City of Huntington Beach
California

Comprehensive Annual Financial Report

FOR THE YEAR ENDED
SEPTEMBER 30, 2016

BREITLING
HUNTINGTON BEACH AIRSHOW

CITY OF HUNTINGTON BEACH, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Prepared by the Finance Department

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INTRODUCTORY SECTION

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City of Huntington Beach
Comprehensive Annual Financial Report
Year Ended September 30, 2016

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CITY OF HUNTINGTON BEACH

March 30, 2017

Honorable Mayor, City Council and Citizens of the City of Huntington Beach:

The Comprehensive Annual Financial Report (CAFR) of the City of Huntington Beach (City) for the fiscal year ended September 30, 2016, is hereby submitted. This report is published in accordance with the City Charter and state law requirements that financial statements be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by an independent accounting firm of licensed Certified Public Accountants.

This report consists of management's representations concerning the finances of the City of Huntington Beach. As such, management assumes full responsibility for the completeness and accuracy of the information presented in this document. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the government's assets from theft, loss, or misuse and to compile sufficient reliable information for financial statement conformity with GAAP. As the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

To ensure the reliability of the information contained herein, and consistent with the City's commitment to transparent financial reporting, the City contracted with the independent auditing firm of Davis Farr LLP to conduct the audit of the City's financial statements. The goal of the audit was to provide reasonable assurance that the City's financial statements are free from material misstatement. The audit was also designed to meet the requirements of the Federal Single Audit Act and Office of Management and Budget (OMB) Circular A-133 related to the City's major program expenditures of Federal funds. The report of the Single Audit is published separately from this CAFR and may be obtained upon request from the City's Finance Department.

After examining on a test basis assessing the accounting principles used, as well as significant estimates made by management, 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 fiscal year ended September 30, 2016. 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 located on the Orange County coast, 35 miles south of Los Angeles and 90 miles north of San Diego. With a population of 201,899 residents, it is known as Surf City due to its abundance of beaches; the sunny, warm Mediterranean climate; and its casual lifestyle. With over 10 miles of coastline to boast of, Huntington Beach plays host to over 13 million visitors annually. Listed among the nation's safest cities for decades, Huntington Beach has often been ranked among the "Top Ten Safest Cities by City Crime Rankings" by the Federal Bureau of Investigation. The City boasts an annual median household income of $84,915, higher than the median household income for the United States, the State of California and Orange County. In addition, more than half of its residents, or 51 percent, have a college education, rendering it one of the top three cities to live in within Orange County by the *Orange County Register*.

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.

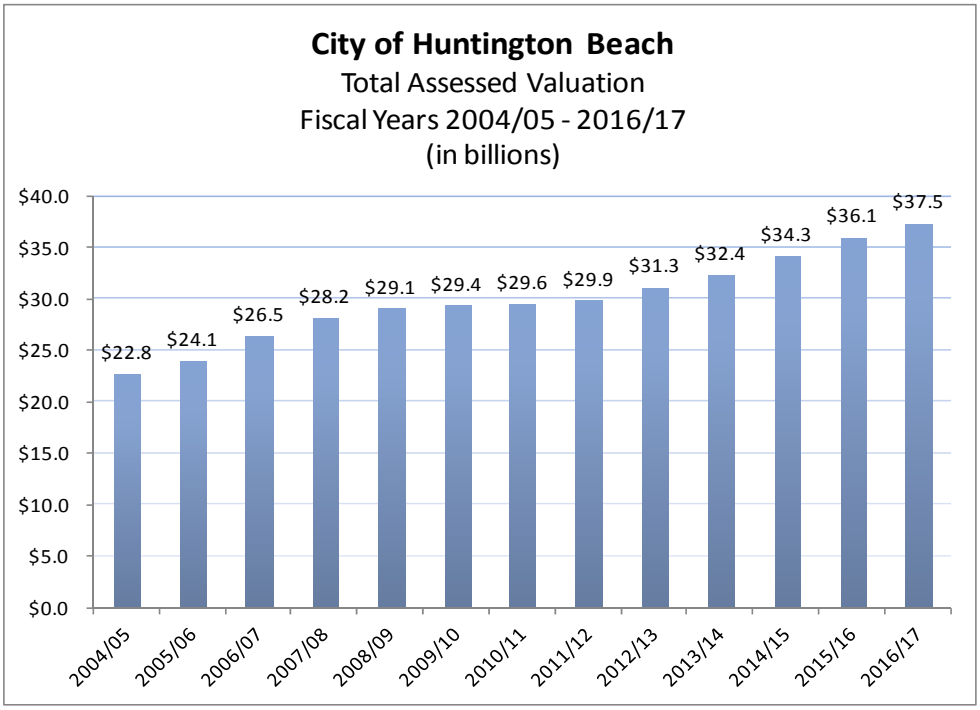
In 2011, the unincorporated oceanfront community of Sunset Beach was officially annexed by the City of Huntington Beach. Sunset Beach is a small beachfront community with approximately 1,000 residents and 1.5 square miles of land. Beachfront properties with high property values make this community a 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.

Demographically, the City benefits from higher education levels, median incomes and home values as compared with the State. A thriving beach community, named "Best Beach in the United States" by Time Magazine in 2015, Huntington Beach is also home to numerous national events such as the U.S. Open of Surfing which attracts 500,000 visitors annually and the Surf City USA Marathon with over 16,000 runners.

The City's most iconic event, however, is its Fourth of July Fireworks Show and Parade ranked "Best Parade in Orange County" by the *Orange County Register's Annual Reader Survey,* with over 1 million television viewers nationally through *ABC News* and 500,000 in-person attendees. The annual AVP Beach Volleyball Tour also commands a strong presence totaling 4,000 visitors each year. Most notably, in 2016, the City held its inaugural Breitling Huntington Beach Air Show, the only beachfront air show on the West Coast, featuring the U.S. Air Force Thunderbirds and F-16 Fighting Falcons to an exhilarated crowd of 560,000. Excitement is already building for the second annual Huntington Beach Air Show which will add the U.S. Navy's Blue Angels and the Royal Canadian Air Force's Snowbirds to the dramatic lineup. The City also hosts a variety of cultural and historical events for families and visitors such as the Japanese Cherry Blossom Festival, Pacific Islander Festival, Civil War Days and the Revolutionary War Living History Event, which attract more than 25,000 visitors combined.

As the fourth largest city in Orange County, and the 24th largest in California, there are 107,000 people employed by public and private entities in Huntington Beach. With an unemployment rate of 3.9 percent, well below the national and state levels, the City's labor force is well positioned to maintain the City's strong tax base.

The City of Huntington Beach's assessed valuations are also very strong. At no time in the past 13 years have overall assessed valuations declined. This solid performance was evidenced even during the height of the Great Recession. For FY 2015/16, secured property tax revenue totaled $47.2 million. For FY 2016/17, secured property taxes are estimated at $48.5 million reflecting a 2.7 percent increase. The median property value in Huntington Beach is $642,900, exceeding pre-recession levels.



Factors Affecting Financial Condition

U.S. Economy: Real Gross Domestic Product (GDP) increased at an annual rate of 1.9 percent in the fourth quarter of 2016. In the previous quarter, GDP increased 3.5 percent. The increase in real GDP in the fourth quarter was due to increases in personal consumption, private inventories, residential investment, and state and local government spending. Personal income also increased at 3.6 percent year-over-year. Gas prices are still relatively low and the dollar is strong, two positive contributors to discretionary spending. As such, future GDP is projected to remain in positive territory at between 2.0 to 2.4 percent. The economic recovery is in its eighth year, approximately three years longer than the average recovery after a recession. The relatively slow pace of this lengthy economic recovery, however, bodes well for the U.S. as no single sector of the nation's economy appears to be growing at an unsustainable pace. New changes at the Federal level will need to be monitored for any local impacts.

State Economy: The California economy is the sixth largest in the world and the greatest economic engine in the United States. With an estimated population of 39 million, California represents an economic powerhouse whose success plays a significant part in both the larger national and global economy. Across the State, industry sectors that experienced year-over-year job growth in 2016 included: Information (2.7 percent to 7.6 percent), Transportation, Warehouse and Utilities (2.7 percent to 5.4 percent), and Finance and Insurance (0.8 percent to 2.8 percent).

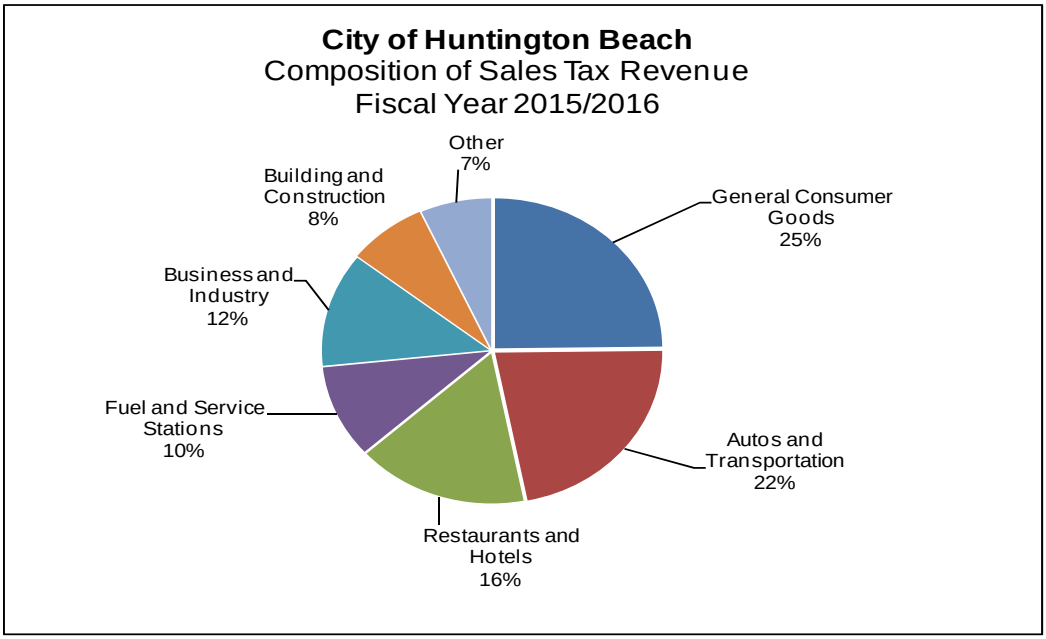
The large increase in Information jobs (23,600) was largely from an upward revision in Motion Picture and Video Production work of 16,000 jobs as well as Data Processing. The City of Huntington Beach itself benefited from the growth in the motion picture and video production industry with the new television series, *Rosewood*, featuring Huntington Beach as its filming location, generating revenue for the City. California, with future projected job increases in construction, web design, and energy conservation, has a generally positive outlook. The State's unemployment rate of 5.3 percent is a reduction from the prior year signaling steady job growth. Future job growth is forecasted between 1.9 percent and 2.4 percent, representing a continual rate of growth. It is estimated that one in five new jobs created in the U.S. now is in California.

Orange County Forecast: Orange County is one of 58 counties in California. Its population of 3,169,776 is ranked third in the state. Per capita personal income is $57,749 ranking 10th in the state and 120 percent of the national average. The unemployment rate in the County is 4.1 percent, which is 1.2 percent below the state rate and 0.7 points below the national rate. Total labor force participation increased to 1.6 million participants with the largest employment gains in Government, Education and Health Services, and Leisure and Hospitality. The housing market, however, is being watched closely due to rising interest rates by the FOMC, continued struggles by young families to accumulate savings to purchase a home, and a preponderance of younger generations to favor rentals.

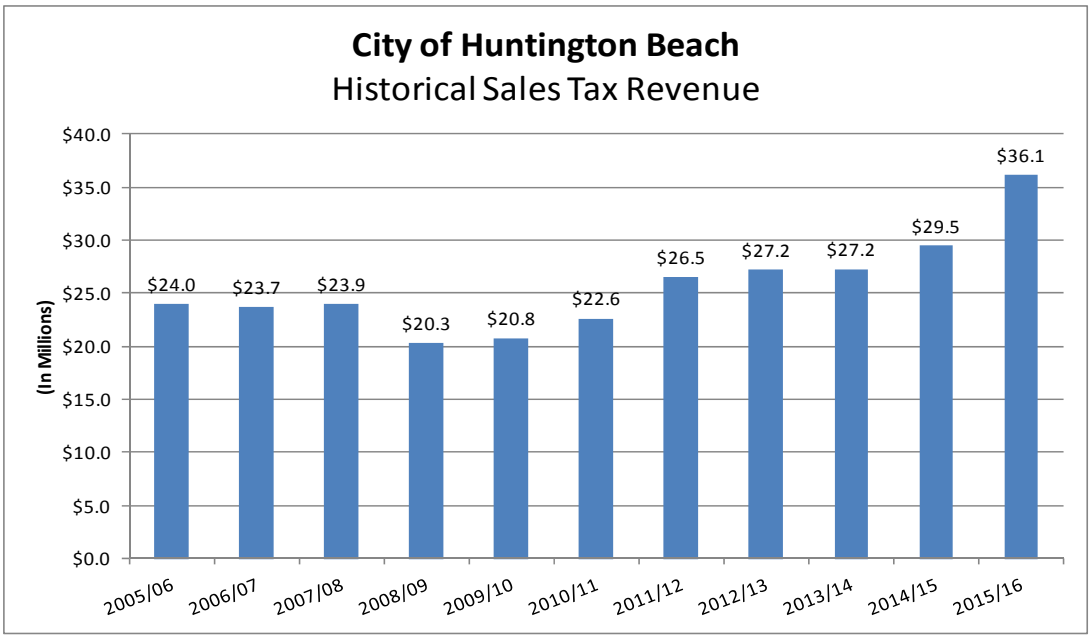
Local Economy: Huntington Beach has numerous demographic factors in its favor. These factors include: higher personal median incomes than the State or the County; a stable property tax base; a diversified sales tax base; a strong tourism and leisure industry; and an unemployment rate of 3.9 percent, well below the California and national averages. These factors have helped the City achieve a AAA underlying credit rating from Fitch Ratings, strong and modestly growing reserves, and, balanced budgets. In fact, Huntington Beach was ranked 4th in a recent *Fiscal Times* poll of 116 cities nationwide in the "Best Financial Shape", a significant accomplishment.

Huntington Beach's FY 2016/17 General Fund Adopted Budget is a "Back to Basics" budget that funds essential core services without incurring major increases in spending. It reflects a projected 1.7 percent increase in revenue including increases in property, sales, transient occupancy and other taxes. Planning and development permits, however, are projected to decline due to a slowdown in new development. The City's expenses will continue to rise, particularly its pension costs, requiring continued financial prudence and restraint over the long term. Through the continued leadership of the City Council and the City's long standing culture of financial conservatism, the City will be able to successfully maneuver through future challenges.

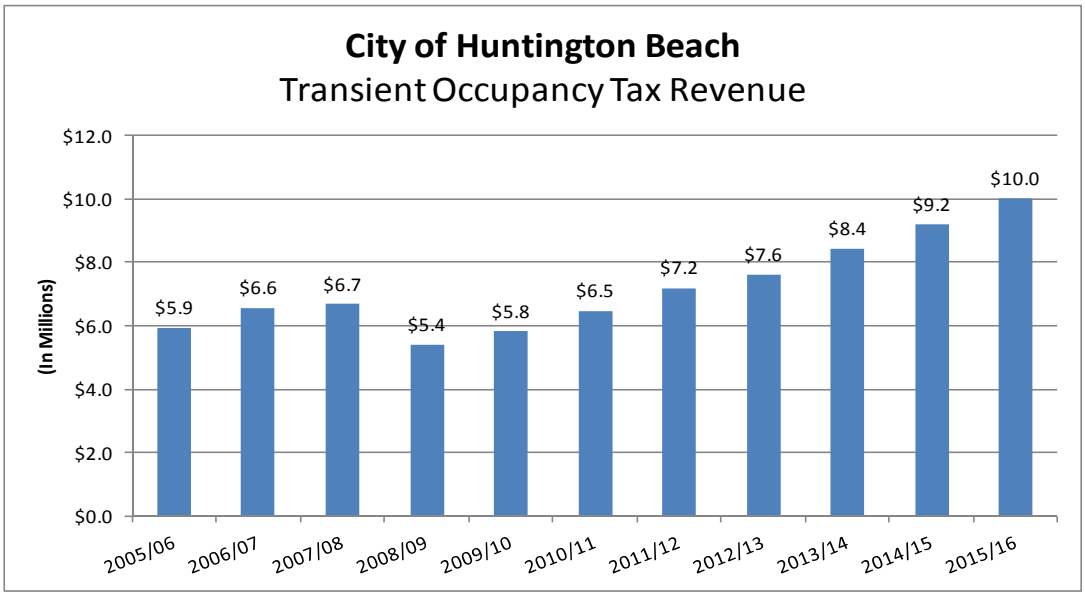
The Huntington Beach business community is diversified with no single industry or business dominating the local economy. Local businesses include higher education, automobile services, aerospace and high technology, petroleum, manufacturing, computer hardware and software, financial and business services, hotel and tourism, large-scale retailers and surf apparel, just to name a few. The City's sales tax base is highly diversified, a shown below, with no individual area of over-concentration thereby lessening the impact of industry-specific downturns.



Sales tax revenue has increased 22.5 percent to $36.1 million due to the State's unwinding of the Triple Flip. Auto sales continue to outperform at 22 percent of sales.



Transient Occupancy Tax, a 10 percent tax applied to hotel stays within the City totaled $10.0 million. Tourism continues to be an economic driver in Huntington Beach as it attracts over 13 million visitors each year to its "laid-back luxury" brand of hotels.



Budget Development and Monitoring

The City operates on a fiscal year basis, beginning October 1st and ending September 30th. 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 September 30th and may amend it or revise it at 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 fiscal year ended September 30, 2016 was 1.14 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

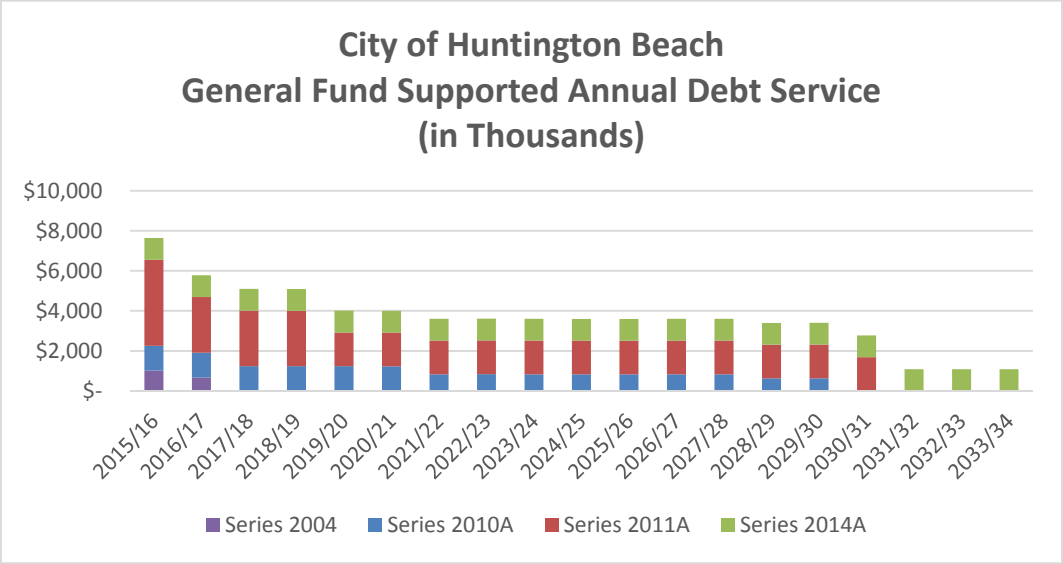
The Strategic Plan provides the framework for the goals and objectives of the City for the next three years. It helps to inform both short and long term budgetary decisions and the daily operations of the City by ensuring everyone is consistently working to achieve the goals outlined in the Plan. The City Council has five Strategic Plan goals:

- Improve quality of life;
- Enhance and maintain infrastructure;
- Strengthen economic and financial sustainability;
- Enhance and maintain public safety; and,
- Enhance and maintain city service delivery.

To meet the goal of strengthening economic and financial sustainability, the City has implemented plans to reduce its unfunded liabilities by prepaying its obligations.

Debt Management and Forecasting

The City has a strong commitment to prudent financial management. As a result, the City has a remarkably low debt burden of 1.58 percent direct and overlapping bonded debt. Significant debt service reductions are anticipated in the next three to five years allowing the City to reallocate resources to other high-priority needs in the General Fund. Huntington Beach also has no variable rate exposure, eliminating volatility in its debt service projections and ensuring reliable forecasting for future budgets.



As a result of prudent financial management, the low rate of long term debt, and overall budget management skills, the City of Huntington Beach ended the year with a $1.9 million surplus as of September 30, 2016, that will be utilized to: fund a new Technology Fund to help replace the City's aged technology systems ($825,000); reduce the unfunded liability for the City's pensions ($500,000); and, add funding for general liability costs ($599,000).

Major Initiatives

New Senior Center in Central Park

More than 10 years in the making, the new, $21.5 million, 37,563-square-foot center opened in 2016 to serve Huntington Beach seniors and others from the surrounding community. The new Senior Center has been a huge success generating 4,400 class enrollments, and 700 fitness center memberships in the first 60 days. The Senior Center in Central Park is a vibrant hub of activity focused on active aging as well as aging in place. Volunteers and staff make you feel welcome as you sign up for classes, activities, workshops, computer training classes and more. The Hoag Health and Wellness Pavilion is fully furnished with state-of-the-art user friendly equipment. Classes, appointments with personal trainers or independent workout times are available. In addition to the active aging, care managers and resource specialists focus on Aging in Place, assisting seniors to remain in their homes for as long as possible; utilizing services such as Home Delivered Meals or transportation. The Center features a travel and resource area, three classrooms including a computer learning center, a game room, a comfortable lounge and the Parkview Room, hosting a daily lunch program, as well as activities and films.

9/11 Memorial

Culminating a five-year effort, Huntington Beach's new 9/11 Memorial symbolically acknowledges all three sites of the September 11, 2001 tragedy and spotlights the two sacred sections recovered by the FDNY and the Port Authority Police Department of New York and New Jersey. With this steel, the Police Officers' Association and the Firefighters' Association were committed to creating a fitting community monument to honor the men and women that lost their lives that fateful day. The 9/11 Memorial Committee designed the memorial, as well as reached out to the greater Orange County community to raise the $200,000 necessary for its construction.

Energy Conservation

Huntington Beach is known throughout the region for its innovative and ground breaking energy conservation efforts. In 2016, Huntington Beach became only the second City in the State to receive approval from the California Public Utilities Commission to acquire its 11,000 street lights from Southern California Edison. This project will allow the City to purchase its streetlights from SCE and replace the aged high pressure sodium luminaries with LED luminaries saving taxpayers $10 million dollars over the next 20 years due to reduced energy costs. Huntington Beach was the first City in the State to be awarded a California Infrastructure Bank loan through its CLEEN program allowing the City to partner with the State on a large energy efficiency project of great benefit to the community. The City also received the first California Energy Commission 1 percent loan for a streetlight retrofit, paving the way for other cities to pursue similar projects.

Pension Rate Stabilization Plan (Section 115 Trust)

The City developed an innovative, three-pronged approach to significantly reduce its pension and Other Post Employment Benefit (OPEB) unfunded liabilities in 10 years. These plans were first included in the FY 2013/14 Adopted Budget and have launched a multi-year effort to pay down the pension and retiree medical liabilities ahead of schedule saving taxpayers an estimated $71.4 million over the next 15 to 25 years.

The value of the City's unfunded pension liabilities currently totals $401.2 million. By 2024, the City plans to eliminate the unfunded liabilities for two of the City's three retiree benefit plans (medical benefits and the supplemental pension plan). In FY 2015/16, the City raised its efforts to reduce pension liabilities to the next level and established a Pension Rate Stabilization Plan. A total of $2.5 million was deposited into the Pension Rate Stabilization Plan, an IRS Section 115 Trust, to further pay down the City's liabilities. Under the new Plan, the City can expedite the prepayment of its liabilities outside of CalPERS providing additional flexibility and local control in terms of investment choices, funding levels and the timing of contributions.

Business Development

The Office of Business Development's (OBD) Economic Development Strategy contains a diverse range of core objectives and goals that support the City's vision to focus on the retention, attraction and expansion of the business community. The 2017 Economic Development Implementation Plan which focuses on new and innovative strategies, increased partnerships and collaboration, and targeted infrastructure improvements. It sets a path to creating a government that is praised for its customer service, opportunities for development, market-generating programs, flexible industrial spaces, and infrastructure needed for entrepreneurs to start new businesses.

OBD serves as business advocates for the expansion of not only retail, restaurant and hospitality offerings, but also manufacturing and research and development firms seeking to expand in, or relocate, to, Huntington Beach. The unique and exciting products researched, developed and manufactured in Huntington Beach expand job opportunities and attract complementary businesses to locate in the area as well. In 2017, the City is excited to welcome Newlight Technologies, an innovative organization that converts greenhouse gases into high-performance cost-effective thermoplastics.

Pacific City

The Pacific City development features the new Pasea Hotel and Spa, a high-end boutique hotel from the prestigious Meritage Collection. This hotel added 250 rooms to the City's lodging availability, plus a conference center, and the upscale Tanner's Restaurant. Pacific City has also created a new synergy for the Downtown area by adding an upscale retail village consisting of 191,000 square feet of stylish retail and restaurant space with breathtaking views of the Pacific Ocean. Tenants include Equinox, H&M, Bungalow, Lemonade, Simmzy's, Ways and Means Oyster House, Old Crow Barbeque, Ola, MAC, LUSH, Francesca's, Tommy Bahama, and Sephora. The final phase of Pacific City is underway, with 516 luxury, one-to-three bedroom apartment homes with concierge service. Pre-leasing is underway, and the first residents are scheduled to begin enjoying their new homes in 2017.

Waterfront Hilton Tower Expansion

The acclaimed Waterfront Hilton Resort has commenced construction on a second hotel tower consisting of 151 suites, a state-of-the-art 20,000 square foot luxury spa, an additional Conference Center space and a rooftop lounge/bar. In addition to the new tower, the existing Hilton tower will undergo a renovation including an enhanced pool, a new spa, and restaurant improvements. Construction will be completed by June 2017.

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 30th consecutive year. Receipt of the award requires government entities to publish transparent, easily readable and efficiently organized Comprehensive Annual Financial Reports, conforming to program, accounting, and legal standards.

The Certificate of Achievement earned for the fiscal year ended September 30, 2015, is valid for one year only. The City believes that this Comprehensive Annual 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 Dahle Bulosan, Sunny Han, Ian Wuh and Mary Loadsman for their hard work and dedication.

