



**HUNTINGTON PARK**  
THE CITY OF PERFECT BALANCE *California*

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**



# CITY OF HUNTINGTON PARK

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## **Independent Auditor's Report**

To the City Council  
City of Huntington Park  
Huntington Park, California

### ***Report on the Financial Statements***

We have audited the statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Park, California (the City), as of the year ended June 30, 2019, 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***

The City's 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 the 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.

### ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Qualified
General Fund	Qualified
HUD Home Program Special Revenue	Unmodified
Employees' Retirement Fund	Unmodified
Public Financing Authority	Unmodified
Nonmajor Governmental Funds	Unmodified
Water Enterprise Fund	Qualified
Sewer Enterprise Fund	Qualified
Nonmajor Enterprise Fund	Unmodified
Internal Service Fund	Qualified
Successor Agency Private-Purpose Trust Fund	Unmodified

### ***Bases for Qualified Opinions***

- The City has deficit cash balances of \$1.6 million across Nonmajor Governmental Funds that show little to no activity. Coverage of these funds would require transfers in from the General Fund, which have to be approved by City Council. Consequently, the cash balance in the General fund is materially overstated. This affects the Governmental Activities in the statement of net position and General Fund in the Governmental Funds Balance Sheet.
- The City's accounting systems do not provide the necessary information to audit capital assets and construction in progress. As a result, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the City's capital assets. Recorded net capital assets as of June 30, 2019 amounted to approximately \$62.1 million, however, we are unable to quantify the potential misstatement. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. This affects the Governmental Activities and the Business-Type Activities in the statement of net position, the Water, Sewer, and Internal Service Funds in the statement of net position - proprietary funds.

## ***Qualified Opinions***

In our opinion, except for the possible effects of the matters described in the “Bases for Qualified Opinions”, 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 Park as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### ***Deficit Fund Balance***

As discussed in Note 3A, the governmental activities has unrestricted net deficit in the amount of \$90,684,433 and overall net deficit position of \$22,321,355. Citywide net deficit position is \$1,888,414. The governmental special revenue funds, internal service funds, and the Successor Agency Private-Purpose Trust fund had unassigned/unrestricted net deficits in the amount of \$1,783,117, \$4,221,969, and \$244,871,790, respectively. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 75 to 77, the schedules of changes in net pension liability and related ratios, schedule of proportionate share of the net pension liability and related ratios, the schedules of plan contributions, and the schedule of changes in total OPEB liability and related ratios on pages 78 to 85 be presented to supplement the basic financial statements. Such information, although not 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 statement 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements on pages 86 to 97 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements is the responsibility of management and was 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, except for the effect on the combining and individual nonmajor fund financial statements of the matters described in the "Bases for Qualified Opinions", the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Eddie and Payne HP*

