549	20,122,473	20,771,902	-	-	-	0.00%
Total Non-Operating Expenses	150,793,681	107,437,094	109,654,317	72,299,685	72,302,435	72,830,689	0.73%

DEPARTMENT BUDGETS

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1	Department	Fund	Business Unit	Object	Adopted FY25/2026	Working Budget 2027	Variance	Comments
2	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	51100 - Salaries - Permanent	1,000,000.00	1,000,000.00	(1,000,000.00)	Budgeted for Cost of Living Adjustments (COLAs), this year we built into salaries directly. Changed structure of overfill/underfills, additional money to allow for position adjustments.
3	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	51270 - Other Pay	1,000,000.00	1,000,000.00	-	Additional set aside for public safety specialty pay.
4	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	5300 - Regular Overtime	500,000.00	500,000.00	500,000.00	Account for truing up overtime funding for fire.
5	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9410 - Vacation Leave Pay Out	2,040,291.00	4,087,834.00	2,047,543.00	Vacation cash out and separation amount. Instead of putting into each department, we consolidated into one to help budgetary control. The general fund for this object table is typically 50M for the general fund.
6	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9411 - CARRS UAL Safety Contributions		28,967.00	28,967.00	Additional amount used to reconcile the required general fund UAL to our actual report.
7	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9412 - CARRS UAL Misc Contributions		1,316,309.00	1,316,309.00	Additional amount used to reconcile the required general fund UAL to our actual report.
8	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9500 - Other Insurance	300,000.00	1,400,000.00	1,100,000.00	Increases in insurance costs, \$400k to account for overfill/underfill changes.
9	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9503 - Unemployment Insurance	210,000.00	210,000.00	-	
10	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9520 - Health	4,200,000.00	4,700,000.00	500,000.00	Based on actual cost trend.
11	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9530 - Dental	400,000.00	400,000.00	0.00	Based on actual cost trend.
12	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9590 - Water	1,900,000.00	2,081,500.00	181,500.00	Based on actual cost trend.
13	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9605 - Gasoline	214,000.00	267,500.00	53,500.00	Based on actual cost trend.
14	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9620 - Awards and Presentations	5,000.00	5,100.00	100.00	
15	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9645 - Books		316,000.00	316,000.00	To supplement library book purchases.
16	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9646 - Dues and Memberships	81,000.00	83,430.00	2,430.00	Membership dues for Southern California Association of Governments, Association of California Cities, and Orange County Business Council.
17	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9680 - Software License Maint	81,570.00	83,811.00	2,241.00	GIS Licenses, Tools, Hardware (including for Fire) 2025.
18	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9700 - Other Maintenance	120,000.00	133,000.00	13,000.00	Contingency phone holder, transportation needed repairs.
19	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9800 - Other Professional Services	301,000.00	313,100.00	12,100.00	HW (HW Systems Consulting), MCO (MCO & Successor Agency), Environmental Science Associates (ESDA Services).
20	Non-Departmental	100 - General Fund	10040114 - ICTA	9800 - Other Professional Services	150,000.00	154,500.00	4,500.00	San Jose - Council Agenda development/forecasting software.
21	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9900 - Other Professional Services	2,900,000.00	2,781,900.00	118,100.00	Cost to run the navigation center.
22	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9900 - Other Professional Services	300,000.00	346,500.00	46,500.00	City Force (Leads Lead Processing), Underpinning Solutions (Credit Card Fees). Funds set aside for infotrac. Postage and toll printing costs. Also, additional set aside for City Force.
23	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	9920 - Other Professional Services	20,000.00	20,000.00	0.00	
24	Non-Departmental	100 - General Fund	10040101 - Citywide Leases	7000 - Leases	100,000.00	104,000.00	4,000.00	Book Contract for citywide printer needs.

Comments

Budgeted for Cost of Living Adjustments (COLAs), this year we built into salaries directly. Changed structure of overfill/underfills, additional money to allow for position adjustments.

Additional set aside for public safety specialty pay.

1	Department	Fund	Business Unit	Object	Adopted FY25/2026	Working Budget 2027
2	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	51100 - Salaries - Permanent	4,636,679.00	1,000,000.00
3	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	51270 - Other Pay	1,000,000.00	1,000,000.00

Question 3 Part B.

Account for truing up overtime funding for fire.

4	Non-Departmental	100 - General Fund	10040101 - Non-Departmental	53020 - Regular Overtime	500,000.00	1,000,000.00
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