Respectfully,

Lori Ann Farrell Harrison
Chief Financial Officer

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City of Huntington Beach

City Council

Barbara Delgleize, Mayor
Mike Posey, Mayor Pro Tem

Patrick Brenden, Councilmember
Jill Hardy, Councilmember
Billy O'Connell, Councilmember
Erik Peterson, Councilmember
Lyn Semeta, Councilmember

Executive Team

Fred A. Wilson, City Manager
Ken Domer, Assistant City Manager
Antonia Castro-Graham, Assistant to the City Manager
Julie Toledo, Community Relations Officer

City Treasurer

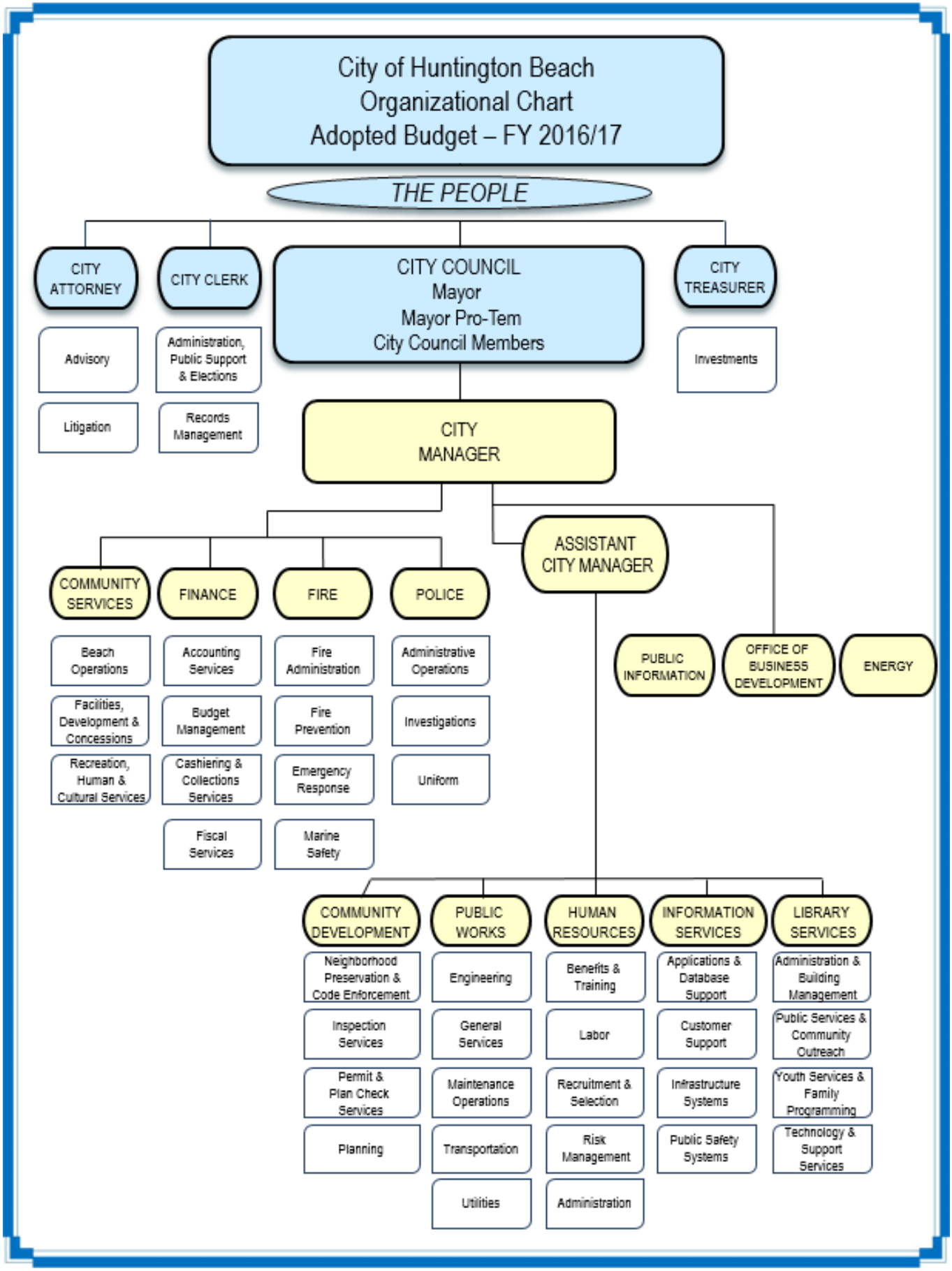
Alisa Cutchen

Elected Department Heads

Robin Estanislau, City Clerk
Michael Gates, City Attorney

Department Directors

Stephanie Beverage, Library Services
Lori Ann Farrell Harrison, Finance
Chief Robert Handy, Police
Scott Hess, Community Development
Travis Hopkins, Public Works
Janeen Laudenback, Community Services
Chief David Segura, Fire
Michele Warren, Human Resources
Behzad Zamanian, Information Services


City of Huntington Beach
Organizational Chart
Adopted Budget – FY 2016/17
THE PEOPLE
CITY ATTORNEY
Advisory
Litigation
CITY CLERK
Administration, Public Support & Elections
Records Management
CITY COUNCIL
Mayor
Mayor Pro-Tem
City Council Members
CITY TREASURER
Investments
CITY MANAGER
COMMUNITY SERVICES
Beach Operations
Facilities, Development & Concessions
Recreation, Human & Cultural Services
FINANCE
Accounting Services
Budget Management
Cashiering & Collections Services
Fiscal Services
FIRE
Fire Administration
Fire Prevention
Emergency Response
Marine Safety
POLICE
Administrative Operations
Investigations
Uniform
ASSISTANT CITY MANAGER
PUBLIC INFORMATION
OFFICE OF BUSINESS DEVELOPMENT
ENERGY
COMMUNITY DEVELOPMENT
Neighborhood Preservation & Code Enforcement
Inspection Services
Permit & Plan Check Services
Planning
PUBLIC WORKS
Engineering
General Services
Maintenance Operations
Transportation
Utilities
HUMAN RESOURCES
Benefits & Training
Labor
Recruitment & Selection
Risk Management
Administration
INFORMATION SERVICES
Applications & Database Support
Customer Support
Infrastructure Systems
Public Safety Systems
LIBRARY SERVICES
Administration & Building Management
Public Services & Community Outreach
Youth Services & Family Programming
Technology & Support Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huntington Beach
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

FINANCIAL SECTION

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
2301 Dupont Drive | Suite 200 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

City Council
City of Huntington Beach
Huntington Beach, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Beach, California, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Beach, California, as of September 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison information for the General Fund and each major special revenue fund, schedule of funding progress, schedule of changes in net pension liability and related ratios, schedule of contributions and schedule of money-weighted rate of return* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huntington Beach's basic financial statements. The *combining and individual fund financial statements and schedules*, the *introductory section* and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual fund financial statements and schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017 on our consideration of the City of Huntington Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Huntington Beach's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
March 30, 2017

MANAGEMENT DISCUSSION
AND
ANALYSIS

City of Huntington Beach
Management's Discussion and Analysis
For the Year Ended September 30, 2016

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 fiscal year ended September 30, 2016. 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-xii 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			
	September 30, 2016	September 30, 2015	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets	$ 1,119,790	$ 1,116,580	$ 3,210	0.3%
Deferred Outflows of Resources	56,779	11,215	45,564	406.3%
Liabilities	529,167	462,753	66,414	14.4%
Deferred Inflows of Resources	7,918	22,806	(14,888)	-65.3%
Total Net Position	639,484	642,236	(2,752)	-0.4%
Unrestricted Net Position	(200,866)	(196,258)	(4,608)	2.3%
Long-Term Obligations	508,598	432,385	76,213	17.6%
Program Revenues	127,307	133,467	(6,160)	-4.6%
Taxes	158,212	152,371	5,841	3.8%
Other General Revenues	14,647	16,925	(2,278)	-13.5%
Expenses	302,918	267,290	35,628	13.3%

- The total assets of the City of Huntington Beach exceeded its liabilities at the close of the most recent fiscal year by $639,484,000. Net position decreased $2,752,000 or 0.4 percent. This decrease is due to numerous factors but most notably the increase in the net pension liability due to low CalPERS investment returns. Unrestricted net position decreased by $4,608,000 or 2.3 percent for the same reason.
- Long-term obligations increased by $76,213,000 or 17.6 percent. This increase is due to the net pension liability increasing as a result of CalPERS pension plan earnings below targeted goals.
- Deferred outflows of resources increased by $45,564,000 or 406.3 percent and deferred inflows of resources decreased by $14,888,000 or 65.3 percent primarily due to an increase in the net difference between the projected and actual earnings on CalPERS pension plan investments.
- Program revenues decreased by $6,160,000 or 4.6 percent. This decrease is primarily due to a one-time $2,094,000 capital contribution from the Successor Agency and a $2,000,000 contribution from an external donor for the construction of the new Senior Center in the prior year. Taxes increased by $5,841,000 or 3.8 percent primarily due to a $5,739,000 increase in sales tax and property tax revenue. Other General Revenues decreased by $2,278,000 or 13.5 percent primarily due to a reduction of large developments in FY 2015/16.
- Expenses increased by $35,628,000 or 13.3 percent primarily due to increases in labor costs, public safety staffing, and general claims liability and the City's share of the Countywide 800MHz radio interoperability project.

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 comprise 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 themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's financial condition and are prepared similarly to those in the private sector.

The Statement of Net Position presents information on all of the City's assets, liabilities, deferred outflows and inflows with the difference between them reported as net position. Over time, continued increases or decreases in net position may indicate whether the City's financial condition is improving or deteriorating.

The Statement of Activities presents information on how the City's net position changed during the most recent fiscal year. These changes are reported on the full accrual basis when the economic event occurs (not when the cash is received or paid).

The government-wide financial statements separate functions that are primarily supported by taxes and intergovernmental revenues (governmental activities) from functions that are supported by user fees (business-type activities). Governmental activities include the City Council, City Manager, City Treasurer, City Attorney, City Clerk, Finance, Human Resources, Community Development, Fire, Information Services, Police, Community Services, Library Services, Public Works, and Non-Departmental. Business-type activities include Water, Sewer, Refuse, and Hazmat Service.

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 of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the same functions reported in governmental activities in the government-wide financial statements. However, the focus in the governmental fund section of these financial statements is on near-term resource inflows and outflows available for spending, as well as balances of resources available for spending at the end of the fiscal year.

It is useful to compare information presented for the governmental funds to information presented for governmental activities in the government-wide financial statements. The reconciliations indicate to the reader the differences in financial reporting between the governmental activities section and the governmental funds section.

The City maintains 26 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures, and changes in fund balances for the General Fund, Grants Special Revenue Fund, and Low and Moderate Income Housing Asset Fund (LMIHAF) Capital Projects Fund all of which are considered to be major funds. Data from the other 23 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 the major special revenue funds (Grants) are required to be presented and are included on pages 121 and 122 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.

Proprietary Funds

The City maintains two different types of proprietary funds, which are used to account for the same activities as the business-type activities in the government-wide financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer Service, Refuse, and Hazmat Service activities. Internal Service funds are an accounting device used 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 and self-insurance general liability activities. 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 statement provides information for Water, Sewer Service, Refuse, Hazmat Service, Self Insurance Workers' Compensation, and Self Insurance General Liability 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 statement 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 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 35-117 of this report.

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 120-129 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 133-150 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 $639,484,000.

Below is a summary schedule of the City's net position at September 30, 2016 (in thousands):

Governmental Activities	September 30, 2016	September 30, 2015	Amount Increase (Decrease)	Percent Increase (Decrease)
Current and Other Assets	$ 209,181	$ 218,670	$ (9,489)	-4.3%
Capital Assets	681,661	667,755	13,906	2.1%
Total Assets	**890,842**	**886,425**	**4,417**	**0.5%**
Deferred Outflows of Resources	**52,692**	**10,444**	**42,248**	**404.5%**
Current and Other Liabilities	12,346	24,019	(11,673)	-48.6%
Long-Term Obligations	480,780	408,549	72,231	17.7%
Total Liabilities	**493,126**	**432,568**	**60,558**	**14.0%**
Deferred Inflows of Resources	**7,536**	**21,098**	**(13,562)**	**-64.3%**
Net Position:				
Net Investment in Capital Assets	624,180	615,512	8,668	1.4%
Restricted	41,555	52,270	(10,715)	-20.5%
Unrestricted	(222,863)	(224,579)	1,716	N/A
Total Net Position	**$ 442,872**	**$ 443,203**	**$ (331)**	**-0.1%**

Business-Type Activities	September 30, 2016	September 30, 2015	Amount Increase (Decrease)	Percent Increase (Decrease)
Current and Other Assets	$ 86,382	$ 87,539	$ (1,157)	-1.3%
Capital Assets	142,566	142,616	(50)	0.0%
Total Assets	**228,948**	**230,155**	**(1,207)**	**-0.5%**
Deferred Outflows of Resources	**4,087**	**771**	**3,316**	**430.1%**
Current and Other Liabilities	8,223	6,349	1,874	29.5%
Long-Term Obligations	27,818	23,836	3,982	16.7%
Total Liabilities	**36,041**	**30,185**	**5,856**	**19.4%**
Deferred Inflows of Resources	**382**	**1,708**	**(1,326)**	**-77.6%**
Net Position:				
Net Investment in Capital Assets	142,566	142,616	(50)	0.0%
Restricted	32,049	28,096	3,953	14.1%
Unrestricted	21,997	28,321	(6,324)	-22.3%
Total Net Position	**$ 196,612**	**$ 199,033**	**$ (2,421)**	**-1.2%**

Analysis of the City's Net position

Current and Other Assets: The decrease in current and other assets of $9,489,000 for governmental activities is primarily due to $15,011,000 in restricted cash in FY 2014/15 from the issuance of the 2014(a) lease revenue bond to fund the construction of the Senior Center that was completed in FY 2015/16. Current and Other Assets for business-type activities decreased by $1,157,000 due to an increase in water supplies and operations expense.

Current and Other Liabilities: Current and other liabilities for governmental activities decreased by $11,673,000 primarily due to the completion of the Senior Center in FY2015/16 and normal fluctuations in the accounts payable and payroll cycle.

Deferred Outflows and Inflows of Resources: The increase in deferred outflows of $42,248,000 and decrease in deferred inflows of resources of $13,562,000 for governmental activities and $3,316,000 and $1,326,000 for business-type activities, respectively, as shown on the Statement of Net Position, are due to changes in the net differences between the projected and actual earnings, changes in assumptions, differences between expected and actual experience, and contributions made subsequent to the measurement date of the City's single-employer plan (Supplemental) and multiple-employer defined-benefit pension plans (CalPERS plans). The Statements specifically identify the methods and assumptions that are to be used in calculating and disclosing these pension-related amounts in the financial statements. Refer to Notes 5 and 6 for additional note disclosures.

Long-Term Obligations: Long-term obligations for governmental activities increased by $72,231,000 primarily due to the increase in the Net Pension Liability as a result of CalPERS earnings below the plan's expected earnings. Long-term obligations for business-type activities increased by $3,982,000 for the same reason.

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 is 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 $8,668,000 or 1.4 percent, primarily due to the completion of the Senior Center. Net position invested in capital assets net of related debt from business-type activities decreased $50,000 or 0.04 percent due to depreciation.

Restricted Net position: An additional portion of the City's net position is subject to external (legally imposed or statutory) restrictions ($41,555,000 for governmental activities, and $32,049,000 for business-type activities). These amounts represent 9.4 percent and 16.3 percent of net position for governmental activities and business-type activities, respectively. Restricted net position from governmental activities decreased $10,715,000 or 20.5 percent. The decrease is primarily due to restricted funds used for public works and community services projects. Restricted net position from business-type activities increased by $3,953,000 or 14.1 percent primarily due to an increase in restricted water master plan funds available for capital projects.

Unrestricted Net position: The unrestricted net position (negative $222,863,000 for governmental activities and $21,997,000 for business-type activities) represent negative 50.3 percent and 11.2 percent of net position for governmental activities and business-type activities, respectively. Unrestricted net position for governmental activities increased $1,716,000 primarily due to an increase in property and sales tax revenues. Unrestricted net position for business-type activities decreased by $6,324,000 or 22.3 percent primarily due to an increase in pension costs, and water supplies and operation expenses.

City of Huntington Beach
Management's Discussion and Analysis
For the Year Ended September 30, 2016

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

	Governmental Activities			
Revenues:	**September 30, 2016**	**September 30, 2015**	**Amount Increase (Decrease)**	**Percent Increase (Decrease)**
Program Revenues:				
Charges for Current Services	$ 58,150	$ 58,168	$ (18)	0.0%
Operating Grants and Contributions	4,723	7,458	(2,735)	-36.7%
Capital Grants and Contributions	5,939	9,809	(3,870)	-39.5%
Total Program Revenues	**68,812**	**75,435**	**(6,623)**	**-8.8%**
General Revenues:				
Property Taxes	87,128	82,615	4,513	5.5%
Sales Taxes	34,289	33,063	1,226	3.7%
Utility Taxes	19,482	20,229	(747)	-3.7%
Franchise Taxes	7,278	7,023	255	3.6%
Transient Occupancy Tax	10,035	9,215	820	8.9%
Other Taxes	-	226	(226)	-100.0%
Use of Money and Property	3,618	5,551	(1,933)	-34.8%
From Other Agencies - Unrestricted	4,397	5,653	(1,256)	-22.2%
Other	5,693	4,440	1,253	28.2%
Total General Revenues	**171,920**	**168,015**	**3,905**	**2.3%**
Total Revenues	**240,732**	**243,450**	**(2,718)**	**-1.1%**
Expenses:				
City Council	321	270	51	18.9%
City Manager	3,849	3,302	547	16.6%
City Treasurer	208	158	50	31.6%
City Attorney	2,598	2,284	314	13.7%
City Clerk	806	855	(49)	-5.7%
Finance	5,765	5,208	557	10.7%
Human Resources	6,814	5,169	1,645	31.8%
Planning and Building	7,208	6,605	603	9.1%
Fire	47,965	42,162	5,803	13.8%
Information Services	6,852	6,552	300	4.6%
Police	74,943	64,048	10,895	17.0%
Community Services	9,935	13,809	(3,874)	-28.1%
Library Services	4,611	4,246	365	8.6%
Public Works	31,791	27,979	3,812	13.6%
Non-Departmental	35,240	24,080	11,160	46.3%
Interest on Long-Term Debt	2,119	2,245	(126)	-5.6%
Total Expenses	**241,025**	**208,972**	**32,053**	**15.3%**
Change in Net Position Before Transfers	**(293)**	**34,478**		
Transfers	(38)	35		
Change in Net Position	**(331)**	**34,513**		
Net Position - Beginning of Year	**443,203**	**742,367**		
Prior Period Adjustment	**-**	**(333,677)**		
Net Position - Beginning of Year as restated	**443,203**	**408,690**		
Net Position - End of Year	**$ 442,872**	**$ 443,203**		

The cost of all governmental activities this year was $241,025,000. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was $172,213,000, because costs of $58,150,000 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 $4,723,000, and capital grants and contributions of $5,939,000. Overall, the City's governmental program revenues were $68,812,000. The City paid for the remaining "public benefit" portion of governmental activities with $171,920,000 in taxes and general revenue (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements. Charges for Current Services decreased slightly by $18,000 due to decreases in revenues from development projects in the current fiscal year.

Operating Grants and Contributions decreased by $2,735,000 or 36.7 percent primarily due to a decrease in community services grants from the prior year. Capital Grants and Contributions have decreased by $3,870,000 or 39.5 percent primarily due to capital contribution from the Huntington Beach Redevelopment Successor Agency Private Purpose Trust and a one-time donation received for the construction of the Senior Center in prior year.

Program expenses increased by $34,464,000 primarily due to an increase in the net pension liability as a result of CalPERS' pension plan earnings ending the year below expected rates and additional public safety staffing in the current fiscal year.

Total resources available during the year to finance governmental operations were $683,897,000 consisting of net position at October 1, 2015 of $443,203,000, program revenues of $68,812,000, general revenues of $171,920,000. Total expenses for governmental activities during the year were $241,025,000 plus transfers of $38,000. Thus, net position was decreased slightly by $331,000 or 0.1 percent, to $442,872,000.

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

	Business-Type Activities			
	September 30, 2016	September 30, 2015	Amount Increase (Decrease)	Percent Increase (Decrease)
Program Revenues:				
Charges for Current Services	$ 58,495	$ 58,032	$ 463	0.8%
Total Program Revenues	**58,495**	**58,032**	**463**	**0.8%**
Use of Money and Property	939	1,281	(342)	-26.7%
Total Revenues	**59,434**	**59,313**	**121**	**0.2%**
Expenses:				
Water Utility	41,643	38,614	3,029	7.8%
Sewer Service	8,729	8,192	537	6.6%
Refuse Collection	11,277	11,308	(31)	-0.3%
Hazmat Service	244	204	40	19.6%
Total Expenses	**61,893**	**58,318**	**3,575**	**6.1%**
Increase in Net Position Before Transfers	**(2,459)**	**995**		
Transfers	38	(35)		
Total Change In Net Position	(2,421)	960		
Net Position - Beginning of Year	199,033	221,887		
Prior Period Adjustment	-	(23,814)		
Net Position - Beginning of Year as restated	199,033	198,073		
Net Position - End of Year	**$ 196,612**	**$ 199,033**		

The City's net position from business-type activities decreased by $2,459,000 before transfers. This is mainly due to an increase in water meter maintenance, supplies and operations expenses. Use of Money and Property decreased by $342,000 due to a decrease in the rate of return for the City's cash and investments.

The cost of all Business-Type activities this year was $61,893,000. As shown in the Statement of Activities, the amount paid by users of the systems was $58,495,000, other revenue was $939,000, and transfers were $38,000. Beginning net position was $199,033,000 and ending net position was $196,612,000 a decrease of $2,421,000 or 1.2 percent. Of the ending net position amount, $142,566,000, or 72.5 percent, was invested in capital assets, $32,049,000 or 16.3 percent was restricted for expenses for the Water Master Plan, and $21,997,000, or 11.2 percent was unrestricted.

The transfers for Business-Type activities were $38,000 going in for the current year and $35,000 coming out for the prior 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			
	September 30, 2016	September 30, 2015	Amount Increase (Decrease)	Percent Increase (Decrease)
Total Fund Equity:				
General Fund	$ 62,847	$ 64,792	$ (1,945)	-3.0%
Grants Special Revenue Fund	8,750	3,421	5,329	155.8%
LMIHAF Capital Projects Fund	6,026	5,757	269	4.7%
Total Fund Equity	**$ 77,623**	**$ 73,970**	**$ 3,653**	**4.9%**

The General Fund Balance decreased by $1,945,000 primarily due to the transfer of general liability assets and litigation reserves to the new Self Insurance General Liability Internal Service Fund.

The Grants Special Revenue Fund Balance increased by $5,329,000 primarily due to the proceeds received for the issuance of long-term debt for two LED streetlight retrofit projects.

The LMIHAF Capital Projects Fund Balance increased by $269,000 as a result of payments received from the down payment assistance program for City residents.

Financial Analysis of the City's Major Proprietary Funds

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

	Enterprise Funds			
	September 30, 2016	September 30, 2015	Amount Increase (Decrease)	Percent Increase (Decrease)
Net Position:				
Water Fund	$ 129,570	$ 134,670	$ (5,100)	-3.8%
Sewer Fund	67,836	65,123	2,713	4.2%
Refuse Fund	(565)	(552)	(13)	2.4%
Hazmat Service Fund	(229)	(208)	(21)	10.1%
Total Net Position	**$ 196,612**	**$ 199,033**	**$ (2,421)**	**-1.2%**
Unrestricted Net Position:				
Water Fund	$ 6,717	$ 15,306	$ (8,589)	-56.1%
Sewer Fund	16,230	13,775	2,455	17.8%
Refuse Fund	(721)	(552)	(169)	30.6%
Hazmat Service Fund	(229)	(208)	(21)	10.1%
Total Unrestricted Net Position	**$ 21,997**	**$ 28,321**	**$ (6,324)**	**-22.3%**

The Water Fund total net position decreased by $5,100,000 and unrestricted net position decreased by $8,589,000 due to an increase in water meter maintenance, supplies and operations expenses. The Sewer Fund net position increased by $2,713,000 and unrestricted net position increased by $2,455,000 due to the implementation of GASB 68 in FY 2014/15 and deferred sewer projects in the current year.

Long-Term Obligations

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

Governmental Activities:	Balance October 1, 2015	Additions	Retirements	Balance September 30, 2016
Judgement Obligation Bonds	$ 1,634	$ -	$ (974)	$ 660
Revenue Bonds	50,375	-	(4,615)	45,760
Compensated Absences	11,417	4,340	(3,823)	11,934
Claims Payable	26,712	14,312	(7,252)	33,772
Pollution Remediation	2,000	-	-	2,000
Section 108 Loan City	805	-	(180)	625
LED Lighting Phase I	1,063	-	(97)	966
I-Bank CLEEN Loan	-	3,000	-	3,000
CEC Loan	-	3,000	-	3,000
Leases Payable	-	4,197	(67)	4,130
Total Long-Term Obligations - Governmental Activities	**94,006**	**28,849**	**(17,008)**	**105,847**
Business-Type Activities:				
Compensated Absences	1,356	446	(286)	1,516
Claims Payable	800	-	(800)	-
Business-Type Activities:	**2,156**	**446**	**(1,086)**	**1,516**
Total Long-Term Obligations	**$ 96,162**	**$ 29,295**	**$ (18,094)**	**$ 107,363**

Additional information on the City's long-term debt is shown in Note 10 to the financial statements. The City of Huntington Beach is legally restricted to issuing general obligation bonds to 12 percent of its assessed valuation. Since the City has no general obligation bonds outstanding, the limit does not apply. The City's total long-term obligations increased $11,201,000 or 11.6 percent from the prior fiscal year. This increase was due to the issuance of the I-Bank CLEEN loan and CEC loan to fund the purchase and upgrade of the City's 11,000 street light poles, the City's share of the Countywide 800MHz radio interoperability project and fire pumper truck capital leases, and increases in general liability claims payable.

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 reaffirmed on June 24, 2016. The following are the ratings as determined by Moody's Investors Service and Standard and Poor's as of September 30, 2016.

Debt Instrument	Moody's	S & P
1999 Tax Allocation Refunding Bonds	A2	AA-
2002 Tax Allocation Refunding Bonds	A2	AA-
2004 Judgment Obligation Bonds	Aa3	AA
2010 Lease Revenue Bonds, Series A	Aa2	AA
2011 Lease Revenue Bonds, Series A	Aa2	AA
2014 Lease Revenue Bonds, Series A	N/A	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):

	September 30, 2016	September 30, 2015	Amount Increase (Decrease)	Percent Increase (Decrease)
Governmental Activities:				
Land	$ 360,617	$ 354,927	$ 5,690	1.6%
Buildings	135,671	123,709	11,962	9.7%
Machinery and Equipment	11,292	11,347	(55)	-0.5%
Construction in Progress	3,727	7,712	(3,985)	-51.7%
Infrastructure	170,354	167,445	2,909	1.7%
Total Governmental Activities	**681,661**	**665,140**	**16,521**	**2.5%**
Business-Type Activities:				
Land	3,907	3,907	-	0.0%
Buildings	68,299	66,493	1,806	2.7%
Machinery and Equipment	2,428	2,494	(66)	-2.6%
Construction in Progress	829	7,461	(6,632)	-88.9%
Infrastructure	67,103	62,261	4,842	7.8%
Total Business-Type Activities	**142,566**	**142,616**	**(50)**	**0.0%**
Total Capital Assets	**$ 824,227**	**$ 807,756**	**$ 16,471**	**2.0%**

Capital assets from governmental activities increased $16,521,000 or 2.5 percent. This increase is largely due to the completion of the City's new 38,000 square feet Senior Center. Capital assets from business-type activities decreased $50,000 or 0.04 percent largely due to depreciation. Further information on the City's capital assets can be found in Note 11 of the financial statements.

General Fund Budgetary Highlights

Changes to Original Budget

Comparing the FY 2015/16 General Fund Original (i.e. Adopted) Budget expenditures amount of $209,413,000 to the final budgeted amount of $224,165,000 shows a net increase of $14,752,000, or 7.0 percent. This overall increase was the result of budget carryovers from the previous year, the LED streetlight retrofit project, the enterprise land management software replacement project, and the prefunding of Section 115 Trust to reduce the City's net pension liability.

Final budgeted revenues for the General Fund increased $3,035,000 or 1.4 percent from the original (adopted) budget for the fiscal year ended September 30, 2016. The change from original to final budget occurred primarily as a result of adjustments made to budgeted sales tax related to the Triple Flip unwind and charges for current services.

Variance with Final Budget

General Fund actual revenues were greater than the final budget by $4,212,000 for the fiscal year ended September 30, 2016 due in large part to:

- Property Taxes of $4,772,000 due to the City's share of redevelopment property sales.
- Sales Taxes of $422,000 due to a one-time correction by the State Board of Equalization related to use tax revenue.
- Charges for Current Services fell short by $1,089,000 due to less than expected development during the year.

General Fund expenditures were $17,992,000 less than the final budget. The favorable budget variance is due in large part to the following:

- Non-Departmental realized $9,452,000 in savings primarily due timing differences in the actual replacement of certain equipment and completion of certain Capital Improvement Projects versus initial projections.
- The Community Development Department realized $1,187,000 in savings from the deferral of various building and planning contracts.
- The Police Department realized $1,349,000 in savings primarily due to vacancies in personnel as a result of turnover and time required to recruit new positions.
- The Community Services Department realized $1,665,000 in savings primarily due to deferral of the Senior Center Fitness and other senior program expenditures.
- The Public Works Department realized $2,051,000 in savings primarily due to delays in design, construction, and maintenance contracts.

Analysis of City's Other Major Governmental Funds

Grants Special Revenue Fund

The fund balance in the Grant Special Revenue Fund increased by $5,329,000 due to $6,000,000 in proceeds for the issuance of long term debt for the City's LED street light retrofit project and the inherent timing differences between when grant expenditures are incurred versus when the revenues are received. Significant grant expenditures in the current year were for police, community development, and street improvement grants.

LMIHAF Capital Projects Fund

The fund balance in the LMIHAF Capital Projects Fund increased by $269,000 due to increased earnings from the Fund's investments and loan repayments received to payoff down payment assistance loans.

Economic Factors and Next Year's Budget

The Adopted FY 2016/17 Budget is structurally balanced, totaling $345.5 million in All Funds. This reflects a $396,000, or 0.1 percent, increase from the FY 2015/16 Adopted All Funds Budget.

The General Fund, which provides the majority of public services to the community, totals $220.4 million, reflecting a $3.7 million, or 1.7 percent increase from the FY 2015/16 budget. Major highlights are as follows:

Public Safety: The main priority of the FY 2016/17 Adopted Budget is public safety. As such, more than half of the Adopted Budget, approximately $120 million, is designated for public safety. In the Police Department, the budget adds $315,000 for the animal control contract with Orange County to ensure satisfactory response times and services for the City's complex animal and wildlife management needs, including coyote detection, management, and handling. In the Capital Improvement Program (CIP), $300,000 is included for the design of a new Police Gun Range and $485,000 is budgeted for critical upgrades to the department's helicopters and air support function.

In the Fire Department, the Adopted Budget adds funding to improve the City's disaster and emergency preparedness by: adding a part-time position in the Emergency Operations Center (EOC) previously funded by a grant; increasing training for Community Emergency Response Teams and City Safety Officers; and strengthening National Incident Management training for all City personnel that could be involved in a disaster response. In the CIP, funding is included for the design of a new beachfront Emergency Alerting System. These enhancements will improve our disaster readiness while simultaneously increasing the likelihood of Federal reimbursement for costs incurred during an emergency. The Budget also funds a five-year lease to replace a Fire Engine and a new Ambulance at a total cost of $1,035,000.

Infrastructure: The FY 2016/17 Adopted Budget exceeds the Charter mandated 15 percent spending requirement on infrastructure based on a five-year rolling average. It also reflects $3.6 million in General Fund backed capital projects spending for: street and road improvements totaling $1.0 million; sidewalk replacements of $250,000; sand replenishment, Central Park rehabilitation and beach facility and road improvements totaling $702,000; and $1.6 million in Citywide facilities improvements such as roof replacements, Main Promenade Parking Structure renovations, Police Headquarters security, Police Lower Level upgrades/HVAC system improvements, and audio/visual enhancements in the Council Chambers.

Pension Costs: An additional $2.8 million is included in the General Fund budget ($3.1 million in All Funds) to support the second year of a five-year ramp up that will increase the City's pension spending by almost 89 percent by 2024. In FY 2016/17, CalPERS costs are expected to reach $35.3 million in All Funds, an almost 10 percent increase from the FY 2015/16 Adopted Budget of $32.2 million.

Fixed and One-Time Costs: The Adopted Budget also contains $3.2 million in year-over-year savings related to: the prepayment of unfunded liabilities ahead of schedule ($1.2 million); paydowns of the City's bonded debt ($1.2 million); reduced electricity costs ($311,600); and salary savings due to normal attrition ($486,300). To help reduce the City's $11.9 million Workers' Compensation liabilities, an additional $507,000 is included in the All Funds budget for a 20-year plan to eliminate the liability, as well as a $363,000 increase to cover higher general liability insurance premiums.

General Fund Revenue

General Fund revenue is projected to reach $220.4 million, a $3.7 million, or 1.7 percent increase from the current year budget. General Fund revenue is stable and continues to perform modestly and reflects a steady improved tax base resulting from recent economic development efforts.

- Property Taxes are estimated at $80.1 million, reflecting a reduction of 4.7 percent due to the elimination of the "Triple Flip" property tax revenue provided by the State when they diverted sales taxes from cities and increased property taxes. Minus the Triple Flip, Secured Property Taxes are expected to increase by 2.4 percent.
- Sales Tax revenues are projected to increase by $8.2 million, or 25 percent, also due to the unwinding of the Triple Flip, whereby ¼ of former sales tax revenue has been restored. Sales tax revenue is approximately 2.0 percent higher than FY 2015/16 absent the Triple Flip.
- Licenses and Permits, estimated at $8.3 million, reflect a $1.4 million decline due to a slowing down of new development in the City.
- Transient Occupancy Taxes are anticipated to reach $10.5 million, a 2.0 percent increase, due to the opening of new hotels such as the Pasea Hotel in Pacific City.
- On the downside, Utility Users' Taxes are declining by $837,500, or 4.0 percent, due to water and electricity conservation efforts, as well as discounted pricing by communication providers.