Riverside, California  
November 25, 2020



**CITY OF HUNTINGTON PARK**  
**STATEMENT OF NET POSITION**  
June 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and equivalents	\$ 35,224,583	\$ 7,547,811	\$ 42,772,394
Receivables			
Taxes and Intergovernmental	703,698	-	703,698
Accounts	3,849,045	1,727,536	5,576,581
Notes	8,965,864	-	8,965,864
Internal balances	48,925	(48,925)	-
Prepaid Items	15,013	-	15,013
Capital Assets:			
Non-Depreciable	8,348,915	4,190,670	12,539,585
Depreciable, net of accumulated depreciation	39,031,065	10,533,369	49,564,434
Total capital assets	<u>47,379,980</u>	<u>14,724,039</u>	<u>62,104,019</u>
Total assets	<u>96,187,108</u>	<u>23,950,461</u>	<u>120,137,569</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows of resources	13,840,513	147,093	13,987,606
OPEB related deferred outflows of resources	7,680,774	240,961	7,921,735
Total deferred outflows of resources	<u>21,521,287</u>	<u>388,054</u>	<u>21,909,341</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	4,530,659	724,912	5,255,571
Interest payable	413,812	-	413,812
Deposits	48,765	802,194	850,959
Unearned revenue	315,388	-	315,388
Noncurrent liabilities:			
Due within one year	4,069,739	3,555	4,073,294
Due in more than one year	26,368,808	26,190	26,394,998
Aggregate net pension liabilities (Note 10)	53,672,752	678,880	54,351,632
Net OPEB liabilities (Note 11)	41,622,992	1,628,415	43,251,407
Total liabilities	<u>131,042,915</u>	<u>3,864,146</u>	<u>134,907,061</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows of resources	7,272,883	33,915	7,306,798
OPEB related deferred inflows of resources	1,713,952	7,513	1,721,465
Total deferred inflows of resources	<u>8,986,835</u>	<u>41,428</u>	<u>9,028,263</u>
<b>NET POSITION</b>			
Net investment in capital assets	41,061,029	14,724,039	55,785,068
Restricted for:			
Retirement	5,272,719	-	5,272,719
Community development	8,721,675	-	8,721,675
Public safety	1,045,552	-	1,045,552
Public works	5,922,690	-	5,922,690
Debt Service	6,339,413	-	6,339,413
Total restricted	<u>27,302,049</u>	<u>-</u>	<u>27,302,049</u>
Unrestricted (deficit)	<u>(90,684,433)</u>	<u>5,708,902</u>	<u>(84,975,531)</u>
Total net position	<u>\$ (22,321,355)</u>	<u>\$ 20,432,941</u>	<u>\$ (1,888,414)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HUNTINGTON PARK  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2019

		Program Revenues		
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental Activities				
General government	\$ 15,300,466	\$ 551,706	\$ 826,780	\$ -
Public safety	16,596,604	2,714,225	603,207	297,344
Public works	6,727,909	2,939,517	2,196,824	548,604
Community Services	3,196,993	1,173,982	717,619	23,762
Community Development	3,072,368	1,303,669	4,041,563	-
Interest on long-term debt	1,083,505	-	-	-
Total governmental activities	<u>45,977,845</u>	<u>8,683,099</u>	<u>8,385,993</u>	<u>869,710</u>
Business-type activities				
Water	5,129,795	5,640,606	-	-
Sewer	290,524	287,661	-	-
Solid Waste	36,481	-	-	-
Total business-type activities	<u>5,456,800</u>	<u>5,928,267</u>	<u>-</u>	<u>-</u>
Total primary government	\$ 51,434,645	\$ 14,611,366	\$ 8,385,993	\$ 869,710

**General revenues and transfers:**

General revenues:
Property taxes
Sales and use
Franchise taxes
Utility
Total taxes
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning of year, as previously reported
Prior-period adjustment
Net position - beginning of year, as restated
Net position - end of year

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue  
and Changes in Net Position  
Primary Government**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Functions/Programs</u>
			<b>Primary government</b>
			<b>Governmental Activities</b>
\$ (13,921,980)	\$ -	\$ (13,921,980)	General government
(12,981,828)	-	(12,981,828)	Public safety
(1,042,964)	-	(1,042,964)	Public works
(1,281,630)	-	(1,281,630)	Community Services
2,272,864	-	2,272,864	Community Development
(1,083,505)	-	(1,083,505)	Interest on long-term debt
<u>(28,039,043)</u>	<u>-</u>	<u>(28,039,043)</u>	Total governmental activities
			<b>Business-type activities</b>
-	510,811	510,811	Water
-	(2,863)	(2,863)	Sewer
-	(36,481)	(36,481)	Solid Waste
<u>-</u>	<u>471,467</u>	<u>471,467</u>	Total business-type activities
<u>(28,039,043)</u>	<u>471,467</u>	<u>(27,567,576)</u>	Total primary government
			<b>General revenues and transfers:</b>
			General revenues:
12,789,073	-	12,789,073	Property taxes
15,093,980	-	15,093,980	Sales and use
1,231,716	-	1,231,716	Franchise taxes
4,211,781	-	4,211,781	Utility
33,326,550	-	33,326,550	Total taxes
746,483	141,007	887,490	Miscellaneous
360,000	(360,000)	-	Transfers
<u>34,433,033</u>	<u>(218,993)</u>	<u>34,214,040</u>	Total general revenues and transfers
6,393,990	252,474	6,646,464	Change in net position
(27,342,384)	19,821,020	(7,521,364)	Net position - beginning of year, as previously reported
(1,372,961)	359,447	(1,013,514)	Prior-period adjustment
<u>(28,715,345)</u>	<u>20,180,467</u>	<u>(8,534,878)</u>	Net position - beginning of year, as restated
<u>\$ (22,321,355)</u>	<u>\$ 20,432,941</u>	<u>\$ (1,888,414)</u>	Net position - end of year