Pension Rate Stabilization Plan

The City's pension costs are expected to total $35.3 million next year on an All Funds basis. This reflects a $3.1 million, or 10 percent, increase for FY 2016/17. The City's unfunded pension liability is currently $336.2 million, representing a 73.4 percent funded status. To help reduce this unfunded liability, the Proposed Budget includes $1.0 million to payoff the Safety Plan's unfunded liability five years ahead of schedule. If this contribution is made consistently over the remaining 27 years (the first three years have been funded), it is projected taxpayers will save a net $53.7 million. To solidify its commitment, the City Council has amended its Financial Policies to include an additional $1.0 million for the "One Equals Five" Plan in each future year's budget (a $1.0 million annual contribution reduces five years of payments). The City Council also adopted a Pension Rate Stabilization Plan, otherwise known as a Section 115 Trust, to provide an additional alternative investment vehicle outside of PERS.

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 e-mail mloadsman@surfcity-hb.org.

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BASIC FINANCIAL STATEMENTS

CITY OF HUNTINGTON BEACH
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 127,093	$ 78,930	$ 206,023
Cash and Investments with Fiscal Agent	12,106	-	12,106
Receivables, Net	50,339	5,907	56,246
Advances to Successor Agency	1,363	-	1,363
Inventories	-	1,306	1,306
Prepaids	3,021	239	3,260
Joint Venture	2,796	-	2,796
Other Postemployment Benefits Asset	12,463	-	12,463
Subtotal	**209,181**	**86,382**	**295,563**
Capital Assets:			
Non-Depreciable	364,344	4,736	369,080
Depreciable, Net	317,317	137,830	455,147
Total Capital Assets	**681,661**	**142,566**	**824,227**
Total Assets	**890,842**	**228,948**	**1,119,790**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	**52,692**	**4,087**	**56,779**
LIABILITIES			
Accounts Payable	6,032	6,235	12,267
Accrued Payroll	4,425	178	4,603
Accrued Interest Payable	198	-	198
Deposits	1,691	1,810	3,501
Subtotal	**12,346**	**8,223**	**20,569**
Long-Term Obligations:			
Long-Term Obligations Due Within One Year	18,897	413	19,310
Long-Term Obligations Due in More than One Year	86,950	1,103	88,053
Net Pension Liability	374,933	26,302	401,235
Total Long-Term Obligations	**480,780**	**27,818**	**508,598**
Total Liabilities	**493,126**	**36,041**	**529,167**
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	**7,536**	**382**	**7,918**
NET POSITION			
Net Investment in Capital Assets	624,180	142,566	766,746
Restricted for:			
Debt Service	5,038	-	5,038
Capital Projects	6,388	32,049	38,437
Public Works and Community Services Projects	30,129	-	30,129
Total Restricted Net Position	41,555	32,049	73,604
Unrestricted	(222,863)	21,997	(200,866)
Total Net Position	**$ 442,872**	**$ 196,612**	**$ 639,484**

See Notes to Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Current Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Governmental Activities:							
City Council	$ 321	$ 116	$ -	$ -	$ (205)	$ -	$ (205)
City Manager	3,849	3,029	1,397	-	577	-	577
City Treasurer	208	101	-	-	(107)	-	(107)
City Attorney	2,598	4	-	-	(2,594)	-	(2,594)
City Clerk	806	201	-	-	(605)	-	(605)
Finance	5,765	2,277	-	-	(3,488)	-	(3,488)
Human Resources	6,814	513	-	-	(6,301)	-	(6,301)
Community Development	7,208	9,252	-	-	2,044	-	2,044
Fire	47,965	9,894	84	-	(37,987)	-	(37,987)
Information Services	6,852	521	-	-	(6,331)	-	(6,331)
Police	74,943	5,958	1,273	-	(67,712)	-	(67,712)
Community Services	9,935	18,853	367	-	9,285	-	9,285
Library Services	4,611	408	73	-	(4,130)	-	(4,130)
Public Works	31,791	5,733	1,529	5,939	(18,590)	-	(18,590)
Non-Departmental	35,240	1,290	-	-	(33,950)	-	(33,950)
Interest on Long-Term Debt	2,119	-	-	-	(2,119)	-	(2,119)
Total Governmental Activities	**241,025**	**58,150**	**4,723**	**5,939**	**(172,213)**	**-**	**(172,213)**
Business-type Activities:							
Water Utility	41,643	35,765	-	-	-	(5,878)	(5,878)
Sewer Service	8,729	11,280	-	-	-	2,551	2,551
Refuse Collection	11,277	11,215	-	-	-	(62)	(62)
Hazmat Service	244	235	-	-	-	(9)	(9)
Total Business-Type Activities	**61,893**	**58,495**	**-**	**-**	**-**	**(3,398)**	**(3,398)**
Total Governmental and Business Type Activities	**$ 302,918**	**$ 116,645**	**$ 4,723**	**$ 5,939**	**(172,213)**	**(3,398)**	**(175,611)**
	General Revenues:						
	Taxes:						
	Property Taxes				87,128	-	87,128
	Sales Taxes				34,289	-	34,289
	Utility Taxes				19,482	-	19,482
	Franchise Taxes				7,278	-	7,278
	Transient Occupancy Tax				10,035	-	10,035
	Total Taxes				**158,212**	**-**	**158,212**
	Other:						
	Use of Money and Property				3,618	939	4,557
	From Other Agencies - Unrestricted				4,397	-	4,397
	Other				5,693	-	5,693
	Total General Revenues				**171,920**	**939**	**172,859**
	Transfers				(38)	38	-
	Total General Revenues and Transfers				**171,882**	**977**	**172,859**
	Change in Net Position				**(331)**	**(2,421)**	**(2,752)**
	Net Position - Beginning of Year				**443,203**	**199,033**	**642,236**
	Net Position - End of Year				**$ 442,872**	**$ 196,612**	**$ 639,484**

See Notes to Financial Statements

CITY OF HUNTINGTON BEACH
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
(In Thousands)

ASSETS	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Other Governmental Funds	Total
Cash and Investments	$ 56,700	$ 2,542	$ 4,651	$ 41,874	$ 105,767
Cash and Investments with Fiscal Agent	-	6,030	-	6,076	12,106
Taxes Receivable	29,623	-	-	-	29,623
Other Receivables, Net	6,610	4,099	9,496	470	20,675
Due from Other Funds	-	-	-	58	58
Advances to Successor Agency	-	-	1,363	-	1,363
TOTAL ASSETS	**$ 92,933**	**$ 12,671**	**$ 15,510**	**$ 48,478**	**$ 169,592**
LIABILITES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 4,999	$ 171	$ -	$ 608	$ 5,778
Accrued Payroll	4,360	31	4	24	4,419
Due to Other Funds	-	-	-	58	58
Deposits Payable	1,691	-	-	-	1,691
Total Liabilities	**11,050**	**202**	**4**	**690**	**11,946**
Deferred Inflows of Resources:					
Unavailable Revenue	19,036	3,719	9,480	65	32,300
Total Deferred Inflows of Resources	**19,036**	**3,719**	**9,480**	**65**	**32,300**
Fund Balances:					
Restricted					
Underground Utilities	364	-	-	-	364
Restitution	269	-	-	-	269
Senior Center Donations	490	-	-	-	490
Pollution Remediation	-	-	-	331	331
Debt Service	-	-	-	5,038	5,038
Highways, Streets and Transportation	-	-	-	11,384	11,384
Low Income Housing	-	-	6,026	1,353	7,379
Air Quality	-	-	-	803	803
Other Capital Projects	-	-	-	6,460	6,460
Other Purposes	1,514	8,750	-	148	10,412
Committed					
Economic Uncertainties	25,011	-	-	-	25,011
Parks	-	-	-	5,191	5,191
Other Capital Projects	-	-	-	16,177	16,177
Assigned					
Capital Improvement Reserve	8,046	-	-	838	8,884
Equipment Replacement	8,295	-	-	-	8,295
Redevelopment Dissolution	1,080	-	-	-	1,080
General Plan Maintenance	232	-	-	-	232
Senior Center Debt Service Reserve	2,000	-	-	-	2,000
CalPERS Rate Increase	1,287	-	-	-	1,287
Cityview Replacement	1,028	-	-	-	1,028
Animal Control	1,685	-	-	-	1,685
Sand Replenishment	150	-	-	-	150
Park Improvements	500	-	-	-	500
Section 115 Trust	500	-	-	-	500
Triple Flip	3,745	-	-	-	3,745
Other Purposes	6,651	-	-	-	6,651
TOTAL FUND BALANCES	**62,847**	**8,750**	**6,026**	**47,723**	**125,346**
TOTAL LIABILITES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 92,933**	**$ 12,671**	**$ 15,510**	**$ 48,478**	**$ 169,592**

See Notes to Financial Statements

CITY OF HUNTINGTON BEACH
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016
(In Thousands)

Amounts reported for governmental activities in the statement of net position are different because:			
Total Fund Balances Governmental Funds		**$**	**125,346**
Net capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds			
Capital Assets	1,000,888		
Accumulated Depreciation	(319,227)		
Total Capital Assets			681,661
Joint Venture			2,796
Internal Services funds are used by management to charge the cost of various city activities to individual governmental and business-like funds. The assets and liabilities of the Internal Service fund must be added to the Statement of Net Position.			(10,780)
Revenues that are measurable but not available are not recognized as revenue in governmental funds. Such amounts are recorded as unavailable revenue under the modified accrual basis of accounting.			32,300
Deferred outflows related to pensions			52,495
Governmental funds report all pension contributions as expenditures; however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.			(373,663)
Deferred inflows related to pensions			(7,518)
Other Postemployment Benefit Asset is not a financial resource and, therefore, are not reported in the governmental funds.			12,463
Other long-term liabilities are not due in the current period and, therefore, are not recorded in the governmental funds.			
Accrued Interest Payable			(198)
Long-term Liabilities, including bonds and certificates of participation payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Amounts exclude Long-Term Obligation of the Internal Service Fund.			
Long-Term Obligations Due in One Year			(8,391)
Long-Term Obligations Due in More than One Year			(63,639)
Net Position of Governmental Activities		**$**	**442,872**

See Notes to Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

	General Fund	Grants Special Revenue	LMIHAF Capital Projects	Other Governmental Funds	Total
REVENUES					
Property Taxes	$ 86,382	$ -	$ -	$ -	$ 86,382
Sales Taxes	36,097	-	-	3,208	39,305
Utility Taxes	19,482	-	-	-	19,482
Other Taxes	17,313	-	-	-	17,313
Licenses and Permits	9,639	-	-	181	9,820
Fines and Forfeitures	5,144	-	-	-	5,144
From Use of Money and Property	16,861	297	429	468	18,055
Intergovernmental	4,327	4,896	-	4,489	13,712
Charges for Current Services	25,813	-	-	3,998	29,811
Other	2,509	40	-	146	2,695
Total Revenues	**223,567**	**5,233**	**429**	**12,490**	**241,719**
EXPENDITURES					
Current:					
City Council	318	-	-	-	318
City Manager	2,169	917	-	6	3,092
City Treasurer	204	-	-	-	204
City Attorney	2,539	-	-	-	2,539
City Clerk	790	-	-	-	790
Finance	5,659	-	-	-	5,659
Human Resources	6,582	194	-	-	6,776
Planning & Building	7,062	-	-	-	7,062
Fire	46,106	94	-	-	46,200
Information Services	6,742	-	-	-	6,742
Police	71,638	901	-	73	72,612
Community Services	9,903	302	-	563	10,768
Library Services	4,077	77	-	93	4,247
Public Works	21,411	126	-	2,122	23,659
Non-Departmental	24,460	-	160	50	24,670
Capital Outlay	-	3,243	-	24,026	27,269
Debt Service:					
Principal	163	180	-	5,590	5,933
Interest	41	46	-	2,051	2,138
Total Expenditures	**209,864**	**6,080**	**160**	**34,574**	**250,678**
Excess (Deficiency) Of Revenues Over (Under) Expenditures	**13,703**	**(847)**	**269**	**(22,084)**	**(8,959)**
OTHER FINANCING SOURCES (USES)					
Transfers In	13	285	-	8,736	9,034
Issuance of Long-Term Debt	-	6,000	-	4,197	10,197
Transfers Out	(15,661)	(109)	-	(1,283)	(17,053)
Total Other Financing Sources (Uses)	(15,648)	6,176	-	11,650	2,178
Net Change In Fund Balances	**(1,945)**	**5,329**	**269**	**(10,434)**	**(6,781)**
Fund Balances- Beginning Of Year	**64,792**	**3,421**	**5,757**	**58,157**	**132,127**
Fund Balances- End Of Year	**$ 62,847**	**$ 8,750**	**$ 6,026**	**$ 47,723**	**$ 125,346**

See Notes to 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 SEPTEMBER 30, 2016
(In Thousands)

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net Changes in Fund Balances - Total Governmental funds	**$**	**(6,781)**
Capital Expenditures - Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.		
Depreciable Assets Purchased		28,725
Non-Depreciable Assets Purchased		8,930
Non-Depreciable Assets Disposition		(7,225)
Capital Asset Depreciation		(13,909)
Joint Venture		181
Accrual of Revenues - Certain revenues in the Statement of Activities do not meet the "availability" criteria for revenue recognition in the governmental funds and are not reported in the governmental funds as revenue.		
Current Year Property and Sales Tax Accrual		17,573
Prior Year Property and Sales Tax Accrual		(21,843)
Current Year Grant and Other Revenue Accrual		2,464
Prior Year Grant and Other Revenue Accrual		(1,852)
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.		(482)
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds.		(13,014)
Governmental funds report expenditures for retirement contributions whereas these amounts are reported as deferred outflows of resources on the Statement of Net Position.		8,433
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).		(221)
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.		1,094
Liabilities not liquidated with current resources - Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Current Year Interest Accrual		(198)
Prior Year Interest Accrual		217
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.		5,933
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.		(8,356)
Change in Net Position of Governmental Activities	**$**	**(331)**

See Notes to Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016
(In Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities		
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Fund - Self Insurance Workers' Comp	Internal Service Fund - Self Insurance General Liability	Total
ASSETS								
Current Assets:								
Cash and Investments	$ 24,995	$ 21,886	$ -	$ -	$ 46,881	$ 11,042	$ 10,284	$ 21,326
Restricted Cash and Investments	32,049	-	-	-	32,049	-	-	-
Other Receivables, Net	1,897	490	532	198	3,117	38	3	41
Prepaids	239	-	-	-	239	600	2,421	3,021
Inventories	1,306	-	-	-	1,306	-	-	-
Unbilled Receivables	1,843	470	477	-	2,790	-	-	-
Due from Other Funds	321	-	-	-	321	-	-	-
Total Current Assets	**62,650**	**22,846**	**1,009**	**198**	**86,703**	**11,680**	**12,708**	**24,388**
Capital Assets:								
Land	3,907	-	-	-	3,907	-	-	-
Buildings and Improvements	53,295	37,949	-	-	91,244	-	-	-
Machinery and Equipment	9,528	2,590	-	-	12,118	-	-	-
Infrastructure	98,107	42,994	-	-	141,101	-	-	-
Construction in Progress	467	206	156	-	829	-	-	-
Less Accumulated Depreciation	(74,500)	(32,133)	-	-	(106,633)	-	-	-
Total Capital Assets	**90,804**	**51,606**	**156**	**-**	**142,566**	**-**	**-**	**-**
Total Assets	**153,454**	**74,452**	**1,165**	**198**	**229,269**	**11,680**	**12,708**	**24,388**
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflows Related to Pensions	**2,861**	**1,070**	**95**	**61**	**4,087**	**197**	**-**	**197**
LIABILITIES								
Current Liabilities:								
Accounts Payable	5,007	316	883	29	6,235	254	-	254
Accrued Payroll	126	48	3	1	178	6	-	6
Due to Other Funds	-	-	274	47	321	-	-	-
Deposits Payable	1,809	1	-	-	1,810	-	-	-
Current Portion of Claims Payable	-	-	-	-	-	5,776	4,718	10,494
Current Portion of Compensated Absences	307	91	12	3	413	12	-	12
Total Current Liabilities	**7,249**	**456**	**1,172**	**80**	**8,957**	**6,048**	**4,718**	**10,766**
Non-Current Liabilities:								
Compensated Absences	818	244	32	9	1,103	33	-	33
Net Pension Liability	18,411	6,886	612	393	26,302	1,270	-	1,270
Claims Payable	-	-	-	-	-	15,887	7,391	23,278
Total Non-Current Liabilities	**19,229**	**7,130**	**644**	**402**	**27,405**	**17,190**	**7,391**	**24,581**
Total Liabilities	**26,478**	**7,586**	**1,816**	**482**	**36,362**	**23,238**	**12,109**	**35,347**
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows Related to Pensions	**267**	**100**	**9**	**6**	**382**	**18**	**-**	**18**
NET POSITION								
Net Investment in Capital Assets	90,804	51,606	156	-	142,566	-	-	-
Restricted for:								
Capital Projects	32,049	-	-	-	32,049	-	-	-
Unrestricted	6,717	16,230	(721)	(229)	21,997	(11,379)	599	(10,780)
Total Net Position	**$ 129,570**	**$ 67,836**	**$ (565)**	**$ (229)**	**$ 196,612**	**$ (11,379)**	**$ 599**	**$ (10,780)**

See Notes to Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities		
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Fund - Self Insurance Workers' Comp	Internal Service Fund - Self Insurance General Liability	Total
OPERATING REVENUES								
Sales	$ 34,188	$ -	$ -	$ -	$ 34,188	$ -	$ -	$ -
Fees and Charges for Service	-	10,846	11,133	235	22,214	6,780	5,285	12,065
Other	1,577	434	82	-	2,093	-	-	-
Total Operating Revenues	**35,765**	**11,280**	**11,215**	**235**	**58,495**	**6,780**	**5,285**	**12,065**
OPERATING EXPENSES								
Water Purchases	13,901	-	-	-	13,901	-	-	-
Supplies and Operations	8,922	6,693	11,277	244	27,136	1,466	430	1,896
Engineering	1,272	-	-	-	1,272	-	-	-
Production and Distribution	7,914	-	-	-	7,914	-	-	-
Maintenance	235	-	-	-	235	-	-	-
Water Meters	4,362	-	-	-	4,362	-	-	-
Water Quality	700	-	-	-	700	-	-	-
Water Use Efficiency	1,006	-	-	-	1,006	-	-	-
Claims and Judgments	-	-	-	-	-	4,910	4,855	9,765
Depreciation	3,331	2,036	-	-	5,367	-	-	-
Total Operating Expenses	**41,643**	**8,729**	**11,277**	**244**	**61,893**	**6,376**	**5,285**	**11,661**
Operating Income (Loss)	**(5,878)**	**2,551**	**(62)**	**(9)**	**(3,398)**	**404**	**-**	**404**
NON-OPERATING REVENUES (EXPENSES)								
Interest Income (Expense)	778	162	(2)	1	939	91	9	100
Total Non-Operating Revenues (Expenses)	778	162	(2)	1	939	91	9	100
Income (Loss) Before Transfers and Special Item	**(5,100)**	**2,713**	**(64)**	**(8)**	**(2,459)**	**495**	**9**	**504**
TRANSFERS AND SPECIAL ITEM AND SPECIAL ITEMS								
Transfers In	-	-	51	-	51	-	7,981	7,981
Transfers Out	-	-	-	(13)	(13)	-	-	-
Special Item	-	-	-	-	-	-	(7,391)	(7,391)
Total Transfers and Special Item	-	-	51	(13)	38	-	590	590
Change in Net Position	(5,100)	2,713	(13)	(21)	(2,421)	495	599	1,094
Net Position - Beginning Of Year	**134,670**	**65,123**	**(552)**	**(208)**	**199,033**	**(11,874)**	**-**	**(11,874)**
Net Position- End Of Year	**$ 129,570**	**$ 67,836**	**$ (565)**	**$ (229)**	**$ 196,612**	**$ (11,379)**	**$ 599**	**$ (10,780)**

See Notes to Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities		
	Water Fund	Sewer Service Fund	Refuse Fund	Hazmat Service Fund	Total	Internal Service Fund - Self Insurance Workers' Comp	Internal Service Fund - Self Insurance General Liability	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash Received from Customers and Users	$ 35,292	$ 11,311	$ 11,255	$ 231	$ 58,089	$ 6,762	$ 5,282	$ 12,044
Cash Paid to Employees for Services	(9,199)	(3,158)	(279)	(176)	(12,812)	(605)	(148)	(753)
Cash Paid to Suppliers of Goods and Services	(27,192)	(4,703)	(11,003)	(45)	(42,943)	(5,967)	(2,840)	(8,807)
Net Cash and Investment Provided (Used) by Operating Activities	**(1,099)**	**3,450**	**(27)**	**10**	**2,334**	**190**	**2,294**	**2,484**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers In	-	-	51	-	51	-	7,981	7,981
Transfers Out	-	-	-	(13)	(13)	-	-	-
Cash Received (Paid) from/(to) Other Funds	(133)	-	131	2	-	-	-	-
Net Cash and Investments Used by Noncapital Financing Activities	**(133)**	**-**	**182**	**(11)**	**38**	**-**	**7,981**	**7,981**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Purchase of Capital Assets	(2,867)	(2,294)	(156)	-	(5,317)	-	-	-
Net Cash and Investments Used by Capital and Related Financing Activities	**(2,867)**	**(2,294)**	**(156)**	**-**	**(5,317)**	**-**	**-**	**-**
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest Received (Paid)	778	162	(2)	1	939	91	9	100
Net Cash and Investments Provided (Used) by Investing Activities	**778**	**162**	**(2)**	**1**	**939**	**91**	**9**	**100**
Net Increase (Decrease) in Cash and Investments	(3,321)	1,318	(3)	-	(2,006)	281	10,284	10,565
Cash and Investments - Beginning of Year	60,365	20,568	3	-	80,936	10,761	-	10,761
Cash and Investments - End of Year	**$ 57,044**	**$ 21,886**	**$ -**	**$ -**	**$ 78,930**	**$ 11,042**	**$ 10,284**	**$ 21,326**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND INVESTMENTS PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating Income (Loss)	$ (5,878)	$ 2,551	$ (62)	$ (9)	$ (3,398)	$ 404	$ -	$ 404
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Investments Provided (Used) by Operating Activities								
Depreciation	3,331	2,036	-	-	5,367	-	-	-
Special Item	-	-	-	-	-	-	(7,391)	(7,391)
(Increase) Decrease in Other Receivables, Net	(108)	51	49	(4)	(12)	(18)	(3)	(21)
(Increase) Decrease in Unbilled Receivables	(448)	(21)	(9)	-	(478)	-	-	-
(Increase) in Prepaids	(239)	-	-	-	(239)	-	(2,421)	(2,421)
Decrease in Inventory	(120)	-	-	-	(120)	-	-	-
Increase (Decrease) in Accounts Payable	2,137	(401)	(11)	29	1,754	(198)	-	(198)
Increase in Accrued Payroll	27	11	-	(2)	36	-	-	-
Increase in Deposits Payable	83	1	-	-	84	-	-	-
Increase in Claims Payable	-	(800)	-	-	(800)	1	12,109	12,110
Increase (Decrease) in Compensated Absences	131	27	7	(5)	160	2	-	2
(Increase) in Deferred Pension Outflow	(2,320)	(868)	(77)	(51)	(3,316)	(161)	-	(161)
(Decrease) in Deferred Pension Inflow	(928)	(347)	(31)	(20)	(1,326)	(65)	-	(65)
Increase in Net Pension Liability	3,233	1,210	107	72	4,622	225	-	225
Net Cash and Investments Provided (Used) by Operating Activities	**$ (1,099)**	**$ 3,450**	**$ (27)**	**$ 10**	**$ 2,334**	**$ 190**	**$ 2,294**	**$ 2,484**

See Notes to Financial Statements

CITY OF HUNTINGTON BEACH
STATEMENT OF FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016
(In Thousands)

	Total Agency Funds	Pension Trust Fund - Retirement Supplemental Fund	Section 115 Trust Fund	Huntington Beach Redevelopment Successor Agency Private Purpose Trust
ASSETS				
Cash and Investments	$ 4,911	$ 32	$ -	$ 7,437
Cash and Investments with Fiscal Agent	3,403	-		2,449
Mutual Funds	-	46,958	2,500	-
Money Market Funds	-	1,106	-	-
Accounts Receivable, Net	1,019	1	-	28
Capital Assets:				
Construction in Progress	45	-	-	-
Total Assets	**$ 9,378**	**$ 48,097**	**$ 2,500**	**$ 9,914**
LIABILITIES				
Accounts Payable	$ 822	$ -	$ -	$ 119
Accrued Payroll	3	32	-	6
Due to Bondholders	4,220	-	-	-
Advances from City of Huntington Beach	-	-	-	1,363
Held for Others	4,333	-	-	-
Long-Term Obligations				
Long-Term Obligations Due Within One Year	-	-	-	3,655
Long-Term Obligations Due in More than One Year	-	-	-	48,710
Total Liabilities	**$ 9,378**	**$ 32**	**$ -**	**$ 53,853**
NET POSITION				
Restricted for Pension Benefits		**$ 48,065**	**$ 2,500**	
Held in Trust For Other Purposes				**$ (43,939)**

CITY OF HUNTINGTON BEACH
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

	Pension Trust Fund - Retirement Supplemental Fund	Section 115 Trust Fund	Huntington Beach Redevelopment Successor Agency Private Purpose Trust
ADDITIONS			
Employer Contributions	$ 4,777	$ 2,500	$ -
Property Taxes	-	-	10,273
Rental Income	-	-	650
Total Additions Before Investment Income	4,777	2,500	10,923
Investment Income:			
Investment Income (Loss)	4,378	-	69
Less Investment Expense	(95)	-	-
Net Investment Income	4,283	-	69
Total Additions	**9,060**	**2,500**	**10,992**
DEDUCTIONS			
Benefits	3,773	-	-
Administrative Costs	189	-	-
Economic Development	-	-	274
Interest and Fiscal Agency Expenses	-	-	3,493
Disposition of Assets per AB1484	-	-	14,023
Total Deductions	3,962	-	17,790
Change in Net Position	5,098	2,500	(6,798)
Net Position - Beginning of Year	**42,967**	**-**	**(37,141)**
Net Position - End of Year	**$ 48,065**	**$ 2,500**	**$ (43,939)**

See Notes to Financial Statements

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City of Huntington Beach
Notes to Financial Statements
For the Year Ended September 30, 2016

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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.

<u>Huntington Beach Housing Authority</u>

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, Director of Finance, 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.

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.

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 $41,555,000 of governmental activities restricted net position, of which $24,213,000 is restricted by enabling legislation. The government-wide Statement of Net Position reports $32,049,000 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.

Unrestricted Net Position – This category represents the net position of the City, not restricted for any project or other purpose.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 present 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the government-wide statements, the City considers restricted funds to be spent first then unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. In the governmental fund statements, when expenditures are incurred, the City uses the most restrictive funds first. The City would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

The City establishes encumbrances to record the amount of purchase orders, contracts, and other obligations, which have not yet been fulfilled, cancelled, or discharged. Encumbrances outstanding at year-end are recorded as part of restricted or assigned fund balance.

Encumbrances outstanding as of September 30, 2016, by major fund (in thousands):

General Fund	$	8,165
Grants Special Revenue		1,367
Other Governmental Funds		5,855
Total Encumbrance All Funds	**$**	**15,387**

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.

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.

Self Insurance Workers' Comp Fund – accounts for the City's self insurance workers' compensation program in an internal service fund. City departments are the primary users of these services and are charged a fee on a cost reimbursement basis.

Self Insurance General Liability Fund – accounts for the City's self insurance general liability program in an internal service fund. City departments are the primary users of these services and are charged a fee on a cost reimbursement basis.

Fiduciary Funds Financial Statements

Fiduciary Funds Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position for Trust Funds. The City's fiduciary funds include Agency and Trust Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting. Trust Funds present results of operations and include net position. The Retirement Supplemental Trust Fund accounts for the activities of the supplemental retirement plan for all employees hired prior to 1997, which accumulates resources for pension benefits to qualified employees. Contributions are made to the Supplemental Plan based on the City's policy to fund the required contributions as determined by the Plan's actuary and are recognized when they are made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Proprietary Funds

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

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Fiduciary Funds

Agency Funds – accounts for assets temporarily held by the City as trustee, agent, or custodian. Agency funds are custodial in nature and do not involve measurement of results of operations.

Pension Trust Fund – Retirement Supplemental Fund - accounts for the City's supplemental retirement plan.

Section 115 Trust Fund - accounts for the City's Section 115 Trust Fund used to pre-fund the City's employee pension 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.

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 market 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The City's investment policy is further discussed in Note 2 on page 51.

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. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets have an acquisition cost of $50,000 or greater ($100,000 for infrastructure) and a useful life of one year or more.

The City records all purchased capital assets at historical cost (where historical records are available) and at estimated historical cost where no historical records exist. Capital assets acquired from gifts or contributions are recorded at acquisition value at the time received, or in the case of infrastructure assets, at City Council acceptance date. Capital assets acquired through annexation are recorded at net book value.

In the government-wide and proprietary funds financial statements, depreciation is recorded on the straight-line method over the estimated useful life of the assets as shown below and charged to the respective activity or fund. No depreciation is recorded in the governmental funds of the fund financial statements.

Buildings	20 to 50 years
Machinery and Equipment	5 to 30 years
Infrastructure	50 Years

Interest is capitalized on proprietary fund assets acquired with taxable and tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the project, and for tax-exempt debt, offset with interest earned on the invested proceeds over the same period. There was no capitalized interest for the year ended September 30, 2016.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions which are the result of the implementation of GASB Statement No. 68.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an outflow 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.

g. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. 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 moneys that are to be paid or to be received from other funds.

i. 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.

j. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. 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. In the fund financial statements, property tax revenue is recognized in the fiscal year levied provided that revenue is collected in time to pay current year liabilities. Unavailable property tax revenue represents property taxes related to the current fiscal year that are collected more than 60 days after the fiscal year-end. Since the City's fiscal year differs from the County's property tax year, there is a difference between the property tax revenue recorded on the fund financial statements and the government-wide financial statements, which is noted as a reconciling item in both the Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities and the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. 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:

- January - June ROPS submission due to Department of Finance, September 1
- Distribution of RPTTF to Successor Agencies for the January-June ROPS period, January 2
- July - December ROPS submission due to Department of Finance, March 1
- Distribution of RPTTF to Successor Agencies for the July-December ROPS period, June 1

m. 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.

n. Estimates

The accompanying financial statements require management to make estimates and assumptions that effect certain reported amounts and disclosures. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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 No. 68 requires that the reported results must 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
Valuation Date (VD)	September 30, 2015	June 30, 2015
Measurement Date (MD)	September 30, 2016	June 30, 2016
Measurement Period (MP)	October 1, 2015 to September 30, 2016	July 1, 2015 to June 30, 2016

p. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 input 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.

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	MINIMUM QUALITY REQUIREMENTS
Bankers' Acceptances	**180 days**	**25% (up to 40% with Council approval)**	**A1/P1, "A" Rating**
Negotiable Certificates of Deposit	**3 years (Up to 5 years with Council approval)**	**30%**	**A1/P1, "A" Rating**
Commercial Paper	**270 days**	**25%**	**A1, "A" Rating**
State Obligations-- CA And Others	**5 years**	**None**	**"A" Rating**
City/Local Agency of CA Obligations	**5 years**	**None**	**"A" Rating**
U.S. Treasury Obligations	**5 years**	**None**	**None**
U.S. Government Agency Obligations	**5 years**	**None**	**None**
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**	**20%/30% with City Council Approval**	**"A" Rating**
Non-negotiable Certificates of Deposit	**3 years**	**None**	**A1/P1, "A" Rating**
Money Market Mutual Funds	**60 days**	**15%**	**None**
Local Agency Investment Fund (LAIF)	**N/A**	**Up to $65,000,000**	**None**

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
United States (U.S.) Treasury Obligations	5 years	No Limit	No Limit
U.S. Government Sponsored Agency Securities	5 years	No Limit	No Limit
Banker's Acceptances	180 days	No Limit	No Limit
Time Certificate of Deposits	360 days	No Limit	No Limit
Negotiable Certificates of Deposit	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
Forward Purchase/Delivery Agreements	Life of Bond	No Limit	No Limit

N/A - Not Applicable

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	Strategic Allocation	Maximum Allocation
Cash or Equivalents	**0%**	**5%**
Fixed Income	**25%**	**30%**
Intermediate-Term Bond	25%	30%
Equity	**57%**	**68%**
Domestic	33%	39%
Foreign	24%	29%
Real Estate	**9%**	**12%**
Commodities	**9%**	**12%**

N/A - Not Applicable

2. CASH AND INVESTMENTS (Continued)

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

Primary Government:	
Cash and Investments	$ 206,023
Cash and Investments with Fiscal Agent	12,106
Total Primary Government	**218,129**
Fiduciary Funds:	
Cash and Investments	12,380
Cash and Investments with Fiscal Agent	56,416
Total Fiduciary Funds	**68,796**
Total Deposits and Investments	**$ 286,925**

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).

		Investment Maturities (In Years)				
INVESTMENTS:	**Fair Value**	**Less than 1**	**1 to 3**	**3 to 5**	**More than 5**	**Total**
U.S. Agency Securities*	$ 133,376	$ 15,031	$ 62,515	$ 54,817	$ 1,013	$ 133,376
Mutual Funds	46,958	46,958	-	-	-	46,958
Money Market Funds	5,088	5,088	-	-	-	5,088
Corporate Bonds	37,678	5,034	29,641	3,003	-	37,678
Local Agency Investment Fund	29,186	29,186	-	-	-	29,186
Total Investments	**$ 252,286**	**$ 101,297**	**$ 92,156**	**$ 57,820**	**$ 1,013**	**252,286**
		Total Deposits				34,639
		Total Deposits and Investments				**$ 286,925**

* Security is callable, but classified above according to original maturity date

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):

			Remaining as of Year End			
INVESTMENTS:	Minimum Legal Rating	Total	AAA	AA/A	BAA	Not Rated
US Agencies	N/A	$ 133,376	$ 133,376	$ -	$ -	$ -
Mutual Funds	N/A	46,958	-	-	-	46,958
Money Market Funds	AAA	5,088	5,088	-	-	-
Corporate Bonds	A	37,678	-	35,218	2,460	-
Local Agency Investment Fund	N/A	29,186	-	-	-	29,186
Total Investments		252,286	138,464	35,218	2,460	76,144

Note: All US Agencies are rated AA by S&P/AAA by Moody's
EMC corporate bond had a rating downgrade in September of 2016 due to EMC purchase by Dell Corp. Bond is currently being evaluated for potential risks.

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	$22,300
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	$49,584
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	$55,474

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 courterparty (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 market 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 September 30, 2016, the City's deposits with financial institutions were covered by FDIC up to $250,000, and the remaining amounts were collateralized as described above. None of the City's investments were subject to custodial credit risk. Per the Investment Policy's statement, the City of Huntington Beach is the registered owner of all investments in the portfolio.

Investment in State Investment Pool

The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Currently, LAIF does not have an investment rating.

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 September 30, 2016 (in thousands):

	Fair Value Hierarchy			
INVESTMENTS:	Level 1	Level 2	Level 3	Total
U.S. Agency Securities	$ -	$ 133,376	$ -	$ 133,376
Mutual Funds	-	46,958	-	46,958
Corporate Bonds	-	37,678	-	37,678
Total investments	$ -	$ 218,012	$ -	$ 218,012

3. OTHER RECEIVABLES

a. Other Receivables

A summary of Other Receivables as of September 30, 2016 is as follows (in thousands):

Description	Amount
Developer Loans Receivable	$ 39,708
Emerald Cove Loan Receivable	7,669
Housing Rehabilitation Loans Receivable	2,783
Affordable Housing In Lieu Receivable	2,158
First Time Homebuyers and Down Payment Assistance Receivable	1,811
Transportation Measure M Receivable	253
Emergency Medical Fee Receivable	213
CDBG Program Receivable	180
Other Grants Receivable	1,127
Other Receivable	4,481
Total Other Receivables	60,383
Allowance for Uncollectible Developer Loans	(39,708)
Net Other Receivables on Governmental Fund Financial Statements	**$ 20,675**
Other Receivables Reconciliation	
Net Receivable on Government-wide Financial Statements	**$ 50,339**
Taxes Receivable on Governmental Fund Financial Statements	(29,623)
Other Receivables on Internal Service Fund	(41)
Net Other Receivables on Governmental Fund Financial Statements	**$ 20,675**

b. Developer Loans

Loans made to developers to construct or rehabilitate certain facilities under deferred loan agreements total $39,708,000 at year-end. These loans are allowed until a future event occurs. Loans to the Low and Moderate Income Housing Asset Fund total $25,193,000 and loans made under the Home Program total $14,515,000. Interest rates on these loans range from 0% to 6.5%. The allowance for uncollectible developer loans is $39,708,000 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. The developer loan from the Low and Moderate Income Housing Asset Fund includes $2,910,000 to a local nonprofit organization where one of the City's Council Members is the Executive Director. These developer loans were made prior to the Executive Director's appointment to City Council.

3. OTHER RECEIVABLES (Continued)

c. 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 September 30, 2016 is $7,669,000.

d. 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 $2,783,000 at year-end. These loans are deferred until a future event occurs. The interest rates on these loans range from 0% to 6%.

e. Affordable Housing In Lieu Receivable

On November 19, 2012 and amended on December 16, 2013, the City entered into an Affordable, Housing Agreement with AMCAL Multi-Housing Inc. approving the acquisition and development of Oceana Apartments, a 78 apartment unit. An Inclusionary Housing loan was provided in the amount of $2,000,000. The loan has an interest rate of 3% and is to be repaid annually from residual receipts over 55 years. The loan balance as of September 30, 2016 is $2,158,000.

f. 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 $1,811,000 at year-end. These loans are deferred until a future event occurs.

4. 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
Property Taxes	$ 17,573	$ -	$ -	$ -	$ 17,573
Grants	-	937	-	-	937
Deferred Loans:					
Emerald Cove	-	-	7,669	-	7,669
Housing Rehabilitation	-	2,783	-	-	2,783
First Time Homebuyers	-	-	1,811	-	1,811
Other Unavailable Revenue	1,462	-	-	65	1,527
Total	**$ 19,035**	**$ 3,720**	**$ 9,480**	**$ 65**	**$ 32,300**

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

5. RETIREMENT PLAN – NORMAL

a. Summary

Net Pension Liability

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

	Net Pension Liability
CalPERS Miscellaneous Plan	$ 151,808
CalPERS Safety Plan	237,239
Supplemental Plan (Note 6)	12,188
Total	$ 401,235

Deferred Outflows of Resources

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

	Investment earnings less than expected earnings	Changes in assumptions	Differences between Expected and Actual Experience	Deferred employer pension contributions made after measurement date	Total
CalPERS Miscellaneous Plan	$ 19,853	$ -	$ 625	$ 3,116	$ 23,594
CalPERS Safety Plan	23,999	-	1,991	5,317	31,307
Supplemental Plan (Note 6)	1,226	488	164	-	1,878
Total	$ 45,078	$ 488	$ 2,780	$ 8,433	$ 56,779

Deferred Inflows of Resources

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

	Changes in assumptions	Differences between Expected and Actual Experience	Total
Miscellaneous Plan	$ 1,713	$ 580	$ 2,293
Safety Plan	5,236	389	5,625
Total	$ 6,949	$ 969	$ 7,918

5. RETIREMENT PLAN – NORMAL (Continued)

Pension Expense

Pension expenses are included in the accompanying financial statements as follows (in thousands):

	Net Pension Expense
Miscellaneous Plan	$ 11,882
Safety Plan	24,421
Supplemental Plan (Note 6)	5,631
Total	$ 41,934

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.

5. 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 he or she 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.

5. RETIREMENT PLAN – NORMAL (Continued)

The Plans' provisions and benefits in effect at September 30, 2016 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		
October 1, 2015 - June 30, 2016	24.843%	24.843%
July 1, 2016 - September 30, 2016	26.493%	26.493%

	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%	11.750%
Required employer contribution rates		
October 1, 2015 - June 30, 2016	42.969%	42.969%
July 1, 2016 - September 30, 2016	45.123%	45.123%

5. 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, 2016, miscellaneous participants under the Classic and PEPRA plans are required to contribute 8% and 6.25% of their annual covered salary, respectively. Safety participants under the Classic and PEPRA plans are required to contribute 9% and 11.75% of their annual covered salary, respectively. In addition, the City is required to make employer contributions at the actuarially determined rates of 24.843% and 42.969% of annual covered payroll for the miscellaneous and safety plans, respectively, for the year ended September 30, 2016.

At June 30, 2015, the valuation date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Active members	578	380
Transferred members	356	81
Terminated members	251	44
Retired members and benificiaries	898	542

For the year ended September 30, 2016, the contributions were (in thousands):

	Miscellaneous	Safety	Aggregate Total
Contributions - employer	$ 11,238	$ 19,129	$ 30,367

5. 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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is illustrated below:

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuation, rolled forward to June 30, 2016 using standard update procedures, were determined using the following actuarial assumptions:

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% 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	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

*The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

5. RETIREMENT PLAN – NORMAL (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

5. RETIREMENT PLAN – NORMAL (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1-10[1]	Real Return Years 11+[2]
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	-0.55	-1.05

[1]An expected inflation of 2.5% used for this period

[2]An expected inflation of 3.0% used for this period.

5. RETIREMENT PLAN – NORMAL (Continued)

d. Changes in the Net Pension Liability

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

Miscellaneous Plan

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2015 (Valuation Date)	$ 493,569	$ 371,115	$ 122,454
Changes in the year:			
Service cost	7,436	-	7,436
Interest on the total pension liabilities	37,194	-	37,194
Differences between expected and actual experience	1,072	-	1,072
Benefit payments, including refunds of members contributions	(24,316)	(24,316)	-
Plan to Plan Resource Movement	-	-	-
Contributions - employer	-	10,982	(10,982)
Contributions - employee	-	3,736	(3,736)
Net investment income	-	1,856	(1,856)
Administrative expenses	-	(226)	226
Net changes	21,386	(7,968)	29,354
Balance at June 30, 2016 (Measurement Date)	$ 514,955	$ 363,147	$ 151,808

Safety Plan

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2015 (Valuation Date)	$ 639,852	$ 441,234	$ 198,618
Changes in the year:			
Service cost	12,159	-	12,159
Interest on the total pension liabilities	48,390	-	48,390
Differences between expected and actual experience	2,678	-	2,678
Plan to Plan Resource Movement	-	(29)	29
Benefit payments, including refunds of members contributions	(32,116)	(32,116)	-
Contributions - employer	-	18,703	(18,703)
Contributions - employee	-	4,058	(4,058)
Net investment income	-	2,144	(2,144)
Administrative expenses	-	(270)	270
Net changes	31,111	(7,510)	38,621
Balance at June 30, 2016 (Measurement Date)	$ 670,963	$ 433,724	$ 237,239

5. RETIREMENT PLAN – NORMAL (Continued)

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

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous Plan	$ 218,575	$ 151,808	$ 96,545
Safety Plan	$ 324,395	$ 237,239	$ 165,216
Aggregate Total	$ 542,970	$ 389,047	$ 261,761

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

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

For the measurement period ending June 30, 2016 (the measurement date), the City incurred pension expense in the amounts of $11,882,000 and $24,421,000 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.

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 2015-16 measurement period, the EARSL for each plan is as follows:

	Miscellaneous	Safety
Expected Average Remaining Service Lifetime	2.4	3.9

5. RETIREMENT PLAN – NORMAL (Continued)

At September 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Miscellaneous Plan

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	$ 19,853	$ -
Changes in assumptions	-	(1,713)
Difference between expected and actual experience	625	(580)
Contributions made subsequent to the measurement date	3,116	
Total	$ 23,594	$ (2,293)

Safety Plan

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	$ 23,999	$ -
Changes in assumptions	-	(5,236)
Difference between expected and actual experience	1,991	(389)
Contributions made subsequent to the measurement date	5,317	
Total	$ 31,307	$ (5,625)

For the Miscellaneous Plan and Safety Plan, $3,116,000 and $5,317,000, 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 September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

	Deferred Outflows/ (Inflows) of Resources	
Year Ended June 30,	Miscellaneous	Safety
2017	$ 906	$ 960
2018	2,931	1,585
2019	9,150	11,583
2020	5,199	6,237
2021	-	-
Thereafter	-	-
	$ 18,186	$ 20,365

5. RETIREMENT PLAN – NORMAL (Continued)

Subsequent Events – In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5 percent to 7.0 percent over the next three years. For public agencies, the discount rate changes approved by the Board for the next three fiscal years ending June 30, 2019, 2020, and 2021 are 7.375%, 7.25%, and 7.00%, respectively.

6. 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, Director of Finance, 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.

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 September 30, 2013, the date of the Plan's most recent actuarial valuation, the average monthly benefit received by inactive plan members and beneficiaries receiving benefits is $426. Effective in 1998 (exact dates are different for various associations), new City employees are ineligible to participate in the Supplemental Employee Retirement Plan.

6. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

Employees Covered: At September 30, 2015, the valuation date, the following employees were covered by the benefit terms for the Plan:

Inactive employees receiving benefits	688
Active employees	223
Inactive employees not receiving benefits	-
Total	911

b. Employer Contributions

The City's policy is to make required contributions as determined by the Supplemental Plan's actuary. The required contributions were determined as part of the September 30, 2015 actuarial valuation. The City is required to contribute the actuarially determined rate of 4.2% of total payroll for all permanent employees for the year ended September 30, 2016. 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 September 30, 2016, the contributions were (in thousands):

Contributions - employer	$	7,276

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. There were no changes to the Policy during fiscal year 2015/16. 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 September 30, 2016 is listed below:

Asset Class	Strategic Allocation	Allocation as of September 30, 2016	Long Term Expected Rate of Return
Fixed Income	25.00%	28.06%	1.55%
Equity	58.00%	60.00%	5.35%
Real Estate	9.00%	8.80%	0.00%
Commodities	8.00%	1.00%	0.00%
Cash and Equivalents	0.00%	2.14%	0.45%
Total	100.00%	100.00%	

6. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

Quoted market prices have been used to value investments as of September 30, 2016. 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 September 30, 2016:

Concentration of Investments Equaling or Exceeding 5%

Parnassus Core Equity Income Inst	5.75%
Amer Cent Diversifi Bond Ins	6.83%
Baird Aggregate Bond Fd Instl	6.87%
T Rowe Price Intl Fds Inc	6.93%
Columbia Corporate Income Y	7.32%
Cambiar Intl Equity Fund Ins	7.76%
Vanguard Equity Income Fund Admiral Shares	8.30%
Nuveen Real Estate Secur R6	8.36%
Harbor Capital Appreciation Inst	8.90%

All Supplemental Plan investments are reflected in the schedule included in Section c of the Note, with the exception of amounts held in the City's investment pool account. The City maintains an investment pool account for City funds. Monthly contributions for the Plan are held in the City's investment pool account and are used to pay recurring expenditures. Refer to Note 2 for a description of the City's investments.

For the year ended September 30, 2016, the annual money-weighted rate of return on the Plan's investments, net of pension plan investment expenses, was 10.2%. 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 September 30, 2016, using an annual actuarial valuation as of September 30, 2015 rolled forward to September 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

6. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

Actuarial Assumptions – The total pension liabilities in the September 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	3.00%
Salary Increases	CalPERS 1997-2011 Experience Study plus 3.25% aggregate increase
Investment Rate of Return	6.50% Net of Investment Expenses
Mortality Rate Table	CalPERS 1997-2011 Experience Study
Retirement, Disability, Withdrawal	CalPERS 1997-2011 Experience Study

There were no changes in assumptions, benefit terms or other inputs that affected the measurement of the net pension liability. There were no changes between the measurement date of the net pension liability and the reporting date.

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 6.50%, based on the inflation assumption of 3.00% 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. An investment return excluding administrative expenses would have been 6.5 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.

6. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

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.

6. 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 September 30, 2015 (Valuation Date)	$ 58,118	$ 42,967	$ 15,151
Changes in the year:			
Service cost	552	-	552
Interest on the total pension liabilities	3,945	-	3,945
Differences between expected and actual experience	982	-	982
Changes of Assumptions	2,928	-	2,928
Benefit payments, including refunds of members contributions	(3,773)	(3,773)	-
Contributions - employer	-	7,277	(7,277)
Contributions - employee	-	-	-
Net investment income	-	4,282	(4,282)
Administrative expenses	-	(189)	189
Net changes	4,634	7,597	(2,963)
Balance at September 30, 2016 (Measurement Date)	$ 62,752	$ 50,564	$ 12,188

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)		
Discount Rate - 1% (5.5%)	**Current Discount Rate (6.5%)**	**Discount Rate + 1% (7.5%)**
$ 18,751	$ 12,188	$ 6,618

6. RETIREMENT PLAN – SUPPLEMENTAL (Continued)

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

For the year ended September 30, 2016, the City recognized pension expense in the amount of $5,631,000, for the Supplemental plan.

At September 30, 2016 the City reported deferred outflows of resources related to the supplemental pension plan from the following source (in thousands):

	Deferred outflows of Resources
Difference between projected and actual earning on pension plan investments	$ 1,226
Changes in assumptions	488
Difference between expected and actual experience	164
Total	$ 1,878

For the Supplemental Plan, $1,878,000 was reported as deferred outflows of resources related to pensions which will be recognized in pension expense as follows (in thousands):

Year Ended September 30,	Deferred Outflows of Resources Miscellaneous
2017	$ 1,158
2018	506
2019	505
2020	(291)
2021	-
Thereafter	-
	$ 1,878

7. 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.

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.

7. 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.

Below is the plan participant data as of June 30, 2015:

	Postemployment Medical Insurance	PEMHCA
Retirees and beneficiares receiving benefits	236	159
Active Plan Members	883	382
Total Plan Participants	1,119	541

The City reports the financial activity of the two plans in its basic financial statements. No separate benefit plan report is issued.

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 $647,000 for fiscal year 2015-16. 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 ($115 in 2013, $119 in 2014, $122 in 2015, and $125 in 2016). 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 $24.40 per employee for the Huntington Beach Firefighter's Association (HBFA) and $67.10 for all other Safety groups in 2015. 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.

7. OTHER POST EMPLOYMENT BENEFITS (Continued)

The actuarial cost method used for determining the benefit obligations for the June 30, 2015 valuation were determined using the Entry Age Normal Actuarial Cost Method, which is a projected benefit full-cost method which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions used were:

- Amortization of unfunded liability – Unfunded liability at September 30, 2016 amortized over fixed 10 years, level percentage of pay, previous unfunded amounts fully funded at September 30, 2016
- Discount rate – 6.00%
- Projected salary increases for covered employees due to inflation – aggregate increases of 3.25% per annum
- All other retirement assumptions equivalent to CalPERS' assumptions used for the City's normal retirement plans (refer to Note 5c)
- PEMCHA minimum increases for actives - $122 in 2015, $125 in 2016, with 4.5% annual increases beginning in 2017
- The medical trend rate represents the long-term expected growth of medical benefits paid by the plan, due to non-age-related factors such as general medical inflation, utilization, new technology, and the like. The following table sets for the inflation trend assumption used for the valuation:

Calendar	Annual Rate			Annual Rate	
Year	Non-Medicare	Medicare	Year	Non-Medicare	Medicare
2017	7.0%	7.2%	2020	5.5%	5.6%
2018	6.5%	6.7%	2021+	5.0%	5.0%
2019	6.0%	6.1%			

7. OTHER POST EMPLOYMENT BENEFITS (Continued)

The City's actual contributions, annually required contribution (ARC), Net OPEB asset (NOA), and Annual OPEB Cost (AOC) were computed as follows (in thousands):

Employer Contribution	
Direct Contributions - City health plan contributions	2,351
Implicit subsidy	320
Total Employer Contributions	2,671
Development of Annual OPEB Cost (AOC)	
Amortization of Actuarially Accrued Liability	850
Normal Cost	740
Total Annual Required Contribution (ARC)	1,590
Interest on Net OPEB Assets (NOA)	(793)
Adjustment to the Annual Required Contribution (ARC)	2,095
Total Annual OPEB Cost (AOC)	2,892
Development of Net OPEB Asset (NOA)	
Net OPEB Asset (NOA), beginning of year	(12,684)
Annual OPEB Cost (AOC)	2,892
Employer Contribution	(2,671)
Net OPEB Asset (NOA), end of year	(12,463)

The City's actual contributions of $2,534,000 are greater than the annual required contribution. The Annual OPEB Cost is reported as expenses in the non-departmental governmental activities program.

c. Other Disclosures

Three-year trend information is disclosed below (in thousands):

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset (NOA)
9/30/2014	$2,999	$5,202	173.5%	($12,761)
9/30/2015	$2,611	$2,534	97.1%	($12,684)
9/30/2016	$2,892	$2,671	92.4%	($11,382)

7. OTHER POST EMPLOYMENT BENEFITS (Continued)

d. Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was 67.3% funded. The actuarial accrued liability for benefits was $30.8 million, and the actuarial value of assets was $20.7 million, resulting in an unfunded accrued liability (UAAL) of $10.1 million. The covered payroll (annual payroll of active employees covered by the plan) was $85.7 million, and the ratio of the UAAL to the covered payroll was 11.7%.

The annual required contribution was determined as part of an independent actuarial valuation as of June 30, 2015 using the assumptions as noted in Note 7b.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

8. 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.

The City is also a participant in the Big Independent Cities Excess Pool Joint Powers Authority (BICEP), which provides insurance for claims costs exceeding the City's self-insured retention of $1,000,000.

BICEP was created by a joint powers agreement between the City of Huntington Beach and four other local entities (Oxnard, San Bernardino, Santa Ana, and West Covina) in 1988 with the addition of the City of Ventura in 2014, 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. BICEP's governing board has one representative from each city, typically a Risk Manager, or a designee. Current members must approve any changes to the board. Each participating city pays an insurance premium to BICEP that is used to fund the operating and debt service requirements. Claims that exceed the maximum limit are covered by the City's Self Insurance General Liability Internal Service Fund. There were no liability claims in the last three years that exceeded the coverage limit.

Liability Claims

Claims up to $1,000,000 are paid from the City's Self Insurance General Liability Internal Service Fund. Payments for claims from $1,000,000 to the maximum limit discussed above is covered by BICEP. 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.

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. BICEP members jointly purchase excess workers' compensation insurance at a lower cost by combining as one large entity in the marketplace. BICEP purchases excess workers' compensation coverage through CSAC-Excess Insurance Authority. Payments for claims from $1,000,000 to statutory limits are covered by CSAC-Excess Insurance Authority.

8. RISK MANAGEMENT (Continued)

The Self Insurance Workers' Comp Internal Service Fund has an $11 million deficit at year-end at the 50 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 ten years.

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

Governmental Activities:

	Workers' Compensation	Liability Insurance	Total
Balance September 30, 2014	**$ 16,690**	**$ 3,606**	**$ 20,296**
Additions	11,177	1,828	13,005
Reductions	(6,205)	(384)	(6,589)
Net Increase	4,972	1,444	6,416
Balance September 30, 2015	**21,662**	**5,050**	**26,712**
Additions	6,380	7,932	14,312
Reductions	(6,379)	(873)	(7,252)
Net Increase	1	7,059	7,060
Balance September 30, 2016	**$ 21,663**	**$ 12,109**	**$ 33,772**

Business-Type Activities:

	Workers' Compensation	Liability Insurance	Total
Balance September 30, 2014	**$ -**	**$ 800**	**$ -**
Additions	-	-	-
Reductions	-	-	-
Net Increase (Decrease)	-	-	-
Balance September 30, 2015	**-**	**800**	**800**
Additions	-	-	-
Reductions	-	(800)	(800)
Net Decrease	-	(800)	(800)
Balance September 30, 2016	**$ -**	**$ -**	**$ -**

9. INTERFUND TRANSACTIONS

a. Due To/From Other Funds

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

	Due to (Payable):			
	Other Governmental Funds	Enterprise Funds		
	Senior Center Development	Refuse Fund	Hazmat Service Fund	Total Due from (Receivable):
Due from (Receivable):				
Other Governmental Funds				
Sewer Development	$ 58	$ -	$ -	$ 58
Enterprise Funds				
Water	-	274	47	321
Total Due to (Payable):	$ 58	$ 274	$ 47	$ 379

These outstanding balances result mainly from year-end accruals for payments for goods and services.

b. Advances to/from Other Funds

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

	Advances to (Payable):
	Redevelopment Agency Private Purpose Trust
Advances from (Receivable):	
Major Governmental Funds	
LMIHAF Capital Projects	$ 1,363

There is a $1,363,000 advance from the LMIHAF Capital Projects Fund to the Redevelopment Agency Private Purpose Trust Fund as of September 30, 2016 for Main Pier property acquisitions prior to the dissolution of the Redevelopment Agency on February 1, 2012.

9. INTERFUND TRANSACTIONS (Continued)

c. Transfers In/Out

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

	Transfers Out					
Transfers In	General Fund	Grants Special Revenue	Other Governmental Funds	Total Governmental Funds	Hazmat Service Fund	Total Transfers In
General Fund	$ -	$ -	$ -	$ -	$ 13	$ 13
Grants Special Revenue	30	-	255	285	-	285
Other Governmental Funds	8,627	109	-	8,736	-	8,736
Total Governmental Funds	**8,657**	**109**	**255**	**9,021**	**13**	**9,034**
Refuse Enterprise Fund	51	-	-	51	-	51
General Liability Internal Service Fund	6,953	-	1,028	7,981	-	7,981
Total Transfers Out	**$ 15,661**	**$ 109**	**$ 1,283**	**$ 17,053**	**$ 13**	**$ 17,066**

The following is a summary of the significant transfers:

- $30,000 was transferred from the General Fund to the Grants Special Revenue Fund to cover non reimbursable grant expenditures.
- $8,627,000 was transferred from the General Fund to Other Governmental Funds for debt service payments of $7,653,000, technology infrastructure projects of $825,000, and affordable housing in lieu fees transfer of $149,000.
- $51,000 was transferred from the General Fund to the Refuse Enterprise Fund to fund the senior citizen rate reduction on refuse charges.
- $6,953,000 was transferred from the General Fund to the Self Insurance General Liability Internal Service Fund to transfer all balances set aside for general liability claims.
- $109,000 was transferred from the Grants Special Revenue Fund to the Other Governmental Fund to reimburse for eligible Senior Center grant expenditures.
- $255,000 was transferred from Other Governmental Funds to the Grant Special Revenue Fund to fulfill grant matching requirements.
- $1,028,000 was transferred from the Other Governmental Funds to the Self Insurance General Liability Internal Service Fund to transfer all balances set aside for general liability claims.
- $13,000 was transferred from the Hazmat Service Enterprise Fund to the General Fund for administrative overhead charges.

10. LONG-TERM OBLIGATIONS

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

Governmental Activities:	September 30, 2015	Additions	Retirements	September 30, 2016	Accrued Interest	Due Within One Year
Judgment Obligation Bonds	$ 1,634	$ -	$ (974)	$ 660	$ 4	$ 660
Public Financing Authority:						
2010(a) Lease Revenue Bonds	10,525	-	(730)	9,795	40	765
2011(a) Lease Revenue Bonds	24,985	-	(3,335)	21,650	72	1,915
2014(a) Lease Revenue Bonds	14,865	-	(550)	14,315	43	575
Total Public Financing Authority	**50,375**	**-**	**(4,615)**	**45,760**	**155**	**3,255**
Other Long-Term Obligations:						
Compensated Absences	11,417	4,340	(3,823)	11,934	-	3,312
Claims Payable	26,712	14,312	(7,252)	33,772	-	10,494
Pollution Remediation	2,000	-	-	2,000	-	-
Section 108 Loan City	805	-	(180)	625	3	195
LED Lighting Phase I	1,063	-	(97)	966	13	100
I-Bank CLEEN Loan	-	3,000	-	3,000	17	270
CEC Loan	-	3,000	-	3,000	-	-
Leases Payable	-	4,197	(67)	4,130	6	611
Total Other Long-Term Obligations	**41,997**	**28,849**	**(11,419)**	**59,427**	**39**	**14,982**
Total Long-Term Obligations - Governmental Activities	**$ 94,006**	**$ 28,849**	**$ (17,008)**	**$ 105,847**	**$ 198**	**$ 18,897**

10. LONG-TERM OBLIGATIONS (Continued)

Below are reconciliations from amounts in the above table to amounts in the accompanying governmental fund financial statements (in thousands):

Increase in Compensated Absences	$ 517
Increase in Claims Payable	7,060
Increase in I-Bank CLEEN Loan	3,000
Increase in CEC Loan	3,000
Increase in Leases Payable	4,197
Increase in Above Schedule	**17,774**
Decrease in Current Portion of Claims Payable reported in the Governmental Fund Financial Statement	(2,358)
Internal Service Fund:	
Increase in Current Portion of Claims Payable	(3,389)
Increase in Non-Current Portion of Claims Payable	(3,671)
Changes in Long-term Obligations reported in the Reconciliation to the Government-wide Financial Statements	**$ 8,356**
Principal Paid in Governmental Fund Financial Statements	$ 5,933
Decreases in Above Schedule	**$ 5,933**
Long-Term Obligations Due Within One Year in Above Schedule	**$ 18,897**
Internal Service Fund:	
Current Portion of Compensated Absences	(12)
Current Portion of Claims Payable	(10,494)
Reconciliation of the Long-Term Obligation Due Within One Year to the Statement of Net Position	**$ 8,391**
Long-Term Obligations Due in More than One Year in Above Schedule	**$ 86,950**
Internal Service Fund:	
Non Current Portion of Compensated Absences	(33)
Non Current Portion of Claims Payable	(23,278)
Reconciliation of the Long-Term Obligation Due in More than One Year to the Statement of Net Position	**$ 63,639**

10. LONG-TERM OBLIGATIONS (Continued)

a. Judgment Obligation Bonds

Year of Issuance	2004
Type of Debt	Judgment Obligation Bonds
Original Principal Amount	$12,500,000
Security	Council Appropriations*
Interest Rates	2.00% to 4.20%
Interest Payment Dates	February 1st and August 1st
Principal Payment Dates	February 1st
Purpose of Debt	Pay claims on court judgment

*Payable from any source of legally available funds of the City. The Bonds are not secured by a pledge of or lien any specific revenues, income, or funds of the City.

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2017	660	13	673
Total	**$ 660**	**$ 13**	**$ 673**

10. LONG-TERM OBLIGATIONS (Continued)

b. Public Financing Authority

(1) 2010(a) Public Financing Authority Lease Revenue Bonds

Year of Issuance	2010
Type of Debt	Lease Revenue Bonds
Original Principal Amount	$14,745,000
Security	Lease with City
Interest Rates	2.0% to 5.0%
Interest Payment Dates	March 1st, September 1st
Principal Payment Dates	September 1st
Purpose of Debt	Defease 1997 Leasehold Revenue Bonds (Construct Pier Plaza and Purchase 800 MHz System) and 2000 Lease Revenue Bonds (Capital Improvements and defeasance of Emerald Cove Certificates of Participation)

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2017	$ 765	$ 474	$ 1,239
2018	795	444	1,239
2019	825	412	1,237
2020	865	371	1,236
2021	905	327	1,232
2022-2026	3,035	1,122	4,157
2027-2030	2,605	314	2,919
Total	**$ 9,795**	**$ 3,464**	**$ 13,259**

10. LONG-TERM OBLIGATIONS (Continued)

(2) 2011(a) Public Financing Authority Lease Revenue Bonds

Year of Issuance	2011
Type of Debt	Lease Revenue Bonds
Original Principal Amount	$36,275,000
Security	Lease with City
Interest Rates	2.0% to 5.0%
Interest Payment Dates	March 1st, September 1st
Principal Payment Dates	September 1st
Purpose of Debt	Defease 2001(a) Leasehold Revenue Bonds (Construct Sports Complex and South Beach Phase II Improvements) and 2001(b) Lease Revenue Bonds (Defease Civic Improvement Corporation Certificates)

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2017	$ 1,915	$ 862	$ 2,777
2018	1,965	804	2,769
2019	2,045	725	2,770
2020	1,060	623	1,683
2021	1,095	591	1,686
2022-2026	6,140	2,286	8,426
2026-2031	7,430	986	8,416
Total	**$ 21,650**	**$ 6,877**	**$ 28,527**

10. LONG-TERM OBLIGATIONS (Continued)

(3) 2014(a) Public Financing Authority Lease Revenue Bonds

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

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2017	$ 575	$ 512	$ 1,087
2018	595	496	1,091
2019	615	472	1,087
2020	650	440	1,090
2021	665	421	1,086
2022-2026	3,750	1,682	5,432
2026-2031	4,440	1,000	5,440
2032-2034	3,025	238	3,263
Total	**$ 14,315**	**$ 5,261**	**$ 19,576**

c. Other Long-Term Obligations

(1) Compensated Absences

There is no repayment schedule to pay the compensated absences amount of $11,934,000 relating to governmental operations. The General Fund typically liquidates the vacation and sick leave liability.

10. LONG-TERM OBLIGATIONS (Continued)

(2) Claims Payable

There is no repayment schedule for the claims payable for governmental activities of $33,772,000 described in Note 8. 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.

10. LONG-TERM OBLIGATIONS (Continued)

(4) Section 108 Loan City

Year of Issuance and Refinance	Original 2000 Refinanced 2010
Type of Debt	Loan from Federal Government
Principal Amount	Original $2,570,000 Refinanced $1,560,000
Security	Loan Agreement with Federal Government
Interest Rates	Original 3.8% to 3.9% Refinanced 1.1% to 1.7%
Interest Payment Dates	February 1st and August 1st
Principal Payment Dates	August 1st
Purpose of Debt	Capital Improvements. Section 108 Loan

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Annual Payments
2017	$ 195	$ 19	$ 214
2018	210	14	224
2019	220	7	227
Total	**$ 625**	**$ 40**	**$ 665**

10. LONG-TERM OBLIGATIONS (Continued)

(5) LED Lighting Phase I

Year of Issuance	2016
Type of Debt	Leaseback from Capital One Public Funding, LLC
Principal Amount	Original $1,062,924
Security	Loan Agreement with Capital One Public Funding, LLC
Interest Rates	Original 2.32%
Interest Payment Dates	February 1st and August 1st
Principal Payment Dates	August 1st
Purpose of Debt	To purchase and upgrade street, area and pole lighting to energy efficient LED light sources

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2017	$ 100	$ 32	$ 132
2018	103	29	132
2019	107	25	132
2020	110	21	131
2021	114	17	131
2022-2025	432	31	463
Total	**$ 966**	**$ 155**	**$ 1,121**

(6) I-Bank CLEEN Loan

Year of Issuance	2016
Type of Debt	CLEEN Loan from the California Infrastructure and Economic Development Bank (I-Bank)
Principal Amount	Original $3,000,000
Security	Edwards Fire Station
Interest Rates	Original 2.32%
Interest Payment Dates	February 1st and August 1st
Principal Payment Dates	August 1st
Purpose of Debt	To purchase and upgrade street pole lighting to energy efficient LED light sources

10. LONG-TERM OBLIGATIONS (Continued)

(7) I-Bank CLEEN Loan (Continued)

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2017	$ 270	$ 85	$ 355
2018	276	64	340
2019	283	56	339
2020	289	50	339
2021	296	44	340
2022-2026	1,586	112	1,698
Total	**$ 3,000**	**$ 411**	**$ 3,411**

(8) California Energy Commission (CEC) Loan

Year of Issuance	2016
Type of Debt	Loan from the California Energy Commission (CEC)
Principal Amount	Original $3,000,000
Security	Loan Agreement with CEC
Interest Rates	Original 1.00%
Interest Payment Dates	June 22nd and December 22nd
Principal Payment Dates	June 22nd and December 22nd
Purpose of Debt	To upgrade street pole lighting to energy efficient LED light sources

Debt service requirements to maturity are (in thousands)*:

Year Ending September 30	Principal	Interest	Total
2017	$ -	$ -	$ -
2018	-	-	-
2019	188	95	283
2020	255	28	283
2021	257	25	282
2022-2026	1,330	85	1,415
2027-2030	970	20	990
Total	**$ 3,000**	**$ 253**	**$ 3,253**

*Estimated debt service schedule from CEC. Actual debt service payments begin in the fiscal year following the year in which the Project is completed.

10. LONG-TERM OBLIGATIONS (Continued)

(9) Leases Payable

Year of Issuance	2016
Type of Debt	Capital Leases
Principal Amount	Various
Security	Master Lease Agreement
Interest Rates	1.54% and 1.71%
Interest Payment Dates	Semi-Annually
Principal Payment Dates	Semi-Annually
Purpose of Debt	Equipment Financing

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2017	$ 611	$ 69	$ 680
2018	621	59	680
2019	632	48	680
2020	642	38	680
2021	581	27	608
2022-2023	1,043	27	1,070
Total	**$ 4,130**	**$ 268**	**$ 4,398**

10. LONG-TERM OBLIGATIONS (Continued)

e. 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:	September 30, 2015	Additions	Retirements	September 30, 2016	Due Within One Year
Compensated Absences	$ 1,356	$ 446	$ (286)	$ 1,516	$ 413
Claims Payable	800	-	(800)	-	-
Total Long-Term Obligations - Business-Type Activities	**$ 2,156**	**$ 446**	**$ (1,086)**	**$ 1,516**	**$ 413**

(1) Compensated Absences

There is no repayment schedule for the compensated absences amount of $1,516,000 relating to business-type activities. The balance for the outstanding business-type compensated absences is predominately related to the Water and Sewer funds.

(2) Claims Payable

There are no active claims payable relating to business-type activities as of September 30, 2016.

10. LONG-TERM OBLIGATIONS (Continued)

f. 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: (in thousands)	**September 30, 2015**	**Additions**	**Retirements**	**September 30, 2016**
Community Facilities District No. 1990-1				
Special Tax Refunding Bonds	$ 770	**$ -**	$ (140)	$ 630
Community Facilities District No. 2000-1				
2013 Special Tax Refunding Bonds	11,955	-	(545)	11,410
Community Facilities District No. 2002-1				
Special Assessment Tax Bonds	4,435	-	(100)	4,335
Community Facilities District No. 2003-1				
2013 Special Tax Refunding Bonds	19,530	-	(740)	18,790
Total Community Facilities Districts	**36,690**	**-**	**(1,525)**	**35,165**
Residential Redevelopment Bonds	4,200	**-**	-	4,200
Total Obligations Not Recorded in Financial Statements	**$ 40,890**	**$ -**	**$ (1,525)**	**$ 39,365**

10. LONG-TERM OBLIGATIONS (Continued)

(5) Residential Development Bonds

The City is involved in various bond issues where the City or Redevelopment Agency issued bonds to assist in the financing of residential developments. A trustee holds all funds and payment cannot be made from any other source than the mortgages received.

These bond issues are (in thousands):

Bond Issue	Outstanding Year-end	Original Issue Amount
Five Points Senior Project Multi-Family Housing Revenue Bonds – Series A – 1991	$4,200	$9,500

11. CAPITAL ASSETS

a. Changes in Capital Assets

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

Governmental Activities	September 30, 2015	Additions	Dispositions	September 30, 2016
Capital Assets, Not Depreciated:				
Land	$ 354,927	$ 5,690	$ -	$ 360,617
Construction in Progress	7,712	3,240	(7,225)	3,727
Total Capital Assets -Not Depreciated	**362,639**	**8,930**	**(7,225)**	**364,344**
Capital Assets Being Depreciated				
Buildings	187,898	16,207	-	204,105
Machinery and Equipment	54,890	2,651	-	57,541
Infrastructure	365,527	9,867	(496)	374,898
Total Capital Assets Being Depreciated	**608,315**	**28,725**	**(496)**	**636,544**
Less Accumulated Depreciation:				
Buildings	(64,189)	(4,245)	-	(68,434)
Machinery and Equipment	(43,543)	(2,706)	-	(46,249)
Infrastructure	(198,082)	(6,958)	496	(204,544)
Total Accumulated Depreciation	**(305,814)**	**(13,909)**	**496**	**(319,227)**
Total Depreciated - Net	302,501	14,816	-	317,317
Total Capital Assets	**970,954**	**37,655**	**(7,721)**	**1,000,888**
Total Accumulated Depreciation	(305,814)	(13,909)	496	(319,227)
Capital Assets of Governmental Activitites - Net	**665,140**	**23,746**	**$ (7,225)**	**$ 681,661**

11. CAPITAL ASSETS (Continued)

Business-Type Activities:	September 30, 2015	Additions	Dispositions	September 30, 2016
Capital Assets, Not Depreciated:				
Land	$ 3,907	$ -	$ -	$ 3,907
Construction in Progress	7,461	829	(7,461)	829
Total Capital Assets -Not Depreciated	**11,368**	**829**	**(7,461)**	**4,736**
Capital Assets Being Depreciated				
Buildings	87,248	4,066	(70)	91,244
Machinery and Equipment	11,557	561	-	12,118
Infrastructure	133,884	7,329	(112)	141,101
Total Capital Assets Being Depreciated	**232,689**	**11,956**	**(182)**	**244,463**
Less Accumulated Depreciation:				
Buildings	(20,755)	(2,253)	63	(22,945)
Machinery and Equipment	(9,063)	(627)	-	(9,690)
Infrastructure	(71,623)	(2,487)	112	(73,998)
Total Accumulated Depreciation	**(101,441)**	**(5,367)**	**175**	**(106,633)**
Total Depreciated - Net	131,248	6,589	(7)	137,830
Total Capital Assets	**244,057**	**12,785**	**(7,643)**	**249,199**
Total Accumulated Depreciation	(101,441)	(5,367)	175	(106,633)
Capital Assets of Business Activitites - Net	**$ 142,616**	**$ 7,418**	**$ (7,468)**	**$ 142,566**

b. Depreciation Expense

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

Department:	
City Manager	$ 29
Fire	418
Police	397
Community Services	1,610
Library Services	285
Public Works	9,686
Non-Departmental	1,484
Total	**$ 13,909**

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

Fund:	
Water	$ 3,331
Sewer Service	2,036
Total	**$ 5,367**

12. Investment in Joint Ventures

The City participates in two joint powers agreements with neighboring Cities. The Public Cable Television Authority (PCTA) manages the cable television and video provider franchising for the Cities of Huntington Beach, Fountain Valley, Stanton and Westminster. The Central Net Operations Authority (CNOA) is a firefighter training center shared with the City of Fountain Valley. The City of Huntington Beach records 66.32% of PCTA and 76.00% of CNOA net assets as Joint Venture Investments. PCTA financial statements for the year ended June 30, 2016 can be obtained from Public Cable Television Authority. CNOA does not issue separate financial statements.

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH

a. General Discussion

On December 29, 2011, the California Supreme Court upheld ABX1 26 that provided for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Huntington Beach that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

ABX1 26 provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 9, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency in accordance with ABX1 26 as part of City resolution number 2012-01.

After enactment of the law, effective June 28, 2011, redevelopment agencies in the State of California generally cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

ABX1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as of successor agency by ABX1 26.

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

b. Capital Assets

Capital Assets of the Successor Agency for the year ended September 30, 2016, consisted of the following (in thousands):

	September 30, 2015	Additions	Dispositions	September 30, 2016
Capital Asset - Land	$ 14,023	$ -	$ (14,023)	$ -

c. Long-Term Debt

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

	September 30, 2015	Additions	Retirements	September 30, 2016	Accrued Interest	Due Within One Year
Bonds Payable						
1999 Tax Allocation Refunding Bonds	$ 4,260	$ -	$ (540)	$ 3,720	$ 31	$ 565
2002 Tax Allocation Refunding Bonds	9,295	-	(1,180)	8,115	68	1,235
Total Bonds Payable	**13,555**	**-**	**(1,720)**	**11,835**	**99**	**1,800**
Other Long-Term Obligations						
Mayer DDA	4,184	-	(467)	3,717	-	467
Bella Terra OPA (Parking)	12,579	-	(395)	12,184	-	395
Bella Terra AHA (Phase II)	16,621	-	(265)	16,356	-	265
CIM DDA (Parking & Infrastructure)	6,543	-	(220)	6,323	-	235
CIM DDA (Additional Parking)	406	-	(9)	397	-	10
Section 108 Loan RDA	1,900	-	(430)	1,470	10	460
Compensated Absences	76	20	(14)	82	-	22
Total Other Long-Term Obligations	**42,309**	**20**	**(1,800)**	**40,529**	**10**	**1,854**
Total Long-Term Obligations	**$ 55,864**	**$ 20**	**$ (3,520)**	**$ 52,364**	**$ 109**	**$ 3,654**

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

(1) 1999 Tax Allocation Refunding Bonds

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

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2017	$ 565	$ 185	$ 750
2018	595	157	752
2019	625	128	753
2020	365	97	462
2021	380	78	458
2022-2024	1,190	117	1,307
Total	**$ 3,720**	**$ 762**	**$ 4,482**

13. 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 1st and August 1st
Principal Payment Dates	August 1st
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 September 30	Principal	Interest	Total
2017	$ 1,235	$ 405	$ 1,640
2018	1,295	344	1,639
2019	1,370	279	1,649
2020	800	211	1,011
2021	840	171	1,011
2022-2024	2,575	253	2,828
Total	**$ 8,115**	**$ 1,663**	**$ 9,778**

Pledged Revenues

The Successor Agency will repay a total of $14,260,000, principal and interest, for the outstanding 1999 and 2002 Tax Allocation Refunding Bonds as of September 30, 2016 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.

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

(3) Mayer Disposition and Development Agreement

In fiscal year 1996-97, the Agency entered into a disposition and development agreement (DDA) with Robert Mayer Corporation (Corporation) concerning additional development adjacent to the Waterfront Hotel. Under the agreement, the Corporation would advance payments for the project costs with the Agency reimbursing up to $16,750,000 of the costs. As of year-end, the Successor Agency obligation under the agreement amounted to $3,717,000. Project-generated revenues as available will repay these amounts over the time needed to fully amortize the advance. The interest rate of this obligation is 6.32%. The DDA has been approved as an enforceable obligation by the DOF.

(4) Bella Terra Parking Structure

In fiscal year 2005-06, the Agency entered into an owner participation agreement with Bella Terra Associates, LLC (formerly Huntington Center Associates, LLC). Under the agreement, the Corporation would construct various public improvements, including a parking structure, which would then be deeded to the City. The Agency would reimburse $15,000,000 of the costs of the public improvements. As of year-end, the Successor Agency obligation under the agreement amounted to $12,184,000. 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 $16,356,000. 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.

13. 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	7.0%
Interest Payment Dates	September 30th
Principal Payment Dates	September 30th
Purpose of Debt	Strand Parking Structure and Infrastructure

As of year-end, the Successor Agency obligation under the agreement amounted to $6,323,000. 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) no fewer than 90 days prior to the semiannual RPTTF property fund (Redevelopment Property Tax Trust Fund) distribution (or October 4th for the January 2nd distribution and March 1st for the June 1st distribution) (Section 34177(m)). The DDA has been approved as an enforceable obligation by the DOF.

13. 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	10.0%
Interest Payment Dates	September 30th
Principal Payment Dates	September 30th
Purpose of Debt	Additional Strand Parking Structure and Infrastructure

As of year-end, the Successor Agency obligation under the agreement amounted to $397,000. 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) no fewer than 90 days prior to the semiannual RPTTF property fund (Redevelopment Property Tax Trust Fund) distribution (or October 4 for the January 2 distribution and March 3 for the June 1 distribution) (Section 34177(m)). The DDA has been approved as an enforceable obligation by the DOF.

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

(8) Section 108 Loan Redevelopment Agency

Year of Issuance and Refinance	Original 2000 Refinanced 2010
Type of Debt	Section 108 Loan from Federal Government
Principal Amount	Original $6,000,000 Refinanced $3,665,000
Security	Loan Agreement with Federal Government
Interest Rates	Original 7.7% Refinanced 2.3% to 3.3%
Interest Payment Dates	February 1st and August 1st
Principal Payment Dates	August 1st
Purpose of Debt	Capital Improvements.

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2017	460	46	506
2018	490	32	522
2019	520	17	537
Total	**$ 1,470**	**$ 95**	**$ 1,565**

d. Advances from the City Housing Fund

The Successor Agency has recorded advances from the City Housing Fund totaling $1,362,000 from the Low-Income Housing Fund to the Redevelopment Agency Capital Projects Fund for Main Pier property acquisitions.

14. COMMITMENTS AND CONTINGENCIES

a. Legal Actions

There are legal actions pending against the City resulting from normal operations. In the opinion of management and the City Attorney, the financial resolution of these actions should not have a significant impact on these financial statements.

b. Sales Tax Sharing Agreements

City Council has agreed to provide sales tax rebates to various companies, based upon various factors such as increased job-base or new sales tax to the City. The sales tax rebates serve to attract and retain various companies in the City of Huntington Beach. The City of Huntington Beach has three sales tax sharing agreements that extend until 2020, 2033 and 2024. Sales tax rebates totaled $715,606 in fiscal year ended September 30, 2016. The City Council authorized a new sales tax sharing agreement with McKenna Motors Huntington Beach, Inc. for a new Subaru car dealership. The Agreement is for 16 years, or December 31, 2033. The Sales tax sharing is a 45%/55% McKenna/City split with a base of $150,800. The other sales tax sharing agreements are with Pinnacle Petroleum through 2024, with a base of $100,000 and ACS (Applied Computer Sciences) which continues through 2020, with a maximum annual share of $250,000.

14. COMMITMENTS AND CONTINGENCIES (Continued)

c. Cooperation and Owner Participation Agreements

On September 2, 2003, the Redevelopment Agency Approved a Cooperation Agreement Regarding Capital Improvements in the Southeast Coastal Redevelopment Project with the City. This agreement commits the Redevelopment Agency to reimburse the City for a number of capital improvement projects to be undertaken as part of the Five Year Capital Improvement Program in the Southeast Redevelopment project area starting in FY 2003/04 as they are undertaken. The Successor Agency received its Finding of Completion notice from the Department of Finance on May 13, 2014. The Successor Agency will submit to the Oversight Board the approval and reauthorization of the loans between the City and former Redevelopment Agency in FY 16/17.

d. Redevelopment Successor Agency Debt to City

The City has advanced money to the Redevelopment Agency for major capital improvements, economic development projects, and operations. In January 2011, the City Council and Redevelopment Agency Board approved a revised Cooperation Agreement, which included a Promissory Note that memorialized indebtedness previously incurred by the Agency and owed to the City from a series of loans made from the City to the Agency from 1982 to present. The City and Successor Agency have not recorded the advances in the accompanying financial statements due to uncertainties related to Health and Safety Code Section 34191.4, which establishes certain restrictions and limitations on the repayment of city-agency loans. In accordance with Health and Safety Code Section 34191.4(b)(3), all other loans between the city and former Redevelopment Agency will begin to be repaid, at a 3% interest rate, as determined by SB 107 upon approval of the Oversight Board and the Department of Finance. It is estimated that the Successor Agency will begin repayment of all other loans by FY 2017/18. Below is a schedule of the activity for the year (in thousands):

14. COMMITMENTS AND CONTINGENCIES (Continued)

d. Redevelopment Successor Agency Debt to City (Continued)

	September 30, 2015	Additions	Reductions	September 30, 2016
General Fund				
Direct Advances	2,312	-	-	2,312
Indirect Advances	6,567	-	-	6,567
Land Sales	32,833	-	-	32,833
Interest	25,652	333	-	25,985
Total General Fund	**67,364**	**333**	**-**	**67,697**
Sewer Fund				
Direct Advances	279	1	-	280
Deferred Development Fees	173	1	-	174
Total Sewer Fund	**452**	**2**	**-**	**454**
Drainage Fund				
Direct Advances	672	3	-	675
Deferred Development Fees	185	1	-	186
Total Drainage Fund	**857**	**4**	**-**	**861**
Park Acquisition and Development Fund				
Direct Advances	5,531	27	-	5,558
Deferred Development Fees	411	2	-	413
Total Park Acquisition and Development Fund	**5,942**	**29**	**-**	**5,971**
Water Fund				
Direct Advances	4,163	21	-	4,184
Total Water Fund	**4,163**	**21**	**-**	**4,184**
Total All Funds	**78,778**	**389**	**-**	**79,167**

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 is 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 13f). Below is a schedule of the activity for the year (in thousands):

	September 30, 2015	Additions	Reductions	September 30, 2016
General Fund				
Emerald Cove	$ 3,245	$ -	$ -	$ 3,245

14. COMMITMENTS AND CONTINGENCIES (Continued)

f. Successor Agency Litigation

Until 2012, the Huntington Beach Redevelopment Agency existed and received property tax increment from property within the "City Redevelopment Project Area." In 2012, the State Legislature dissolved all redevelopment agencies, and all tax increment was returned to the County for payment to other taxing entities. The only exception was that tax increment would continue to be paid to the Successor Agency to the City Redevelopment Agency to pay any pre-dissolution, legally binding obligations established prior to the dissolution of the agencies. Further, the City transferred the former Redevelopment Agency's housing obligations to the Huntington Beach Housing Authority pursuant to Health and Safety Code section 34176.

The Successor Agency contended that its payments to retire the former Redevelopment Agency's portion of the 2010 Lease Revenue Bonds used to finance the Emerald Cove low income housing project were such an obligation. The annual payment on these bonds is approximately $400,000 a year which is currently being paid by the City's General Fund. The amount that the City contends to be due to pay the former Redevelopment Agency's share of the bonds is $3,245,000.

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

The State Department of Finance rejected the City's "Recognized Obligation Payment Schedule" ("ROPS") to establish these two obligations as entitled to be funded through tax increment. In response, the City sued the Department of Finance.

All post-redevelopment matters are being heard in Sacramento before a select panel of judges. On January 29, 2014, the Superior Court held that the Emerald Cove Bonds and the Pacific City housing were not preexisting Authority obligations payable with tax increment. The Successor Agency appealed the judgment. An appellate decision is not expected until 2017.

The City General Fund currently is paying the 2010 bonds in the amount of approximately $400,000 per year through 2019. 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.

14. COMMITMENTS AND CONTINGENCIES (Continued)

g. Big Independent Cities Excess Pool (BICEP) Joint Powers Authority

The City of San Bernardino, a member of BICEP, filed for bankruptcy on August 1, 2012. The City of San Bernardino filed a Bankruptcy Plan and it was approved by the courts on November 15, 2016. The City continues to operate and it is anticipated that they will emerge a viable entity under a new court established operating structure. In any event, there is currently no impact on the City's equity position in BICEP.

15. SPECIAL ITEM, SELF INSURANCE GENERAL LIABILITY FUND

Special items are significant transactions that are within the control of management and are either unusual in nature or infrequent in nature. City Council approved the creation of the Self Insurance General Liability Fund to provide proper tracking, planning, and transparency of general liability claims expenses. The assets and liability related to general liability claims were transferred to the newly created fund from the General Fund. $7,391,000 was reported as a current year expense in the Self Insurance General Liability Fund to record the long term portion of the general claims liability transferred from the General Fund.

16. OTHER INFORMATION

a. Fund and Accumulated Deficits

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

Enterprise Funds:	
Refuse Fund	$ 653
Hazmat Fund	229
Internal Service Fund:	
Self Insurance Workers' Comp	11,379

The fund deficits in the Refuse and Hazmat funds are due to fees and charges below the costs to provide services and the implementation of GASB 68 in FY 2014/15 that required the net pension liability to be reported on the face of the financial statement. The Self Insurance Workers' Comp fund has a deficit due to increases in statutory benefits related to workers' comp claims, rising healthcare costs, and the implementation of GASB 68.

16. OTHER INFORMATION (Continued)

The City has established plans to reduce and eliminate the deficits in these funds. The City plans on increasing refuse rates to address the deficit in the Refuse Fund. A citywide user fee and rate study was performed and Hazmat fees were increased as a result to help address the deficit in the Hazmat Fund. Costs were also reduced to the Hazmat fund by eliminating the transfer to the General Fund for overhead costs. Additional transfers will be made over the next ten to twenty years from the General Fund, Proprietary funds, and other governmental funds to address the deficit in the Self Insurance Workers' Comp Internal Service Fund.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Huntington Beach
Required Supplementary Information
For the Year Ended September 30, 2016

Budgetary Information

The City Council must annually adopt a budget by September 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 Director of Finance'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 May 31 of each year, each department submits data to the City Administrator 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 August 1, 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 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 restricted, committed, or assigned fund balance in governmental fund types. The City reappropriates these encumbrances into the new fiscal year.

The following pages present schedules of budget to actual comparison of the General and Grant 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 SEPTEMBER 30, 2016
(In Thousands)

General Fund

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Property Taxes	$ 84,072	$ 81,610	$ 86,382	$ 4,772
Sales Taxes	33,197	35,675	36,097	422
Utility Taxes	20,674	19,576	19,482	(94)
Other Taxes	17,741	17,377	17,313	(64)
Licenses and Permits	9,697	9,701	9,639	(62)
Fines, Forfeitures and Penalties	4,443	5,069	5,144	75
Use of Money and Property	16,825	16,433	16,861	428
Intergovernmental	2,728	4,454	4,327	(127)
Charges for Current Service	25,704	26,902	25,813	(1,089)
Other	1,239	2,558	2,509	(49)
Total Revenues	**216,320**	**219,355**	**223,567**	**4,212**
EXPENDITURES				
Current:				
City Council	352	373	318	55
City Manager	2,176	2,289	2,169	120
City Treasurer	205	215	204	11
City Attorney	2,451	2,565	2,539	26
City Clerk	811	874	790	84
Finance	5,729	5,857	5,659	198
Human Resources	5,414	6,722	6,582	140
Community Development	7,118	8,249	7,062	1,187
Fire	44,596	46,191	46,106	85
Information Services	6,833	7,049	6,742	307
Police	70,300	72,987	71,638	1,349
Community Services	9,916	11,568	9,903	1,665
Library Services	4,162	4,721	4,077	644
Public Works	22,411	23,462	21,411	2,051
Non-Departmental	26,214	33,912	24,460	9,452
Debt Service:				
Principal	690	763	163	600
Interest	35	59	41	18
Total Expenditures	**209,413**	**227,856**	**209,864**	**17,992**
Excess of Revenues Over Expenditures	6,907	(8,501)	13,703	22,204
OTHER FINANCING SOURCES (USES)				
Transfers In	794	73	13	(60)
Transfers Out	(7,701)	(16,567)	(15,661)	906
Total Other Financing Sources (Uses)	(6,907)	(16,494)	(15,648)	846
Net Change In Fund Balances	-	(24,995)	(1,945)	23,050
Fund Balance - Beginning of Year	**64,792**	**64,792**	**64,792**	**-**
Fund Balance - End of Year	**$ 64,792**	**$ 39,797**	**$ 62,847**	**$ 23,050**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Grants Special Revenue

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Use of Money and Property	$ 80	$ 265	$ 297	$ 32
Intergovernmental	10,155	15,677	4,896	(10,781)
Other	-	41	40	(1)
Total Revenues	**10,235**	**15,983**	**5,233**	**(10,750)**
EXPENDITURES				
Current:				
City Manager	1,329	2,749	917	1,832
Community Development	-	237	194	43
Fire	-	177	94	83
Police	550	2,105	901	1,204
Community Services	-	492	302	190
Library Services	-	87	77	10
Public Works	-	403	126	277
Capital Outlay	8,391	17,967	3,243	14,724
Debt Service:				
Principal	180	180	180	-
Interest	5	46	46	-
Total Expenditures	**10,455**	**24,443**	**6,080**	**18,363**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(220)	(8,460)	(847)	7,613
OTHER FINANCING USES				
Transfers In	-	481	285	(196)
Issuance of Long-Term Debt	-	6,000	6,000	-
Transfers Out	-	(305)	(109)	196
Total Other Financing Uses	-	6,176	6,176	-
Net Change In Fund Balances	(220)	(2,284)	5,329	7,613
Fund Balance - Beginning of Year	**3,421**	**3,421**	**3,421**	**-**
Fund Balance - End Of Year	**$ 3,201**	**$ 1,137**	**$ 8,750**	**$ 7,613**

CITY OF HUNTINGTON BEACH
OTHER POST EMPLOYMENT BENEFITS - MEDICAL INSURANCE
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2011 Actual**, ***	9,639	22,447	(12,808)	42.9%	82,443	-15.5%
6/30/2011 Revised*, **	9,626	20,179	(10,553)	47.7%	85,330	-12.4%
6/30/2013 Actual*	11,541	17,400	(5,859)	66.3%	81,724	-7.2%
6/30/2015 Actual*	20,689	30,760	(10,071)	67.3%	85,719	-11.7%

* Actuarial valuation for each fiscal year ending September 30th was performed as of March 31st of the same year using actual values at March 31st projected forward to fiscal year end

** Actuarial valuation date changed to June 30th to conform with CalPERS year-end in accordance with GASB Statement No. 57

*** The City changed actuarial firms during FY 2011/12. As a result, amounts for September 30, 2011 and June 30, 2011 were revised due to changes in actuarial assumptions used.

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

Last Ten Fiscal Years*

CalPERS City Miscellaneous Plan - 99

Measurement Period	**2015-16**	**2014-15**	**2013-14**
Total Pension Liability			
Service cost	7,436	$ 7,102	$ 7,263
Interest on total pension liability	37,194	35,653	34,413
Differences between expected and actual experience	1,072	(2,900)	-
Changes in assumptions	-	(8,565)	-
Benefit payments, including refunds of employee contributions	(24,316)	(23,377)	(22,444)
Net change in total pension liability	21,386	7,913	19,232
Total pension liability - beginning	493,569	485,656	466,425
Total pension liability - ending (a)	514,955	$ 493,569	$ 485,656
Plan Fiduciary Net Position			
Contributions - employer	10,982	$ 9,747	$ 9,066
Contributions - employee	3,736	3,790	3,909
Investment income	1,856	8,230	56,429
Administrative Expense	(226)	(418)	(472)
Benefit payments	(24,316)	(23,377)	(22,444)
Other	-	2	-
Net change in plan fiduciary net position	(7,968)	(2,026)	46,488
Plan fiduciary net position - beginning	371,115	373,141	326,653
Plan fiduciary net position - ending (b)	363,147	$ 371,115	$ 373,141
Net pension liability - beginning	122,454	112,515	139,771
Net pension liability - ending (a)-(b)	151,808	$ 122,454	$ 112,515
Plan fiduciary net position as a percentage of the total pension liability	70.52%	75.19%	76.83%
Covered-employee payroll	$ 55,213	$ 53,864	$ 50,525
Net pension liability as a percentage of covered-employee payroll	274.95%	227.34%	222.69%

Notes to Schedule:

Benefit changes: there were no changes to benefit terms specific to the plan.

Changes in assumptions: there were no changes of assumptions.

* - Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

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

Last Ten Fiscal Years*
CalPERS City Safety Plan - 100

Measurement Period	**2015-16**	**2014-15**	**2013-14**
Total Pension Liability			
Service cost	12,159	$ 11,119	$ 11,096
Interest on total pension liability	48,390	46,160	44,246
Differences between expected and actual experience	2,678	(820)	-
Changes in assumptions	-	(11,054)	-
Benefit payments, including refunds of employee contributions	(32,116)	(30,535)	(29,540)
Net change in total pension liability	31,111	14,870	25,802
Total pension liability - beginning	639,852	624,982	599,180
Total pension liability - ending (a)	670,963	$ 639,851	$ 624,982
Plan Fiduciary Net Position			
Contributions - employer	18,703	$ 17,791	$ 15,152
Contributions - employee	4,058	4,110	3,850
Investment income	2,144	9,661	66,805
Administrative Expense	(270)	(497)	(555)
Benefit payments	(32,116)	(30,535)	(29,540)
Net Plan to Plan Resource Movement	(29)	-	-
Net change in plan fiduciary net position	(7,510)	530	55,712
Plan fiduciary net position - beginning	441,234	440,704	384,992
Plan fiduciary net position - ending (b)	433,724	$ 441,234	$ 440,704
Net pension liability - beginning	198,618	184,278	214,188
Net pension liability - ending (a)-(b)	237,239	$ 198,618	$ 184,278
Plan fiduciary net position as a percentage of the total pension liability	64.64%	68.96%	70.51%
Covered-employee payroll	$ 54,410	$ 53,450	$ 50,602
Net pension liability as a percentage of covered-employee payroll	436.02%	371.60%	364.17%

Notes to Schedule:

Benefit changes: there were no changes to benefit terms specific to the plan.

Changes in assumptions: there were no changes of assumptions.

* - Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

City of Huntington Beach
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended September 30, 2016
(in Thousands)

Last Ten Fiscal Years*

Supplemental Plan

Total Pension Liability	**2015-16**	**2014-15**	**2013-14**
Service cost	$ 552	$ 495	$ 544
Interest on total pension liability	3,945	3,919	3,828
Differences between expected and actual experience	982	-	-
Changes in assumptions	2,928	-	-
Benefit payments, including refunds of employee contributions	(3,773)	(3,588)	(3,548)
Net change in total pension liability	4,634	826	824
Total pension liability - beginning	58,118	57,292	56,468
Total pension liability - ending (a)	$ 62,752	$ 58,118	$ 57,292
Plan fiduciary net position			
Contributions - employer	$ 7,277	$ 4,678	$ 4,539
Contributions - employee	-	-	-
Investment income	4,282	(1,313)	3,465
Administrative Expense	(189)	(170)	(176)
Benefit payments	(3,773)	(3,588)	(3,548)
Other	-	3,183	258
Net change in plan fiduciary net position	7,597	2,790	4,538
Plan fiduciary net position - beginning	42,967	40,177	35,639
Plan fiduciary net position - ending (b)	$ 50,564	$ 42,967	$ 40,177
Net pension liability - beginning	15,151	17,115	20,829
Net pension liability - ending (a)-(b)	$ 12,188	$ 15,151	$ 17,115
Plan fiduciary net position as a percentage of the total pension liability	80.58%	73.93%	70.13%
Covered-employee payroll	$ 25,899	$ 26,716	$ 26,843
Net pension liability as a percentage of covered-employee payroll	47.06%	56.71%	63.76%

* - Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

City of Huntington Beach
Required Supplementary Information
Schedule of Contributions
For the Year Ended September 30, 2016
(in Thousands)

Last Ten Fiscal Years*

CalPERS City Miscellaneous Plan - 99

	2015-16 [1]	2014-15 [1]	2013-14 [1]
Actuarially determined contribution	$ 11,238	$ 10,510	$ 8,685
Contributions in relation to the actuarially determined contributions	(11,238)	(10,510)	(8,685)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 55,135	$ 54,586	$ 51,173
Contributions as a percentage of covered-employee payroll	20.38%	19.25%	16.97%

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

Notes to Schedule

Valuation dates: 6/30/2012 through 6/30/2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see Funding Valuation Reports for the years ending June 30, 2012-2014
Asset valuation method	For 10/1/14-6/30/15, 15 Year Smoothed Market (for details, see June 30, 2012 Funding Valuation Report). For 7/1/15-9/30/16, Market Value (for details, see June 30, 2013 and 2014 Funding Valuation Reports.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.30% to 14.20% depending on Age, Service, and type of employment
Discount Rate	7.5%, net of administrative expenses
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA 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.

City of Huntington Beach
Required Supplementary Information
Schedule of Contributions
For the Year Ended September 30, 2016
(in Thousands)

Last Ten Fiscal Years*

CalPERS City Safety Plan - 100

	2015-16 [1]	2014-15 [1]	2013-14 [1]
Actuarially determined contribution	$ 19,129	$ 18,125	$ 14,759
Contributions in relation to the actuarially determined contributions	(19,129)	(19,125)	(14,759)
Contribution deficiency (excess)	$ -	$ (1,000)	$ -
Covered-employee payroll	$ 54,486	$ 54,222	$ 51,521
Contributions as a percentage of covered-employee payroll	35.11%	35.27%	28.65%

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

Notes to Schedule

Valuation dates: 6/30/2012 through 6/30/2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see Funding Valuation Reports for the years ending June 30, 2012-2014
Asset valuation method	For 10/1/14-6/30/15, 15 Year Smoothed Market (for details, see June 30, 2012 Funding Valuation Report). For 7/1/15-9/30/16, Market Value (for details, see June 30, 2013 and 2014 Funding Valuation Reports.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.30% to 14.20% depending on Age, Service, and type of employment
Discount Rate	7.5%, net of administrative expenses
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA 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.

City of Huntington Beach
Required Supplementary Information
Schedule of Contributions
For the Year Ended September 30, 2016
(in Thousands)

Last Ten Fiscal Years*

Supplemental Retirement Plan

	2015-16 [1]	2014-15 [1]	2013-14 [1]
Actuarially determined contribution	$ 3,634	$ 3,634	$ 4,534
Contributions in relation to the actuarially determined contributions	(7,277)	(4,678)	(4,539)
Contribution deficiency (excess)	$ (3,643)	$ (1,044)	$ (5)
Covered-employee payroll	$ 25,899	$ 26,716	$ 26,843
Contributions as a percentage of covered-employee payroll	28.10%	17.51%	16.91%

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

Notes to Schedule

Valuation date:	9/30/2015	9/30/2014	9/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Level dollar/ 9/30/12 UAAL: fixed 10-year period, Gains/Losses: fixed 15-year period
Asset valuation method	
	Investment gains/losses spread over a 3-year rolling period beginning 9/30/11; Not less than 80% nor more than 120% of market value
Inflation	3.00%
Salary increases	Varies by entry age and service
	CalPERS 1997-2007 Experience Study plus 3.25% aggregate increase
Payroll growth	
Investment rate of return	6.5%, net of pension plan investment and administrative expenses, including inflation
Retirement age	
	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	
	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Schedule of Money Weighted Rate of Return

	2016	2015	2014
Annual Money Weighted Rate of Return, net of investment expense	10.20%	-2.82%	9.20%

SUPPLEMENTARY INFORMATION

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City of Huntington Beach
Other Governmental Funds

Special Revenue Funds account for revenues and expenditures legally constrained to a specific purpose.

- The **Air Quality Fund** accounts for revenues from the local agencies used to improve local air quality.
- The **Development Impact Fee Fund** accounts for fees collected for new developments to be used for transportation, park land acquisition and development, library and other public facilities in an effort to mitigate the impacts of those new developments.
- The **Disability Access Fund** accounts for the State Mandated Disability Access Fee (SB 1186) to fund increased training certified access specialist (CASp) services for the public and to facilitate compliance with construction related accessibility requirements.
- The **Drainage Fund** accounts for fees received from developers to construct and maintain the City's drainage system.
- The **Fourth of July Parade Fund** accounts for the activities of the City's annual parade.
- The **Gas Tax Fund** accounts for moneys 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 **Safe and Sane Fireworks Fund** accounts for activities involved in the regulation of safe and sane fireworks within the City.
- The **Self Insurance Liability Claim Fund** accounts for activities involved in general liability claims losses.
- 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 **Property Tax Refund Fund** records the payment of claims for repayment of the Judgment Obligation Bonds.
- 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 **Energy Efficiency Fund** records activities to implement energy efficiency and infrastructure measures.
- The **Infrastructure Fund** records activity for certain designate infrastructure related expenditures.
- The **Lease Capital Project Fund** records activity for capital lease project expenditures.
- The **Parking In-Lieu Fund** records construction activity from developers who pay fees in-lieu of directly providing parking facilities to the City.
- The **Senior Center Development Fund** records construction activity for the Senior Center Development at Central Park.
- The **Sewer Development Fund** accounts for fees received from developers to construct and maintain sewer facilities.
- The **Technology Fund** accounts for technology infrastructure project expenditures.

CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2016
(In Thousands)

	SPECIAL REVENUE FUNDS					
ASSETS	**Air Quality**	**Development Impact Fee**	**Disability Access**	**Drainage**	**Fourth of July Parade**	**Gas Tax**
Cash and Investments	$ 820	$ 3,196	$ 41	$ 1,414	$ 110	$ 1,969
Cash and Investments with Fiscal Agent	-	-	-	-	-	-
Other Receivables	68	11	-	5	1	8
Due from Other Funds	-	-	-	-	-	-
Total Assets	**$ 888**	**$ 3,207**	**$ 41**	**$ 1,419**	**$ 111**	**$ 1,977**
LIABILITIES						
Accounts Payable	$ 20	$ 18	$ -	$ -	$ 7	$ 177
Accrued Payroll	-	2	-	-	-	1
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	**20**	**20**	**-**	**-**	**7**	**178**
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	65	-	-	-	-	-
Total Deferred Inflows of Resources	**65**	**-**	**-**	**-**	**-**	**-**
FUND BALANCES						
Restricted						
Pollution Remediation	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Highways, Streets and Transportation	-	-	-	-	-	1,799
Low Income Housing	-	-	-	-	-	-
Air Quality	803	-	-	-	-	-
Other Capital Projects	-	3,187	-	1,419	-	-
Other Purposes	-	-	41	-	104	-
Committed						
Parks	-	-	-	-	-	-
Other Capital Projects	-	-	-	-	-	-
Assigned						
Capital Improvement Reserve	-	-	-	-	-	-
Total Fund Balances	**803**	**3,187**	**41**	**1,419**	**104**	**1,799**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 888**	**$ 3,207**	**$ 41**	**$ 1,419**	**$ 111**	**$ 1,977**

CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2016
(In Thousands)
(continued)

SPECIAL REVENUE FUNDS							
Housing Residual Receipt	Park Acquisition and Development	Safe and Sane Fireworks	Self Insurance Liability Claim	Traffic Congestion Relief	Traffic Impact Fee	Transportation	Total Special Revenue Funds
$ 987	$ 5,507	$ 3	$ -	$ 1,288	$ 3,595	$ 4,544	$ 23,474
-	-	-	-	-	-	-	-
4	19	-	-	5	12	269	402
-	-	-	-	-	-	-	-
$ 991	**$ 5,526**	**$ 3**	**$ -**	**$ 1,293**	**$ 3,607**	**$ 4,813**	**$ 23,876**
$ -	$ 4	$ -	$ -	$ 91	$ 16	$ 1	$ 334
-	-	-	-	1	-	19	23
-	-	-	-	-	-	-	-
-	**4**	**-**	**-**	**92**	**16**	**20**	**357**
-	-	-	-	-	-	-	65
-	**-**	**-**	**-**	**-**	**-**	**-**	**65**
-	331	-	-	-	-	-	331
-	-	-	-	-	-	-	-
-	-	-	-	1,201	3,591	4,793	11,384
991	-	-	-	-	-	-	991
-	-	-	-	-	-	-	803
-	-	-	-	-	-	-	4,606
-	-	3	-	-	-	-	148
-	5,191	-	-	-	-	-	5,191
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
991	**5,522**	**3**	**-**	**1,201**	**3,591**	**4,793**	**23,454**
$ 991	**$ 5,526**	**$ 3**	**$ -**	**$ 1,293**	**$ 3,607**	**$ 4,813**	**$ 23,876**

CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2016
(In Thousands)
(continued)

	DEBT SERVICE FUNDS			CAPITAL PROJECT FUNDS		
ASSETS	**Property Tax Refund**	**Public Financing Authority**	**Total Debt Service Fund**	**Affordable Housing In-Lieu**	**Energy Efficiency**	**Infrastructure**
Cash and Investments	$ 2	$ 64	$ 66	$ 365	$ 13	$ 7,223
Cash and Investments with Fiscal Agent	1	4,970	4,971	-	-	-
Other Receivables	-	5	5	-	-	35
Due from Other Funds	-	-	-	-	-	-
Total Assets	**$ 3**	**$ 5,039**	**$ 5,042**	**$ 365**	**$ 13**	**$ 7,258**
LIABILITIES						
Accounts Payable	$ 2	$ 2	$ 4	$ 3	$ -	$ 194
Accrued Payroll	-	-	-	-	-	1
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	**2**	**2**	**4**	**3**	**-**	**195**
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	-	-	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**	**-**	**-**
FUND BALANCES						
Restricted						
Pollution Remediation	-	-	-	-	-	-
Debt Service	1	5,037	5,038	-	-	-
Highways, Streets and Transportation	-	-	-	-	-	-
Low Income Housing	-	-	-	362	-	-
Air Quality	-	-	-	-	-	-
Other Capital Projects	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Committed						
Parks	-	-	-	-	-	-
Other Capital Projects	-	-	-	-	-	7,063
Assigned						
Capital Improvement Reserve	-	-	-	-	13	-
Total Fund Balances	**1**	**5,037**	**5,038**	**362**	**13**	**7,063**
Total Liabilities and Fund Balances	**$ 3**	**$ 5,039**	**$ 5,042**	**$ 365**	**$ 13**	**$ 7,258**

CITY OF HUNTINGTON BEACH
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2016
(In Thousands)
(continued)

CAPITAL PROJECT FUNDS						
Lease Capital Project	**Parking In-Lieu**	**Senior Center Development**	**Sewer Development**	**Technology**	**Total Capital Projects Funds**	**Total Other Governmental Funds**
$ 875	$ 953	$ -	$ 8,080	$ 825	$ 18,334	$ 41,874
-	-	1,105	-	-	1,105	6,076
-	-	-	28	-	63	470
-	-	-	58	-	58	58
$ 875	**$ 953**	**$ 1,105**	**$ 8,166**	**$ 825**	**$ 19,560**	**$ 48,478**
$ -	$ 5	$ 68	$ -	$ -	$ 270	$ 608
-	-	-	-	-	1	24
-	-	58	-	-	58	58
-	**5**	**126**	**-**	**-**	**329**	**690**
-	-	-	-	-	-	65
-	**-**	**-**	**-**	**-**	**-**	**65**
-	-	-	-	-	-	331
-	-	-	-	-	-	5,038
-	-	-	-	-	-	11,384
-	-	-	-	-	362	1,353
-	-	-	-	-	-	803
875	-	979	-	-	1,854	6,460
-	-	-	-	-	-	148
					-	
-	-	-	-	-	-	5,191
-	948	-	8,166	-	16,177	16,177
-	-	-	-	825	838	838
875	**948**	**979**	**8,166**	**825**	**19,231**	**47,723**
$ 875	**$ 953**	**$ 1,105**	**$ 8,166**	**$ 825**	**$ 19,560**	**$ 48,478**

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

	SPECIAL REVENUE FUNDS					
REVENUES	**Air Quality**	**Development Impact Fee**	**Disability Access**	**Drainage**	**Fourth of July Parade**	**Gas Tax**
Sales Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	-	-	21	-	-	-
Use of Money and Property	6	23	-	10	120	26
Intergovernmental	253	-	-	-	70	3,313
Charges for Current Service	-	807	-	616	150	-
Other	-	-	-	-	107	-
Total Revenues	**259**	**830**	**21**	**626**	**447**	**3,339**
EXPENDITURES						
Current:						
City Manager	-	-	-	-	-	-
Police	-	-	-	-	-	-
Community Services	-	125	-	-	415	-
Library Services	-	93	-	-	-	-
Public Works	50	-	-	-	-	446
Non-Departmental	-	-	7	-	-	-
Capital Outlay	253	325	-	-	-	5,391
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	**303**	**543**	**7**	**-**	**415**	**5,837**
Excess Of Revenues Over (Under) Expenditures	**(44)**	**287**	**14**	**626**	**32**	**(2,498)**
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Issuance of Long-Term Debt	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	(248)
Total Other Financing Sources Sources (Uses)	**-**	**-**	**-**	**-**	**-**	**(248)**
Net Change in Fund Balances	**(44)**	**287**	**14**	**626**	**32**	**(2,746)**
Fund Balances - Beginning Of Year	**847**	**2,900**	**27**	**793**	**72**	**4,545**
Fund Balances - End Of Year	**$ 803**	**$ 3,187**	**$ 41**	**$ 1,419**	**$ 104**	**$ 1,799**

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)
(continued)

SPECIAL REVENUE FUNDS							
Housing Residual Receipt	Park Acquisiton and Development	Safe and Sane Fireworks	Self Insurance Liability Claim	Traffic Congestion Relief	Traffic Impact Fee	Transportation	Total Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ 3,208	$ 3,208
-	-	-	-	-	-	-	21
7	42	-	-	6	29	34	303
-	-	-	-	853	-	-	4,489
-	299	-	-	-	85	-	1,957
26	-	-	-	-	1	-	134
33	**341**	**-**	**-**	**859**	**115**	**3,242**	**10,112**
-	-	-	-	-	-	-	-
-	-	73	-	-	-	-	73
-	14	-	-	-	-	-	554
-	-	-	-	-	-	-	93
-	-	-	-	240	69	1,194	1,999
-	-	-	-	-	-	-	7
-	164	-	-	176	496	2,039	8,844
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	**178**	**73**	**-**	**416**	**565**	**3,233**	**11,570**
33	**163**	**(73)**	**-**	**443**	**(450)**	**9**	**(1,458)**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(7)	-	-	(1,028)	-	-	-	(1,283)
(7)	**-**	**-**	**(1,028)**	**-**	**-**	**-**	**(1,283)**
26	**163**	**(73)**	**(1,028)**	**443**	**(450)**	**9**	**(2,741)**
965	**5,359**	**76**	**1,028**	**758**	**4,041**	**4,784**	**26,195**
$ 991	**$ 5,522**	**$ 3**	**$ -**	**$ 1,201**	**$ 3,591**	**$ 4,793**	**$ 23,454**

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)
(continued)

	DEBT SERVICE FUNDS			CAPITAL PROJECT FUNDS		
REVENUES	**Property Tax Refund**	**Public Financing Authority**	**Total Debt Service Funds**	**Affordable Housing In-Lieu**	**Energy Efficiency**	**Infrastructure**
Sales Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	-	-	-	122	-	-
Use of Money and Property	-	20	20	1	-	60
Intergovernmental	-	-	-	-	-	-
Charges for Current Service	-	-	-	-	-	-
Other	-	2	2	-	-	10
Total Revenues	**-**	**22**	**22**	**123**	**-**	**70**
EXPENDITURES						
Current:						
City Manager	-	-	-	-	-	-
Police	-	-	-	-	-	-
Community Services	-	-	-	-	-	9
Library Services	-	-	-	-	-	-
Public Works	-	-	-	-	-	8
Non-Departmental	3	10	13	30	-	-
Capital Outlay	-	-	-	-	-	2,542
Debt Service:						
Principal	975	4,615	5,590	-	-	-
Interest	46	2,005	2,051	-	-	-
Total Expenditures	**1,024**	**6,630**	**7,654**	**30**	**-**	**2,559**
Excess Of Revenues Over (Under) Expenditures	**(1,024)**	**(6,608)**	**(7,632)**	**93**	**-**	**(2,489)**
Other Financing Sources (Uses):						
Transfers In	1,024	6,629	7,653	149	-	-
Issuance of Long-Term Debt	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources Sources (Uses)	**1,024**	**6,629**	**7,653**	**149**	**-**	**-**
Net Change in Fund Balances	**-**	**21**	**21**	**242**	**-**	**(2,489)**
Fund Balances - Beginning of Year	**1**	**5,016**	**5,017**	**120**	**13**	**9,552**
Fund Balances - End of Year	**$ 1**	**$ 5,037**	**$ 5,038**	**$ 362**	**$ 13**	**$ 7,063**

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)
(continued)

CAPITAL PROJECT FUNDS						
Lease Capital Project	**Parking In-Lieu**	**Senior Center Development**	**Sewer Development**	**Technology**	**Total Capital Projects Funds**	**Total Other Governmental Funds**
$ -	$ -	$ -	$ -	$ -	$ -	$ 3,208
-	38	-	-	-	160	181
-	-	24	60	-	145	468
-	-	-	-	-	-	4,489
-	-	-	2,041	-	2,041	3,998
-	-	-	-	-	10	146
-	**38**	**24**	**2,101**	**-**	**2,356**	**12,490**
-	6	-	-	-	6	6
-	-	-	-	-	-	73
-	-	-	-	-	9	563
-	-	-	-	-	-	93
-	-	23	92	-	123	2,122
-	-	-	-	-	30	50
3,322	3	9,315	-	-	15,182	24,026
-	-	-	-	-	-	5,590
-	-	-	-	-	-	2,051
3,322	**9**	**9,338**	**92**	**-**	**15,350**	**34,574**
(3,322)	**29**	**(9,314)**	**2,009**	**-**	**(12,994)**	**(22,084)**
-	-	109	-	825	1,083	8,736
4,197	-	-	-	-	4,197	4,197
-	-	-	-	-	-	(1,283)
4,197	**-**	**109**	**-**	**825**	**5,280**	**11,650**
875	**29**	**(9,205)**	**2,009**	**825**	**(7,714)**	**(10,434)**
-	**919**	**10,184**	**6,157**	**-**	**26,945**	**58,157**
$ 875	**$ 948**	**$ 979**	**$ 8,166**	**$ 825**	**$ 19,231**	**$ 47,723**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Air Quality

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ 4	$ 4	$ 6	$ 2
Intergovernmental	249	249	253	4
TOTAL REVENUES	**253**	**253**	**259**	**6**
EXPENDITURES:				
Current:				
Public Works	73	67	50	17
Capital Outlay	200	747	253	494
TOTAL EXPENDITURES	**273**	**814**	**303**	**511**
NET CHANGE IN FUND BALANCE	**(20)**	**(561)**	**(44)**	**517**
Fund Balance - Beginning of Year	**847**	**847**	**847**	**-**
Fund Balance - End of Year	**$ 827**	**$ 286**	**$ 803**	**$ 517**

Development Impact Fee

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ -	$ -	$ 23	$ 23
Charges for Current Service	750	750	807	57
TOTAL REVENUES	**750**	**750**	**830**	**80**
EXPENDITURES:				
Current:				
Community Services	128	128	125	3
Library Services	50	100	93	7
Capital Outlay	328	328	325	3
Debt Service:				
Principal	10	10	-	10
TOTAL EXPENDITURES	**516**	**566**	**543**	**23**
NET CHANGE IN FUND BALANCE	**234**	**184**	**287**	**103**
Fund Balance - Beginning of Year	**2,900**	**2,900**	**2,900**	**-**
Fund Balance - End of Year	**$ 3,134**	**$ 3,084**	**$ 3,187**	**$ 103**

Disability Access

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	$ 25	$ 25	$ 21	$ (4)
EXPENDITURES:				
Current:				
Non-Departmental	25	25	7	18
NET CHANGE IN FUND BALANCE	**-**	**-**	**14**	**14**
Fund Balance - Beginning of Year	**27**	**27**	**27**	**-**
Fund Balance - End of Year	**$ 27**	**$ 27**	**$ 41**	**$ 14**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Drainage

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
From Use of Money and Property	$ 2	$ 2	$ 10	$ 8
Charges for Current Service	225	225	616	391
TOTAL REVENUES	227	227	626	399
Fund Balance - Beginning of Year	**793**	**793**	**793**	**-**
Fund Balance - End of Year	**$ 1,020**	**$ 1,020**	**$ 1,419**	**$ 399**

Fourth of July Parade

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ -	$ -	$ 120	$ 120
Intergovernmental	-	-	70	70
Charges for Current Service	-	-	150	150
Other	400	400	107	(293)
TOTAL REVENUES	**400**	**400**	**447**	**47**
EXPENDITURES:				
Current:				
Community Services	400	415	415	-
NET CHANGE IN FUND BALANCE	**-**	**(15)**	**32**	**47**
Fund Balance - Beginning of Year	**72**	**72**	**72**	**-**
Fund Balance - End of Year	**$ 72**	**$ 57**	**$ 104**	**$ 47**

Gas Tax

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ 10	$ 10	$ 26	$ 16
Intergovernmental	3,366	3,366	3,313	(53)
Other	1	1	-	(1)
TOTAL REVENUES	**3,377**	**3,377**	**3,339**	**(38)**
EXPENDITURES:				
Current:				
Public Works	485	498	446	52
Capital Outlay	5,435	7,074	5,391	1,683
TOTAL EXPENDITURES	**5,920**	**7,572**	**5,837**	**1,735**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(2,543)**	**(4,195)**	**(2,498)**	**1,697**
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(248)	(248)	-
NET CHANGE IN FUND BALANCE	**(2,543)**	**(4,443)**	**(2,746)**	**1,697**
Fund Balance - Beginning of Year	**4,545**	**4,545**	**4,545**	**-**
Fund Balance - End of Year	**$ 2,002**	**$ 102**	**$ 1,799**	**$ 1,697**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Housing Residual Receipt

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ -	$ -	$ 7	$ 7
Other	420	420	26	(394)
TOTAL REVENUES	**420**	**420**	**33**	**(387)**
OTHER FINANCING SOURCES (USES):				
Transfers Out	(405)	(412)	(7)	405
NET CHANGE IN FUND BALANCE	**15**	**8**	**26**	**18**
Fund Balance - Beginning of Year	**965**	**965**	**965**	**-**
Fund Balance - End of Year	**$ 980**	**$ 973**	**$ 991**	**$ 18**

Park Acquisition and Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ -	$ -	$ 42	$ 42
Charges for Current Service	1,383	1,383	299	(1,084)
TOTAL REVENUES	**1,383**	**1,383**	**341**	**(1,042)**
EXPENDITURES:				
Current:				
Community Services	50	133	14	119
Capital Outlay	350	2,194	164	2,030
TOTAL EXPENDITURES	**400**	**2,327**	**178**	**2,149**
NET CHANGE IN FUND BALANCE	**983**	**(944)**	**163**	**1,107**
Fund Balance - Beginning of Year	**5,359**	**5,359**	**5,359**	**-**
Fund Balance - End of Year	**$ 6,342**	**$ 4,415**	**$ 5,522**	**$ 1,107**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Safe and Sane Fireworks

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES:				
Current:				
Police	$ 75	$ 75	$ 73	$ 2
NET CHANGE IN FUND BALANCE	**(75)**	**(75)**	**(73)**	**2**
Fund Balance - Beginning of Year	**76**	**76**	**76**	**-**
Fund Balance - End of Year	**$ 1**	**$ 1**	**$ 3**	**$ 2**

Self Insurance Liability Claims

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES):				
Transfers Out	$ -	$ (1,028)	$ (1,028)	$ -
Fund Balance - Beginning of Year	**1,028**	**1,028**	**1,028**	**-**
Fund Balance - End of Year	**$ 1,028**	**$ -**	**$ -**	**$ -**

Traffic Congestion Relief

REVENUES:	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Use of Money and Property	$ 3	$ 3	$ 6	$ 3
Intergovernmental	922	922	853	(69)
TOTAL REVENUES	**925**	**925**	**859**	**(66)**
EXPENDITURES:				
Current:				
Public Works	275	275	240	35
Capital Outlay	82	918	176	742
TOTAL EXPENDITURES	**357**	**1,193**	**416**	**777**
NET CHANGE IN FUND BALANCE	**568**	**(268)**	**443**	**711**
Fund Balance - Beginning of Year	**758**	**758**	**758**	**-**
Fund Balance - End of Year	**$ 1,326**	**$ 490**	**$ 1,201**	**$ 711**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Traffic Impact Fee

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ 2	$ 2	$ 29	$ 27
Charges for Current Service	711	711	85	(626)
Other	-	-	1	1
TOTAL REVENUES	**713**	**713**	**115**	**(598)**
EXPENDITURES:				
Current:				
Public Works	100	140	69	71
Capital Outlay	500	1,143	496	647
TOTAL EXPENDITURES	**600**	**1,283**	**565**	**718**
NET CHANGE IN FUND BALANCE	**113**	**(570)**	**(450)**	**120**
Fund Balance - Beginning of Year	**4,041**	**4,041**	**4,041**	**-**
Fund Balance - End of Year	**$ 4,154**	**$ 3,471**	**$ 3,591**	**$ 120**

Transportation

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Sales Taxes	$ 3,257	$ 3,257	$ 3,208	$ (49)
Use of Money and Property	7	7	34	27
TOTAL REVENUES	**3,264**	**3,264**	**3,242**	**(22)**
EXPENDITURES:				
Current:				
Public Works	1,584	1,584	1,194	390
Capital Outlay	3,050	5,146	2,039	3,107
TOTAL EXPENDITURES	**4,634**	**6,730**	**3,233**	**3,497**
NET CHANGE IN FUND BALANCE	**(1,370)**	**(3,466)**	**9**	**3,475**
Fund Balance - Beginning of Year	**4,784**	**4,784**	**4,784**	**-**
Fund Balance - End of Year	**$ 3,414**	**$ 1,318**	**$ 4,793**	**$ 3,475**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Property Tax Refund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES:				
Current:				
Non-Departmental	$ 4	$ 4	$ 3	$ 1
Debt Service:				
Principal	975	975	975	-
Interest	46	46	46	-
TOTAL EXPENDITURES	**1,025**	**1,025**	**1,024**	**1**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(1,025)**	**(1,025)**	**(1,024)**	**1**
OTHER FINANCING SOURCES (USES):				
Transfers In	1,024	1,024	1,024	-
NET CHANGE IN FUND BALANCE	**(1)**	**(1)**	**-**	**1**
Fund Balance - Beginning of Year	**1**	**1**	**1**	**-**
Fund Balance - End of Year	**$ -**	**$ -**	**$ 1**	**$ 1**

Public Financing Authority

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ -	$ -	$ 20	$ 20
Other	-	-	2	2
TOTAL REVENUES	**-**	**-**	**22**	**22**
EXPENDITURES:				
Current:				
Non-Departmental	6	10	10	-
Debt Service:				
Principal	4,615	4,615	4,615	-
Interest	2,005	2,005	2,005	-
TOTAL EXPENDITURES	**6,626**	**6,630**	**6,630**	**-**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(6,626)**	**(6,630)**	**(6,608)**	**22**
OTHER FINANCING SOURCES (USES):				
Transfers In	6,626	6,630	6,629	(1)
NET CHANGE IN FUND BALANCE	**-**	**-**	**21**	**21**
Fund Balance - Beginning of Year	**5,016**	**5,016**	**5,016**	**-**
Fund Balance - End of Year	**$ 5,016**	**$ 5,016**	**$ 5,037**	**$ 21**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Affordable Housing In-Lieu

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	$ -	$ -	$ 122	$ 122
Use of Money and Property	-	-	1	1
TOTAL REVENUES	**-**	**-**	**123**	**123**
EXPENDITURES:				
Current:				
Non-Departmental	-	120	30	90
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**-**	**(120)**	**93**	**213**
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	149	149
NET CHANGE IN FUND BALANCE	**-**	**(120)**	**242**	**362**
Fund Balance - Beginning of Year	**120**	**120**	**120**	**-**
Fund Balance - End of Year	**$ 120**	**$ -**	**$ 362**	**$ 362**

Energy Efficiency

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balance - Beginning of Year	$ 13	$ 13	$ 13	$ -
Fund Balance - End of Year	**$ 13**	**$ 13**	**$ 13**	**$ -**

Infrastructure

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ -	$ -	$ 60	$ 60
Other	-	-	10	10
TOTAL REVENUES	**-**	**-**	**70**	**70**
EXPENDITURES:				
Current:				
Community Services	-	9	9	-
Public Works	13	8	8	-
Capital Outlay	130	8,346	2,542	5,804
TOTAL EXPENDITURES	**143**	**8,363**	**2,559**	5,804
NET CHANGE IN FUND BALANCE	**(143)**	**(8,363)**	**(2,489)**	**5,874**
Fund Balance - Beginning of Year	**9,552**	**9,552**	**9,552**	**-**
Fund Balance - End of Year	**$ 9,409**	**$ 1,189**	**$ 7,063**	**$ 5,874**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Lease Capital Project

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES:				
Capital Outlay	$ -	$ 3,500	$ 3,322	$ 178
OTHER FINANCING SOURCES (USES):				
Issuance of Long-Term Debt	-	3,500	4,197	697
NET CHANGE IN FUND BALANCE	**-**	**-**	**875**	**875**
Fund Balance - Beginning of Year	**-**	**-**	**-**	**-**
Fund Balance - End of Year	**$ -**	**$ -**	**$ 875**	**$ 875**

Parking In-Lieu

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Licenses and Permits	$ 41	$ 41	$ 38	$ (3)
EXPENDITURES:				
Current:				
City Manager	50	48	6	42
Capital Outlay	-	3	3	-
TOTAL EXPENDITURES	**50**	**51**	**9**	**42**
NET CHANGE IN FUND BALANCE	**(9)**	**(10)**	**29**	**39**
Fund Balance - Beginning of Year	**919**	**919**	**919**	**-**
Fund Balance - End of Year	**$ 910**	**$ 909**	**$ 948**	**$ 39**

Senior Center Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ -	$ -	$ 24	$ 24
EXPENDITURES:				
Current:				
Public Works	-	23	23	-
Capital Outlay	-	10,259	9,315	944
TOTAL EXPENDITURES	**-**	**10,282**	**9,338**	**944**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**-**	**(10,282)**	**(9,314)**	**968**
OTHER FINANCING SOURCES (USES):				
Transfers In	-	109	109	-
NET CHANGE IN FUND BALANCE	**-**	**(10,173)**	**(9,205)**	**968**
Fund Balance - Beginning of Year	**10,184**	**10,184**	**10,184**	**-**
Fund Balance - End of Year	**$ 10,184**	**$ 11**	**$ 979**	**$ 968**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

Sewer Development

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ 6	$ 6	$ 60	$ 54
Charges for Current Service	890	890	2,041	1,151
TOTAL REVENUES	**896**	**896**	**2,101**	**1,205**
EXPENDITURES:				
Current:				
Public Works	-	272	92	180
NET CHANGE IN FUND BALANCE	**896**	**624**	**2,009**	**1,385**
Fund Balance - Beginning of Year	**6,157**	**6,157**	**6,157**	**-**
Fund Balance - End of Year	**$ 7,053**	**$ 6,781**	**$ 8,166**	**$ 1,385**

Technology

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES):				
Transfers In	$ -	$ -	$ 825	$ 825
Fund Balance - Beginning of Year	**-**	**-**	**-**	**-**
Fund Balance - End of Year	**$ -**	**$ -**	**$ 825**	**$ 825**

CITY OF HUNTINGTON BEACH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

LMIHAF Capital Projects Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Use of Money and Property	$ 400	$ 400	$ 429	$ 29
EXPENDITURES:				
Current:				
Non-Departmental	112	335	160	175
Net Change in Fund Balance	**288**	**65**	**269**	**204**
Fund Balance - Beginning of Year	**5,757**	**5,757**	**5,757**	**-**
Fund Balance - End of Year	**$ 6,045**	**$ 5,822**	**$ 6,026**	**$ 204**

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City of Huntington Beach
Fiduciary Funds

Fiduciary Funds account for assets held by the City as an agent for other organizations or individuals.

- The **General Deposit Fund** accounts for the deposit of general monies held by the City for private individuals and businesses.
- The **Community Facilities Districts Funds** accounts for the debt service activity of the City's community facilities district.
- The **Huntington Beach Business Improvement District Fund** accounts for the activities of the City's business improvement district.
- The **Central Net Fund** accounts for the activity of the Central Net Operations Authority.
- The **Parking Structures Fund** accounts for the activities of the Bella Terra Parking Structure and Strand Parking Structure.
- The **West Orange County Water Board Fund** accounts for the activities of the West Orange County Water Board.

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CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF FIDUCIARY FUND ASSETS AND LIABILITIES
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	Agency Funds						
Assets:	**General Deposit**	**Community Facilities Districts**	**Business Improvement Districts**	**Central Net Operations Authority**	**Parking Structures**	**West Orange County Water Board**	**Total Agency Funds**
Cash and Investments	$ 188	$ 107	$ 444	$ 578	$ 3,151	$ 443	$ 4,911
Cash with Fiscal Agent	-	3,403	-	-	-	-	3,403
Accounts Receivable, Net	-	712	295	-	11	1	1,019
Capital Assets:							
Construction in Progress	-	-	-	-	-	45	45
Total Assets	**$ 188**	**$ 4,222**	**$ 739**	**$ 578**	**$ 3,162**	**$ 489**	**$ 9,378**
Liabilities:							
Accounts Payable	$ -	$ 2	$ 649	$ 6	$ 143	$ 22	$ 822
Accrued Payroll	-	-	-	3	-	-	3
Due to Bondholders	-	4,220	-	-	-	-	4,220
Held for others	188	-	90	569	3,019	467	4,333
Total Liabilities	**$ 188**	**$ 4,222**	**$ 739**	**$ 578**	**$ 3,162**	**$ 489**	**$ 9,378**

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Balance September 30, 2015	Additions	Deletions	Balance September 30, 2016
General Deposit				
Assets:				
Cash and Investments	$ 531	$ 36	$ (379)	$ 188
Total Assets	**$ 531**	**$ 36**	**$ (379)**	**$ 188**
Liabilities:				
Held for others	$ 531	$ -	$ (343)	$ 188
Total Liabilities	**$ 531**	**$ -**	**$ (343)**	**$ 188**
Community Facilities Districts				
Assets:				
Cash and Investments	$ 109	$ 7,536	$ (7,538)	$ 107
Cash with Fiscal Agent	3,401	2	-	3,403
Accounts Receivable, Net	1,029	714	(1,031)	712
Total Assets	**$ 4,539**	**$ 8,252**	**$ (8,569)**	**$ 4,222**
Liabilities:				
Accounts Payable	$ 8	$ 640	$ (646)	$ 2
Due to Bondholders	4,531	-	(311)	4,220
Total Liabilities	**$ 4,539**	**$ 640**	**$ (957)**	**$ 4,222**
Business Improvement Districts				
Assets:				
Cash and Investments	$ 356	$ 3,209	$ (3,121)	$ 444
Accounts Receivable, Net	249	495	(449)	295
Total Assets	**$ 605**	**$ 3,704**	**$ (3,570)**	**$ 739**
Liabilities:				
Accounts Payable	$ 557	$ 3,762	$ (3,670)	$ 649
Held for others	48	42	-	90
Total Liabilities	**$ 605**	**$ 3,804**	**$ (3,670)**	**$ 739**
Central Net Operations Authority				
Assets:				
Cash and Investments	$ 775	$ 1,338	$ (1,535)	$ 578
Accounts Receivable, Net	-	45	(45)	-
Total Assets	**$ 775**	**$ 1,383**	**$ (1,580)**	**$ 578**
Liabilities:				
Accounts Payable	$ 12	$ 224	$ (230)	$ 6
Accrued Payroll	2	4	(3)	3
Held for others	761	-	(192)	569
Total Liabilities	**$ 775**	**$ 228**	**$ (425)**	**$ 578**

CITY OF HUNTINGTON BEACH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(CONTINUED)

	Balance September 30, 2015	Additions	Deletions	Balance September 30, 2016
Parking Structures				
Assets:				
Cash and Investments	$ 2,965	$ 1,994	$ (1,808)	$ 3,151
Accounts Receivable, Net	7	11	(7)	11
Total Assets	**$ 2,972**	**$ 2,005**	**$ (1,815)**	**$ 3,162**
Liabilities:				
Accounts Payable	$ 200	$ 1,715	$ (1,772)	$ 143
Held for others	2,772	247	-	3,019
Total Liabilities	**$ 2,972**	**$ 1,962**	**$ (1,772)**	**$ 3,162**
West Orange County Water Board				
Assets:				
Cash and Investments	$ 387	$ 280	$ (224)	$ 443
Accounts Receivable, Net	-	87	(86)	1
Capital Assets:				
Construction in Progress	-	45	-	45
Total Assets	**$ 387**	**$ 412**	**$ (310)**	**$ 489**
Liabilities:				
Accounts Payable	$ -	$ 138	$ (116)	$ 22
Held for others	387	80	-	467
Total Liabilities	**$ 387**	**$ 218**	**$ (116)**	**$ 489**
Total - All Agency Funds				
Assets:				
Cash and Investments	$ 5,123	$ 14,393	$ (14,605)	$ 4,911
Cash with Fiscal Agent	3,401	2	-	3,403
Accounts Receivable, Net	1,285	1,352	(1,618)	1,019
Capital Assets:				
Construction in Progress	-	45	-	45
Total Assets	**$ 9,809**	**$ 15,792**	**$ (16,223)**	**$ 9,378**
Liabilities:				
Accounts Payable	$ 777	$ 6,479	$ (6,434)	$ 822
Accrued Payroll	2	4	(3)	3
Due to Bondholders	4,531	-	(311)	4,220
Held for others	4,499	369	(535)	4,333
Total Liabilities	**$ 9,809**	**$ 6,852**	**$ (7,283)**	**$ 9,378**

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City of Huntington Beach
Statistical Section

This part of the City of Huntington Beach's Comprehensive Annual 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 – contain trend information to aid the reader understand how the City's financial performance has changed over time.
Revenue Capacity – contain information to help the reader assess the City's most significant local revenue source, the property tax.
Debt Capacity – present 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 comprehensive annual financial reports for the relevant year.

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

	Fiscal Year Ended September 30,				
Governmental Activities	**2016**	**2015**	**2014**	**2013**	**2012**
Net investment in capital assets	$ 624,180	$ 615,512	$ 618,825	$ 617,267	$ 612,346
Restricted	41,555	52,270	34,018	51,867	44,220
Unrestricted	(222,863)	(224,579)	89,524	54,076	53,098
Total Governmental Activities Net Position	**$ 442,872**	**$ 443,203**	**$ 742,367**	**$ 723,210**	**$ 709,664**
Business - Type Activities	.	.	.	.	.
Net investment in capital assets	$ 142,566	$ 142,616	$ 140,770	$ 145,886	$ 134,129
Restricted	32,049	28,096	27,951	27,488	27,804
Unrestricted	21,997	28,321	53,166	65,595	63,686
Total Business - Type Activities Net Position	**$ 196,612**	**$ 199,033**	**$ 221,887**	**$ 238,969**	**$ 225,619**
Primary Government					
Net investment in capital assets	$ 766,746	$ 758,128	$ 759,595	$ 763,153	$ 746,475
Restricted	73,604	80,366	61,969	79,355	72,024
Unrestricted	(200,866)	(196,258)	142,690	119,671	116,784
Total Primary Government Net Position	**$ 639,484**	**$ 642,236**	**$ 964,254**	**$ 962,179**	**$ 935,283**

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

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

* Planning and Building departments were combined in the year ended September 30, 2011.

** Economic Development was included with the City Manager's office beginning in the year ended September 30, 2014

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

	Fiscal Year Ended September 30,				
Governmental Activities	**2011**	**2010**	**2009**	**2008**	**2007**
Net investment in capital assets	$ 569,497	$ 567,351	$ 559,059	$ 521,654	$ 486,552
Restricted	51,195	49,100	48,198	69,126	73,541
Unrestricted	41,239	33,135	36,319	35,615	59,182
Total Governmental Activities Net Position	**$ 661,931**	**$ 649,586**	**$ 643,576**	**$ 626,395**	**$ 619,275**
Business - Type Activities	.				
Net investment in capital assets	$ 134,882	$ 121,576	$ 118,059	$ 118,671	$ 119,874
Restricted	27,988	30,512	30,794	32,665	33,546
Unrestricted	59,260	61,723	59,810	57,704	54,822
Total Business - Type Activities Net Position	**$ 222,130**	**$ 213,811**	**$ 208,663**	**$ 209,040**	**$ 208,242**
Primary Government					
Net investment in capital assets	$ 704,379	$ 688,927	$ 677,118	$ 640,325	$ 606,426
Restricted	79,183	79,612	78,992	101,791	107,087
Unrestricted	100,499	94,858	96,129	93,319	114,004
Total Primary Government Net Position	**$ 884,061**	**$ 863,397**	**$ 852,239**	**$ 835,435**	**$ 827,517**

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

Expenses:	Fiscal Year Ended September 30,				
Governmental Activities:	**2011**	**2010**	**2009**	**2008**	**2007**
City Council	$ 300	$ 301	$ 295	$ 295	$ 287
City Manager	1,502	1,674	1,861	1,652	1,442
City Treasurer	1,274	1,532	1,308	1,408	1,088
City Attorney	2,354	2,772	2,877	2,914	2,534
City Clerk	813	883	1,099	1,020	950
Finance	3,423	4,309	4,479	4,944	4,454
Human Resources	4,792	5,284	4,749	4,725	4,202
Planning & Building	6,036	3,170	3,232	3,881	3,098
Building	-	4,608	9,549	5,747	4,899
Fire	35,393	33,545	33,942	27,299	27,247
Information Services	5,909	6,812	7,377	7,311	6,591
Police	60,192	59,049	60,551	58,378	56,988
Economic Development**	10,876	11,891	15,758	18,031	9,209
Community Services	16,104	16,147	17,110	18,565	16,482
Library Services	3,838	4,519	4,574	5,607	5,586
Public Works	27,232	26,483	29,514	31,246	34,581
Non-Departmental	19,595	24,303	21,196	30,814	15,131
Interest on Long-Term Debt	6,287	6,146	5,232	5,291	5,875
Total Governmental Activities	**205,920**	**213,428**	**224,703**	**229,128**	**200,644**
Business-type Activities:					
Water Utility	31,712	34,902	34,290	32,701	32,606
Sewer Service	6,338	6,575	7,306	7,120	5,766
Refuse Collection	10,690	10,585	10,623	10,561	10,542
Emerald Cove Housing	-	-	306	893	936
Emergency Fire Medical	-	-	-	6,933	5,347
Hazmat Service	243	315	196	249	194
Ocean View Estates	-	-	-	117	84
Total Business Type Activities	**48,983**	**52,377**	**52,721**	**58,574**	**55,475**
Total Business and Government Type Activities	**$ 254,903**	**$ 265,805**	**$ 277,424**	**$ 287,702**	**$ 256,119**

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

Program Revenues:	Fiscal Year Ended September 30,				
Governmental Activities:	**2016**	**2015**	**2014**	**2013**	**2012**
Charges for Services					
City Council	$ 116	$ 71	$ 68	$ 66	$ 65
City Manager	3,029	2,994	2,835	134	130
City Treasurer	101	639	621	602	585
City Attorney	4	143	139	135	131
City Clerk	201	199	321	248	170
Finance	2,277	1,353	1,313	1,275	1,238
Human Resources	513	1,263	2,499	1,236	1,150
Planning & Building*	9,252	10,670	9,357	9,411	7,706
Building	-	-	-	-	-
Fire	9,894	8,625	8,672	9,482	9,497
Information Services	521	834	809	786	763
Police	5,958	5,512	5,170	4,653	5,073
Economic Development**	-	-	-	2,505	2,303
Community Services	18,853	18,569	18,055	17,832	17,792
Library Services	408	495	434	634	466
Public Works	5,733	6,474	6,367	7,315	5,482
Non-Departmental	1,290	327	318	306	281
Total Charges for Services	58,150	58,168	56,978	56,620	52,832
Operating Grants	4,723	7,458	7,958	7,303	5,088
Capital Grants	5,939	9,809	5,486	7,191	6,624
Total Governmental Activities Program Revenue	**68,812**	**75,435**	**70,422**	**71,114**	**64,544**
Business-Type Activities:					
Water Utility	35,765	35,350	36,944	38,679	35,926
Sewer Service	11,280	11,239	10,665	12,267	11,546
Refuse Collection	11,215	11,221	11,006	10,950	10,786
Emerald Cove Housing	-	-	-	-	-
Emergency Fire Medical	-	-	-	-	-
Hazmat Service	235	222	183	278	154
Ocean View Estates	-	-	-	-	-
Total Business-Type Activities Program Revenues	58,495	58,032	58,798	62,174	58,412
Total Primary Government Program Revenue	127,307	133,467	129,220	133,288	122,956
Net (Expense) Revenue:					
Governmental Activities:	(172,213)	(133,537)	(142,075)	(136,928)	(129,138)
Business-Type Activities	(3,398)	(286)	(3,789)	5,373	2,351
Total Net (Expense) Revenue	**(175,611)**	**(133,823)**	**(145,864)**	**(131,555)**	**(126,787)**
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	87,128	82,615	81,355	74,795	74,856
Sales Taxes	34,289	33,063	29,243	30,276	30,051
Utility Taxes	19,482	20,229	20,621	20,764	20,152
Other Taxes	17,313	16,464	15,601	14,568	12,930
Use of Money and Property	3,618	5,551	3,725	2,816	3,434
From Other Agencies	4,397	5,653	4,279	6,003	6,585
Participation Payments	-	-	-	-	-
Other	5,693	4,440	6,903	5,240	4,941
Transfers	(38)	35	(38)	(38)	(38)
Total Governmental Activities General Revenues	**171,882**	**168,050**	**161,689**	**154,424**	**152,911**
Business-Type Activities:					
Use of Money and Property	939	1,281	1,015	137	1,100
Transfers	38	(35)	38	38	38
Total Business-Type Activities General Revenues	**977**	**1,246**	**1,053**	**175**	**1,138**
Total General Revenues and Transfers	**172,859**	**169,296**	**291,939**	**154,599**	**154,049**
Extraordinary Gain	**-**	**-**	**-**	**(4,669)**	**23,960**
Changes in Net Position - Governmental Activities	(331)	34,513	19,614	12,827	47,733
Changes in Net Position - Business-Type Activities	(2,421)	960	(2,736)	5,548	3,489
Net Position - Beginning of Year	**642,236**	**964,254**	**962,179**	**935,283**	**884,061**
Prior Period Adjustment - Governmental Activities	**-**	**(333,677)**	**(457)**	**719**	**-**
Prior Period Adjustment - Business-Type Activities	**-**	**(23,814)**	**(14,346)**	**7,802**	**-**
Net Position - Beginning of Year as restated	**642,236**	**606,763**	**947,376**	**943,804**	**-**
Net Position - End of Year	**$ 639,484**	**$ 642,236**	**$ 964,254**	**$ 962,179**	**$ 935,283**

* Planning and Building departments were combined in the year ended September 30, 2011.

** Economic Development was included with the City Manager's office beginning in the year ended September 30, 2014

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

Program Revenues:	**Fiscal Year Ended September 30,**				
Governmental Activities:	**2011**	**2010**	**2009**	**2008**	**2007**
Charges for Services					
City Council	$ 63	$ 62	$ 94	$ 103	$ 99
City Manager	127	126	370	404	392
City Treasurer	568	566	765	720	698
City Attorney	127	456	50	47	46
City Clerk	98	106	108	168	210
Finance	1,202	1,234	1,264	1,354	1,312
Human Resources	1,117	1,103	1,254	1,391	1,347
Planning & Building	6,084	682	801	1,987	4,223
Building	-	4,126	3,665	4,582	5,450
Fire	8,632	8,504	7,978	1,423	1,267
Information Services	741	731	674	697	675
Police	5,207	4,849	5,083	5,159	4,890
Economic Development**	2,800	2,685	3,049	3,001	2,944
Community Services	15,345	15,470	15,278	15,383	15,036
Library Services	325	415	437	851	835
Public Works	5,638	4,850	4,328	6,000	5,016
Non-Departmental	273	269	216	239	232
Total Charges for Services	48,347	46,234	45,414	43,509	44,672
Operating Grants	8,914	7,069	4,181	7,684	1,996
Capital Grants	5,198	7,418	25,625	14,284	5,154
Total Governmental Activities Program Revenue	**62,459**	**60,721**	**75,220**	**65,477**	**51,822**
Business-Type Activities:					
Water Utility	34,583	34,394	34,200	35,751	37,962
Sewer Service	10,532	10,565	10,535	9,906	7,242
Refuse Collection	10,631	10,506	10,386	10,521	10,550
Emerald Cove Housing	-	-	843	1,180	1,037
Emergency Fire Medical	-	-	-	6,762	6,068
Hazmat Service	383	198	204	185	210
Ocean View Estates	-	-	-	337	324
Total Business-Type Activities Program Revenues	56,129	55,663	56,168	64,642	63,393
Total Primary Government Program Revenue	118,550	116,346	138,563	139,713	115,215
Net (Expense) Revenue:					
Governmental Activities:	(143,499)	(145,237)	(142,308)	(149,632)	(177,306)
Business-Type Activities	7,146	6,680	3,791	11,921	4,819
Total Net (Expense) Revenue	**(136,353)**	**(138,557)**	**(138,517)**	**(137,711)**	**(172,487)**
General Revenue and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	86,056	85,552	84,010	84,016	79,369
Sales Taxes	25,339	23,646	21,427	25,560	30,608
Utility Taxes	19,135	19,757	20,616	21,591	21,479
Other Taxes	13,368	11,629	12,085	15,065	13,776
Use of Money and Property	3,239	4,043	5,002	5,714	7,895
From Other Agencies	5,647	4,184	8,500	6,899	12,689
Participation Payments	-	4,496	-	-	1,564
Other	3,060	5,448	7,849	2,332	2,696
Transfers	(38)	(38)	7,175	9,594	491
Total Governmental Activities General Revenues	**155,806**	**158,717**	**166,664**	**170,771**	**170,567**
Business-Type Activities:					
Use of Money and Property	1,135	1,824	3,351	4,324	5,035
Transfers	38	38	(7,175)	(9,594)	(491)
Total Business-Type Activities General Revenues	**1,173**	**1,862**	**(3,824)**	**(5,270)**	**4,544**
Total General Revenues and Transfers	**157,017**	**160,617**	**155,665**	**155,907**	**175,111**
Extraordinary Gain	**-**	**-**	**-**	**-**	**-**
Changes in Net Position - Governmental Activities	12,345	13,518	17,181	11,545	(6,739)
Changes in Net Position - Business-Type Activities	8,319	8,542	(33)	6,651	9,363
Net Position - Beginning of Year	**863,397**	**852,239**	**835,435**	**827,517**	**793,310**
Prior Period Adjustment - Governmental Activities	**-**	**-**	**-**	**-**	**-**
Prior Period Adjustment - Business-Type Activities	**-**	**-**	**-**	**-**	**-**
Net Position - Beginning of Year as restated	**-**	**-**	**-**	**-**	**-**
Net Position - End of Year	**$ 884,061**	**$ 874,299**	**$ 852,583**	**$ 845,713**	**$ 795,934**

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

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
General Fund:					
Nonspendable	$ -	$ 4,479	$ 4,378	$ 4,040	$ 4,633
Restricted	2,637	2,871	2,070	1,878	1,387
Committed	25,011	25,011	25,011	24,011	-
Assigned	35,199	32,431	29,595	24,578	48,415
Total General Fund	**$ 62,847**	**$ 64,792**	**$ 61,054**	**$ 54,507**	**$ 54,435**
Other Governmental Funds:					
Restricted	$ 40,293	$ 45,515	$ 27,214	$ 27,425	$ 27,722
Committed	21,368	21,659	16,447	11,098	6,745
Assigned	838	161	151	316	1,181
Unassigned	-	-	-	(210)	(395)
Total Other Governmental Funds	**$ 62,499**	**$ 67,335**	**$ 43,812**	**$ 38,629**	**$ 35,253**

	Fiscal Year Ended September 30,		
	2011	2010	2009 (a)
General Fund:			
Nonspendable	$ 10,841	$ 4,605	$ 4,834
Restricted	1,304	1,452	1,921
Committed	-	30,493	20,600
Assigned	42,411	4,802	11,733
Total General Fund	**$ 54,556**	**$ 41,352**	**$ 39,088**
Other Governmental Funds:			
Nonspendable	$ -	$ 6,576	$ 11,328
Restricted	32,519	33,319	11,509
Committed	4,049	1,755	7,545
Assigned	1,711	3,914	24,437
Unassigned	(4,377)	(4,319)	(1,557)
Total Other Governmental Funds	**$ 33,902**	**$ 41,245**	**$ 53,262**

	Fiscal Year Ended September 30,	
	2008	2007
General Fund:		
Reserved	$ 10,967	$ 10,679
Unreserved	33,476	33,017
Total General Fund	**$ 44,443**	**$ 43,696**
Other Governmental Funds:		
Reserved	$ 35,445	$ 42,013
Unreserved, Reported in:		
Special Revenue Funds	11,307	13,500
Debt Service Funds	5,467	5,484
Capital Projects Funds	15,316	18,286
Total Other Governmental Funds	**$ 67,535**	**$ 79,283**

Notes:

(a) The City implemented GASB Statement No. 54 in the year ended September 30, 2009.

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

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
REVENUES:					
Property Taxes	$ 86,382	$ 82,472	$ 79,460	$ 74,442	$ 74,554
Sales Taxes	39,305	32,234	30,454	29,763	29,126
Utility Taxes	19,482	20,229	20,621	20,764	20,152
Other Taxes	17,313	16,464	15,601	14,568	12,930
Licenses and Permits	9,820	9,270	7,976	9,880	7,773
Fines and Forfeitures	5,144	4,746	4,392	4,058	4,252
From Use of Money and Property	18,055	17,473	16,695	16,046	16,855
From Other Agencies	13,712	18,634	16,804	18,237	18,537
Charges for Current Service/Other Revenue	32,506	35,869	33,886	34,150	30,051
TOTAL REVENUES	**241,719**	**237,391**	**225,889**	**221,908**	**214,230**
EXPENDITURES					
Current:					
City Council	318	278	258	260	310
City Manager	3,092	2,703	3,040	1,574	1,758
City Treasurer	204	167	169	132	141
City Attorney	2,539	2,425	2,321	2,221	2,313
City Clerk	790	895	747	797	689
Finance*	5,659	5,452	5,314	4,825	4,573
Human Resources	6,776	4,606	4,298	5,661	5,213
Planning & Building**	7,062	6,954	7,091	6,155	6,119
Building	-	-	-	-	-
Fire	46,200	45,008	42,602	35,920	35,145
Information Systems	6,742	6,846	6,456	6,096	5,857
Police	72,612	68,940	66,628	60,460	60,249
Economic Development***	-	-	-	7,012	3,389
Community Services	10,768	10,223	10,040	13,952	14,082
Library Services	4,247	4,146	3,739	3,588	3,492
Public Works	23,659	23,820	22,872	22,169	22,666
Non-Departmental	24,670	20,067	21,033	19,684	15,455
Capital Outlay	27,269	14,986	10,729	10,745	11,096
Debt Service:					
Principal	5,933	5,454	4,797	9,381	6,012
Interest	2,138	2,226	1,987	2,321	2,564
TOTAL EXPENDITURES	**250,678**	**225,196**	**214,121**	**212,953**	**201,123**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(8,959)**	**12,195**	**11,768**	**8,955**	**13,107**
OTHER FINANCING SOURCES (USES):					
Transfers In	9,034	12,158	9,832	9,501	18,904
Proceeds of Long-Term Debt	10,197	-	-	-	-
Issuance Premium	-	-	-	-	-
Payments to Escrow	-	-	-	-	-
Transfers Out	(17,053)	(14,238)	(9,870)	(10,339)	(18,942)
TOTAL OTHER FINANCING SOURCES (USES)	2,178	(2,080)	(38)	(838)	(38)
Extraordinary Item - Dissolution of RDA	-	-	-	(4,669)	(11,839)
INCREASE (DECREASE) IN FUND BALANCES	**$ (6,781)**	**$ 10,115**	**$ 11,730**	**$ 3,448**	**$ 1,230**
DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES	**3.7%**	**3.8%**	**3.5%**	**6.1%**	**4.7%**

* Finance was included with Administrative Services prior to October 1, 2005

** Planning and Building departments were combined in the year ended September 30, 2011.

** Economic Development was included with the City Manager's office beginning in the year ended September 30, 2014

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

	Fiscal Year Ended September 30,				
	2011	2010	2009	2008	2007
REVENUES:					
Property Taxes	$ 85,869	$ 85,072	$ 85,612	$ 82,138	$ 75,916
Sales Taxes	25,034	22,582	22,356	26,377	26,271
Utility Taxes	19,135	19,757	20,616	21,591	21,479
Other Taxes	13,368	11,629	12,085	15,065	13,776
Licenses and Permits	6,728	6,204	5,879	7,924	10,131
Fines and Forfeitures	4,334	3,965	4,144	4,060	4,165
From Use of Money and Property	15,660	16,330	17,285	18,221	19,796
From Other Agencies	17,659	19,893	21,152	19,231	19,304
Charges for Current Service/Other Revenue	26,996	26,401	24,894	20,645	23,270
TOTAL REVENUES	**214,783**	**211,833**	**214,023**	**215,252**	**214,108**
EXPENDITURES					
Current:					
City Council	300	301	295	295	287
City Manager	1,493	1,652	1,839	1,588	1,490
City Treasurer	1,274	1,532	1,308	1,357	1,060
City Attorney	2,354	2,772	2,877	2,881	2,526
City Clerk	798	868	1,084	992	932
Finance*	3,423	4,286	4,456	4,792	4,400
Human Resources	6,106	5,284	4,749	4,725	4,202
Planning & Building**	6,034	3,170	3,232	3,859	3,092
Building	-	3,449	4,176	3,957	4,670
Fire	34,546	32,816	33,596	27,146	26,438
Information Systems	5,879	6,782	7,339	6,741	6,437
Police	59,546	58,566	59,686	56,535	55,461
Economic Development***	13,784	14,704	11,086	16,228	8,292
Community Services	13,724	14,501	15,407	15,666	14,744
Library Services	3,546	4,158	4,336	4,962	5,097
Public Works	19,006	20,466	22,143	23,528	25,248
Non-Departmental	14,914	14,832	16,710	21,519	12,977
Capital Outlay	6,872	17,175	38,494	21,525	16,142
Debt Service:					
Principal	9,446	7,351	11,480	8,234	10,453
Interest	6,397	6,368	5,383	5,345	5,514
TOTAL EXPENDITURES	**209,442**	**221,033**	**249,676**	**231,875**	**209,462**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**5,341**	**(9,200)**	**(35,653)**	**(16,623)**	**4,646**
OTHER FINANCING SOURCES (USES):					
Transfers In	27,385	20,850	27,125	24,278	16,313
Proceeds of Long-Term Debt	36,275	14,745	8,850	-	35
Issuance Premium	1,884	707	-	-	-
Payments to Escrow	(37,601)	(15,967)	-	-	-
Transfers Out	(27,423)	(20,888)	(19,950)	(18,656)	(15,822)
TOTAL OTHER FINANCING SOURCES (USES)	520	(553)	16,025	5,622	526
Extraordinary Item - Dissolution of RDA	-	-	-	-	-
INCREASE (DECREASE) IN FUND BALANCES	**$ 5,861**	**$ (9,753)**	**$ (19,628)**	**$ (11,001)**	**$ 5,172**
DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES	**8.5%**	**7.2%**	**8.7%**	**6.9%**	**9.0%**

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
2006-2007	22,817,616	1,458	22,819,074	962,198	23,781,272	0.16282
2007-2008	24,294,404	305	24,294,709	1,066,668	25,361,377	0.16382
2008-2009	25,062,579	263	25,062,842	1,039,636	26,102,478	0.16482
2009-2010	25,324,857	263	25,325,120	1,086,770	26,411,890	0.17082
2010-2011	25,513,584	70,602	25,584,186	1,090,869	26,675,055	0.17082
2011-2012	25,480,770	72,602	25,553,372	1,170,004	26,723,376	0.17082
2012-2013	26,927,738	60,802	26,988,540	1,056,938	28,045,478	0.17082
2013-2014	28,005,989	53,702	28,059,691	1,106,038	29,165,729	0.17082
2014-2015	29,723,274	74,102	29,797,376	989,809	30,787,185	0.17082
2015-2016	31,193,211	66,802	31,260,013	1,132,728	32,392,741	0.17082

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

	Direct		Overlapping			Total Direct and Overlapping
Fiscal Year	City Basic Rate (1), (2)	City Other	School Districts	Metro Water District	Others	
2006-2007	0.15582	0.00700	0.57338	0.00470	0.32397	1.06487
2007-2008	0.15582	0.00800	0.57893	0.00450	0.32299	1.07024
2008-2009	0.15582	0.00900	0.57673	0.00430	0.32270	1.06855
2009-2010	0.15582	0.01500	0.58099	0.00430	0.32471	1.08082
2010-2011	0.15582	0.01500	0.58252	0.00370	0.32548	1.08252
2011-2012	0.15582	0.01500	0.58334	0.00370	0.32513	1.08299
2012-2013	0.15582	0.01500	0.60412	0.00350	0.30798	1.08642
2013-2014	0.15582	0.01500	0.59841	0.00350	0.31444	1.08717
2014-2015	0.15582	0.01500	0.62448	0.00350	0.29444	1.09324
2015-2016	0.15582	0.01500	0.07615	0.00350	0.84418	1.09465

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)

		Collected within the Fiscal Year of the Levy			Total Collections			
Fiscal Year	Total Levy	Amount	Percentage of Levy	Delinquent Tax Collections*	Amount	Percentage of Levy	Delinquent Taxes Receivable	Delinquency Percent
Secured Taxes								
2006-2007	39,174	37,194	94.9%	622	37,816	96.5%	1,278	3.3%
2007-2008	42,269	40,001	94.6%	1,113	41,114	97.3%	1,734	4.1%
2008-2009	42,569	40,298	94.7%	1,789	42,087	98.9%	1,582	3.7%
2009-2010	43,892	36,992	84.3%	1,880	38,872	88.6%	1,038	2.4%
2010-2011	44,014	42,233	96.0%	1,339	43,572	99.0%	746	1.7%
2011-2012	44,304	42,611	96.2%	951	43,562	98.3%	660	1.5%
2012-2013	47,162	45,722	96.9%	855	46,577	98.8%	565	1.2%
2013-2014	49,808	48,452	97.3%	656	49,108	98.6%	545	1.1%
2014-2015	52,188	50,759	97.3%	576	51,335	98.4%	519	1.0%
2015-2016	55,886	53,916	96.5%	546	54,462	97.5%	1,263	2.3%
Unsecured Taxes								
2006-2007	1,842	1,600	86.9%	37	1,637	88.9%	150	8.1%
2007-2008	1,718	1,618	94.2%	60	1,678	97.7%	34	2.0%
2008-2009	1,783	1,606	90.1%	90	1,696	95.1%	49	2.7%
2009-2010	1,882	1,677	89.1%	44	1,721	91.4%	65	3.5%
2010-2011	1,940	1,739	89.6%	22	1,761	90.8%	75	3.9%
2011-2012	1,863	1,731	92.9%	28	1,759	94.4%	68	3.7%
2012-2013	1,882	1,653	87.8%	23	1,676	89.1%	62	3.3%
2013-2014	1,922	1,693	88.1%	33	1,726	89.8%	76	4.0%
2014-2015	2,016	1,839	91.2%	37	1,876	93.1%	69	3.4%
2015-2016	1,925	1,740	90.4%	35	1,775	92.2%	39	2.0%
Community Facilities Districts								
2006-2007	4,061	4,041	99.5%	22	4,063	100.0%	7	0.2%
2007-2008	4,106	4,085	99.5%	21	4,106	100.0%	9	0.2%
2008-2009	4,053	4,034	99.5%	12	4,046	99.8%	7	0.2%
2009-2010	3,937	3,925	99.7%	11	3,936	100.0%	-	0.0%
2010-2011	3,850	3,838	99.7%	-	3,838	99.7%	1	0.0%
2011-2012	4,106	4,091	99.6%	3	4,094	99.7%	2	0.0%
2012-2013	4,093	4,077	99.6%	4	4,081	99.7%	4	0.1%
2013-2014	3,968	3,957	99.7%	6	3,963	99.9%	-	0.0%
2014-2015	3,981	3,967	99.6%	1	3,968	99.7%	2	0.1%
2015-2016	4,121	4,106	99.6%	9	4,115	99.9%	2	0.0%

Source: County of Orange Auditor Controller's Office

* Delinquency tax collections information not available prior to fiscal year 2004-2005
Note: The levy and tax year is for July 1st through June 30th and does not include the Redevelopment Agency

Note:

2002/2003 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 CFD.

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

Miscellaneous: excluded from all tables

Delinquency Amount: reflects the "unpaid" amounts as stated in the OC auditor-controller website

CITY OF HUNTINGTON BEACH
TOP TEN PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	2015-2016	
	Taxable Assessed Value (In Thousands)	Percent of Total TAV
OXY USA Inc	$ 509,827	1.57%
McDonnell Douglas West Federal Credit Union	410,913	1.27%
Bella Terra Associates LLC	237,726	0.73%
Mayer Financial LP	194,790	0.60%
United Dominion Realty	123,773	0.38%
Capref Strand LLC	102,955	0.32%
Bella Terra Villas LLC	100,141	0.31%
PR One Pacific Plaza LLC	95,536	0.29%
SARM Five Points Plaza LLC	94,331	0.29%
Pacific Sands LLC	90,918	0.28%
Total Top Ten	**1,960,910**	**4.48%**
All Other Property Taxpayers	30,431,831	95.52%
City Total	**$ 32,392,741**	**100.00%**

	2006-2007	
	Taxable Assessed Value (In Thousands)	Percent of Total TAV
Boeing Company/McDonnell Douglas Corporation	$ 226,456	0.95%
UDR Huntington Villas II	79,560	0.33%
Calresources LLC	92,665	0.39%
Plains Exploration & Production Company	67,494	0.28%
Cambro Manufacturing	61,876	0.26%
Seacliff Village Shopping Center Inc	55,926	0.24%
WCC Phase II Realty Holding Company LLC	52,643	0.22%
Casa Apartments Limited Partnership	48,146	0.20%
Sharp Electronics Corporation	39,330	0.17%
Time Warner Cable Inc.	37,954	0.16%
Total Top Ten	**762,050**	**3.20%**
All Other Property Taxpayers	23,019,222	96.80%
City Total	**$ 23,781,272**	**100.00%**

Source: HdL Coren & Cone

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 September 30,				
Long-Term Indebtedness	**2016**	**2015**	**2014**	**2013**	**2012**
Governmental Activities:					
Judgement Obligation Bonds	**$ 659**	**$ 1,634**	**$ 2,574**	**$ 3,474**	**$ 4,339**
Public Financing Authority:					
1997 Leasehold Revenue Bond	-	-	-	-	-
2000 Lease Revenue Bond	-	-	-	-	-
2001(a) Lease Revenue Bond	-	-	-	-	-
2001(b) Lease Revenue Bond	-	-	-	-	-
2010(a) Lease Revenue Bond	9,795	10,525	11,230	11,910	12,565
2011(a) Lease Revenue Bond	21,650	24,985	28,165	31,195	34,155
2014(a) Lease Revenue Bond	14,315	14,865	-	-	-
Total Public Financing Authority	**45,760**	**50,375**	**39,395**	**43,105**	**46,720**
Redevelopment Agency:					
1999 Tax Allocation Refunding Bonds	-	-	-	-	-
2002 Tax Allocation Refunding Bonds	-	-	-	-	-
Mayer Disposition and Development Agreement	-	-	-	-	-
Bella Terra OPA (Parking)	-	-	-	-	-
CIM DDA (Parking & Infrastructure)	-	-	-	-	-
CIM DDA (Additional Parking)	-	-	-	-	-
Section 108 Loan RDA/Bowen Court	-	-	-	-	-
Total Redevelopment Agency	**-**	**-**	**-**	**-**	**-**
Other Long-Term Obligations:					
Capital Leases Payable	-	-	-	-	290
PARS Payable	-	-	29	56	4,517
Section 108 Loan City	625	805	975	1,135	1,285
LED Lighting Phase I	931	1,063	-	-	-
Fire Truck	727	-	-	-	-
CEC	3,000	-	-	-	-
I-Bank	3,000	-	-	-	-
800 mHz	3,500	-	-	-	-
Total Other Long-Term Obligations	**11,783**	**1,868**	**1,004**	**1,191**	**6,092**
Total Long-Term Obligations - Governmental Activities	**$ 58,202**	**$ 53,877**	**$ 42,973**	**$ 47,770**	**$ 57,151**
Long-Term Obligations - Business-Type Activities:					
Leases Payable	$ -	$ -	$ -	$ -	$ 3
Total Long-Term Obligations - Business Activities	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3**
Total Long Term Obligations - Governmental Activities and Business-Type Activities	**$ 58,202**	**$ 53,877**	**$ 42,973**	**$ 47,770**	**$ 57,154**

	2016	**2015**	**2014**	**2013**	**2012**
Population*	201,899	197,752	195,686	193,197	191,403
Debt Per Capita	$ 288	$ 272	$ 220	$ 246	$ 297
Total Personal Income (In Thousands)**	$8,879,922	$8,697,528	$8,265,190	$7,839,899	$7,573,894
Per Capita Personal Income**	$ 43,982	$ 43,982	$ 42,237	$ 42,237	$ 40,492
Unemployment Rate***	3.90%	3.90%	3.60%	3.60%	4.30%
Total Employment***	107,200	104,000	120,200	120,200	119,600

Source:
* United States Census Bureau. FY 10/11 population decrease primarily attributed to the US Census adjustment
** Claritas, Inc.
*** State of California Employment Development Department

CITY OF HUNTINGTON BEACH
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)
(Continued)

	Fiscal Year Ended September 30,				
Long-Term Indebtedness	**2011**	**2010**	**2009**	**2008**	**2007**
Governmental Activities:					
Judgement Obligation Bonds	**$ 5,179**	**$ 5,989**	**$ 6,774**	**$ 10,050**	**$ 10,795**
Public Financing Authority:					
1997 Leasehold Revenue Bond	-		2,860	2,945	3,025
2000 Lease Revenue Bond	-		12,785	13,515	14,215
2001(a) Lease Revenue Bond	-	25,650	26,375	27,075	27,750
2001(b) Lease Revenue Bond	-	15,915	17,795	19,595	21,340
2010(a) Lease Revenue Bond	13,200	13,820	-	-	-
2011(a) Lease Revenue Bond	36,275	-	-	-	-
2014(a) Lease Revenue Bond	-	-	-	-	-
Total Public Financing Authority	**49,475**	**55,385**	**59,815**	**63,130**	**66,330**
Redevelopment Agency:					
1999 Tax Allocation Refunding Bonds	6,180	6,610	7,020	7,410	7,790
2002 Tax Allocation Refunding Bonds	13,525	14,470	15,380	16,250	17,095
Mayer Disposition and Development Agreement	5,803	6,153	6,503	6,810	7,101
Bella Terra OPA (Parking)	13,922	14,076	14,227	14,532	14,855
CIM DDA (Parking & Infrastructure)	7,288	7,444	7,768	-	-
CIM DDA (Additional Parking)	435	440	421	-	-
Section 108 Loan RDA/Bowen Court	3,997	5,725	6,140	6,530	6,895
Total Redevelopment Agency	**51,150**	**54,918**	**57,459**	**51,532**	**53,736**
Other Long-Term Obligations:					
Capital Leases Payable	572	857	1,161	1,681	2,281
PARS Payable	5,868	7,149	-	-	-
Section 108 Loan City	1,425	-	-	-	-
LED Lighting Phase I	-	-	-	-	-
Fire Truck	-	-	-	-	-
CEC	-	-	-	-	-
I-Bank	-	-	-	-	-
800 mHz	-	-	-	-	-
Total Other Long-Term Obligations	**7,865**	**8,006**	**1,161**	**1,681**	**2,281**
Total Long-Term Obligations - Governmental Activities	**$ 113,669**	**$ 124,298**	**$ 125,209**	**$ 126,393**	**$ 133,142**
Long-Term Obligations - Business-Type Activities:					
Leases Payable	$ 6	$ 9	$ 12	$ 40	$ 112
Total Long-Term Obligations - Business Activities	**$ 6**	**$ 9**	**$ 12**	**$ 40**	**$ 112**
Total Long Term Obligations - Governmental Activities and Business-Type Activities	**$ 113,675**	**$ 124,307**	**$ 125,221**	**$ 126,433**	**$ 133,254**

	2011	**2010**	**2009**	**2008**	**2007**
Population*	189,744	189,992	203,484	202,480	201,993
Debt Per Capita	$ 300	$ 559	$ 578	$ 712	$ 619
Total Personal Income (In Thousands)**	$7,356,548	$ 8,440,720	$8,207,324	$ 8,000,943	$ 7,626,443
Per Capita Personal Income**	$ 39,340	$ 38,642	$ 41,481	$ 40,534	$ 39,610
Unemployment Rate***	6.30%	7.40%	7.80%	7.90%	4.70%
Total Employment***	115,100	110,600	112,100	114,100	119,300

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
2006-2007	23,781,272	2,853,753	-	2,853,753
2007-2008	25,361,377	3,043,365	-	3,043,365
2008-2009	26,102,478	3,132,297	-	3,132,297
2009-2010	26,411,890	3,169,427	-	3,169,427
2010-2011	26,675,055	3,201,007	-	3,201,007
2011-2012	26,723,376	3,206,805	-	3,206,805
2012-2013	28,045,478	3,365,457	-	3,365,457
2013-2014	29,165,729	3,499,887	-	3,499,887
2014-2015	30,787,185	3,694,462	-	3,694,462
2015-2016	32,392,741	3,887,129	-	3,887,129

CITY OF HUNTINGTON BEACH
STATEMENT OF DIRECT AND
OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2016

2015-16 Assessed Valuation $34,696,480.249

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

Overlapping Tax and Assessment Debt	**Percent Applicable (1)**	**Debt Applicable to City**
Metropolitan Water District	1.4130%	$ 1,312,182
Coast Community College District	29.0710%	147,054,056
Huntington Beach Union High School District	72.6570%	140,326,095
Huntington Beach City School District	99.9380%	14,974,672
Westminster School District	24.9860%	18,681,912
Los Alamitos Unified School District School Facilities District No. 1	1.1460%	1,151,388
City of Huntington Beach Community Facilities Districts	100.0000%	35,305,000
Total Overlapping Tax and Assessment Debt		$ 358,805,305
Ratios to 2014-2015 Assessed Valuation		
Total Overlappng Tax and Assessment Debt	1.03%	
Direct and Overlapping General Fund Debt		
Orange County General Fund Obligations		$ 6,062,251
Orange County Pension Obligations		23,327,144
Orange County Board of Education Certificates of Participation		1,031,825
North Orange County Regional Occupation Program Certificates of Participation		8,523
Coast Community College District General Fund Obligations		1,094,523
Huntington Beach Union High School District Certificates of Participation		46,472,209
Los Alamitos Unified School District Certificates of Participation		420,030
Fountain Valley School Districts Certificates of Participation		1,393,911
Huntington Beach City School District Certificates of Participation		14,373,299
Ocean View School District Certificates of Participation		23,564,191
Westminster School District Certificates of Participation		11,247,845
City of Huntington Judgement Obligation Bonds		660,000
City of Huntington Reporting Entity Beach General Fund Obligations:		57,427,000
Total Gross Direct and Overlapping General Fund Debt		**187,082,751**
Total Net Direct and Overlapping General Fund Debt		**$ 187,082,751**
Total Direct Debt		**$ 58,087,000**
Total Gross Overlapping Debt		499,636,056
Total Net Overlapping Debt		499,690,056
Gross Combined Total Debt		$ 557,723,056 (1)
Net Combined Total Debt		557,777,056

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Adjusted Assessed Valuations	
Combined Direct Debt ($47,385,382)	0.14%
Gross Combined Total Debt	1.58%
Net Combined Total Debt	1.58%
Ratios to Redevelopment Successor Agency Incremental Valuation ($1,790,345,551)	
Total Overlapping Tax Increment Debt	0.57%

Source: California Municipal Statistics and City of Huntington Beach Finance Department

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

	2016	% of total
Boeing	4,391	4.10%
Cambro MFG Co.	1,015	0.95%
Ensign United States Drilling	925	0.86%
GWC	900	0.84%
Hyatt Regency Huntington Beach	641	0.60%
C & D Aerospace	555	0.52%
Zodiac Aerospace / Driessen Aircraft	542	0.51%
Huntington Beach Hospital	503	0.47%
Huntington valley Healthcare	381	0.36%
Quiksilver	350	0.33%
Total of top 10	**10,203**	**9.52%**
All others	96,997	90.48%
Total employment (public and private)	**107,200**	**100.00%**

	2007	% of total
Boeing	7,000	5.78%
Quiksilver	1,800	1.49%
Cambro Manufacturing	750	0.62%
Verizon	736	0.61%
Hyatt Regency Huntington Beach	670	0.55%
Fisher & Paykel	654	0.54%
Huntington Beach Hospital	602	0.50%
C & D Aerospace	600	0.50%
Rainbow Disposal	408	0.34%
Home Depot (including Expo)	383	0.32%
Total of top 10	**13,603**	**11.23%**
All others	107,497	88.77%
Total employment (public and private)	**121,100**	**100.00%**

Source: Economic Development Department, City of Huntington Beach

Note: Information on the principal private employers in not readily available for fiscal year ending September 2003 and earlier. Until data is readily available, only the available years will be presented.

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

	Actual						Budgeted			
General Government:	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
City Council	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager	11.50	11.50	11.50	7.00	7.00	7.00	6.00	9.00	9.00	8.00
City Treasurer	1.50	1.50	1.50	1.50	1.50	1.50	10.00	10.00	10.00	10.00
City Attorney	11.00	11.00	11.00	11.00	11.00	11.00	17.00	18.00	18.00	18.00
City Clerk	4.00	4.00	4.00	4.00	4.00	4.00	8.00	8.00	8.00	7.50
Finance	31.50	31.50	31.50	29.50	29.50	29.50	32.00	33.00	33.00	33.00
Human Resources	15.00	15.00	15.00	14.50	15.00	15.00	20.50	20.50	20.50	20.00
Community Development	44.00	44.00	43.00	42.75	42.75	43.75	26.00	28.00	28.00	28.00
Building *	-	-	-	-	-	-	25.75	30.50	31.50	31.50
Information Systems	30.00	30.00	30.00	29.50	29.50	29.50	39.00	40.00	39.00	38.00
Economic Development **	-	-	-	4.50	5.50	11.50	14.00	14.00	14.00	13.00
Library Services	28.25	28.25	28.25	27.75	27.75	29.75	32.25	37.25	37.25	37.25
Fire	198.00	198.00	196.50	176.50	176.50	176.50	176.00	185.00	185.00	184.00
Police	364.50	361.50	360.50	358.50	363.00	367.00	355.00	381.00	381.00	376.00
Community Services	44.00	43.00	43.00	56.00	61.00	61.00	65.75	69.75	69.75	69.75
Public Works	199.00	198.00	196.00	196.00	196.00	203.00	227.00	258.00	258.00	255.00
	983.25	**978.25**	**972.75**	**960.00**	**971.00**	**991.00**	**1,055.25**	**1,143.00**	**1,143.00**	**1,130.00**

Source: Finance Department, City of Huntington Beach

Note: Actual full-time city employees by function/program data available only for fiscal year ended September 30, 2011 and subsequent years.
Budgeted full-time employees provided for remaining years.

* Building and Planning reported as a combined figure for fiscal year ended September 30, 2011 and subsequent years.

** The Economic Development department was merged into the City Manager's Office for fiscal year ended September 30 2014 and subsequent years.

CITY OF HUNTINGTON BEACH
OPERATING INDICATORS BY FUNCTION/ACTIVITY
LAST TEN FISCAL YEARS

Function/Program	2016	2015	2014	2013	2012
Finance:					
Water Bills Processed	635,052	636,684	630,240	628,207	646,229
Active Business Licenses	21,420	21,424	20,450	21,127	22,304
Accounts Receivable Billings Processed	30,826	38,594	42,360	45,422	45,422
City Clerk:					
Passports Issued	5,623	5,121	4,598	4,220	3,850
Planning:					
Entitlements Processed	221	280	204	231	205
Plan Reviews	1,653	1,595	1,466	1,575	1,184
Field Inspection Complaints	7,951	8,233	7,030	7,301	6,105
Code Violation Cases	4,324	4,710	2,545	2,385	2,573
Building:					
Number of Permits Issued	10,981	10,670	9,348	8,970	8,444
Number of Inspections Completed	39,380	38,320	36,142	33,962	31,224
Value of Construction Permits (Thousands of Dollars)	283,910	234,946	216,343	248,246	190,992
Processed Number of Certificate of Occupancies*	n/a	n/a	n/a	477	647
Completed Plan Reviews	4,172	3,815	3,148	n/a	n/a
Counter Visits	23,492	21,893	21,326	20,854	19,777
Fire:					
Inspections	5,132	6,499	6,641	5,087	6,974
Responses	20,279	19,562	15,815	15,608	15,040
Ocean Rescues	3,977	5,371	6,426	4,195	4,669
Estimated Beach Visitors	12,272,030	11,803,943	12,035,134	11,016,615	8,906,592
Police:					
Physical Arrests	5,112	4,854	4,303	4,237	5,774
Parking Violations	90,361	83,453	74,668	72,347	77,282
Traffic Violations	17,639	17,596	16,330	13,016	16,916
Community Services:					
Park/Open Space Acrage	1,062	1,062	1,062	1,062	1,062
Enrollment in Recreation Classes	34,424	30,228	30,184	30,218	32,817
Public Works:					
Water Sold (Acre Feet)**	24,505	24,763	29,279	28,354	27,784
Gallons of Sewage Pumped Per Day**	19 million	19 million	22 million	22 million	22 million
Library:					
Items in Collection	285,814	343,655	332,092	385,901	420,956
Items Borrowed	921,105	908,656	937,533	892,543	888,019

* 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.
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	2011	2010	2009	2008	2007
Finance:					
Water Bills Processed	630,268	640,351	641,602	642,883	630,228
Active Business Licenses	21,903	21,045	20,841	21,129	20,670
Accounts Receivable Billings Processed	42,968	37,146	31,894	26,263	21,352
City Clerk:					
Passports Issued	3,082	3,251	3,186	4,929	5,755
Planning:					
Entitlements Processed	195	353	465	674	504
Plan Reviews	1,524	2,216	1,447	1,941	1,456
Field Inspection Complaints	6,064	8,187	9,345	7,932	5,273
Code Violation Cases	2,521	3,315	3,876	3,385	2,231
Building:					
Number of Permits Issued	8,413	8,037	8,114	9,254	4,355
Number of Inspections Completed	29,905	29,792	33,734	40,510	42,181
Value of Construction Permits (Thousands of Dollars)	104,238	91,049	72,727	123,843	141,277
Processed Number of Certificate of Occupancies*	765	796	484	540	590
Completed Plan Reviews	n/a	n/a	n/a	n/a	n/a
Counter Visits	20,288	20,272	19,149	2,854	n/a
Fire:					
Inspections	7,858	7,450	6,375	6,203	4,900
Responses	15,940	15,629	14,130	13,879	12,400
Ocean Rescues	3,845	2,822	6,047	n/a	n/a
Estimated Beach Visitors	7,840,968	8,208,477	9,922,165	10,452,461	10,363,719
Police:					
Physical Arrests	6,457	5,695	6,380	6,930	5,576
Parking Violations	77,261	74,115	55,840	67,270	123,096
Traffic Violations	16,770	22,660	19,433	18,882	19,589
Community Services:					
Park/Open Space Acrage	998	1,003	999	1,001	999
Enrollment in Recreation Classes	32,565	31,743	32,906	35,537	34,932
Public Works:					
Water Sold (Acre Feet)**	26,868	27,268	30,537	30,518	31,128
Gallons of Sewage Pumped Per Day**	22 million	22 million	23 million	23 million	23 million
Library:					
Items in Collection	427,707	437,603	440,578	438,467	431,304
Items Borrowed	943,695	1,009,634	944,492	879,225	826,921

CITY OF HUNTINGTON BEACH
CAPITAL ASSET STATISTICS BY FUNCTION/ACTIVITY
SEPTEMBER 30, 2016

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	1,062
Community Centers	6
Miles of Beach Maintained	4.7
Public Works:	
Centerline Square Miles of Streets Maintained	451
Miles of Storm Drains Maintained	120
Miles of Sewer Maintained	362

Source: Various departments of the City of Huntington Beach