The accompanying notes are an integral part of these financial statements.

CITY OF HUNTINGTON PARK  
**GOVERNMENTAL FUND FINANCIAL STATEMENTS**  
June 30, 2019

*General Fund* – As the City's primary operating fund, it accounts for and reports all financial resources of the City, except those required to be accounted for and reported in another fund.

*HUD Home Program Special Revenue Fund* – To account for housing and community development projects. Financing is provided by federal grants received from Department of Housing and Community Development Home Grant Program.

Debt Service Funds:

*Employees' Retirement* – To account for the receipt of property taxes allocated for pension obligations.

*Public Financing Authority* – Component unit of the City used to facilitate financing of various improvements and economic development efforts.

The accompanying notes are an integral part of these financial statements.

CITY OF HUNTINGTON PARK  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
June 30, 2019

	<u>General Fund</u>	<u>HUD Home Program Special Revenue</u>	<u>Employees' Retirement Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,268,436	\$ -	\$ 5,106,290
Interfund claim on cash	1,639,212	-	-
Receivables			
Taxes and intergovernmental	103,608	-	168,545
Accounts and interest	3,260,178	27,391	7,325
Loans	1,234,000	7,595,321	-
Due from other funds	510,491	-	-
Prepaid items	15,013	-	-
Total assets	<u>19,030,938</u>	<u>7,622,712</u>	<u>5,282,160</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Cash overdraft	-	-	-
Accounts payable	2,057,229	1,530	9,106
Accrued liabilities	870,423	232	335
Deposits	48,765	-	-
Due to other funds	-	19,232	-
Unearned revenue	-	30,504	-
Total liabilities	<u>2,976,417</u>	<u>51,498</u>	<u>9,441</u>
<b>Fund balances:</b>			
Nonspendable	15,013	-	-
Restricted	-	7,571,214	5,272,719
Assigned	11,100,000	-	-
Unassigned	4,939,508	-	-
Total fund balances	<u>16,054,521</u>	<u>7,571,214</u>	<u>5,272,719</u>
Total liabilities and fund balances	<u>19,030,938</u>	<u>7,622,712</u>	<u>5,282,160</u>

The accompanying notes are an integral part of these financial statements.

<u>Public Financing Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,335,865	\$ 8,881,176	\$ 32,591,767
-	-	1,639,212
-	431,545	703,698
5,398	546,180	3,846,472
-	136,543	8,965,864
-	-	510,491
-	-	15,013
<u>6,341,263</u>	<u>9,995,444</u>	<u>48,272,517</u>

#### ASSETS

Cash and cash equivalents
Interfund claim on cash
Receivables
Taxes and intergovernmental
Accounts and interest
Loans
Due from other funds
Prepaid items
Total assets

#### LIABILITIES AND FUND BALANCES

##### Liabilities:

-	1,639,212	1,639,212
1,850	1,133,283	3,202,998
-	212,382	1,083,372
-	-	48,765
-	390,097	409,329
-	284,884	315,388
<u>1,850</u>	<u>3,659,858</u>	<u>6,699,064</u>

Cash overdraft
Accounts payable
Accrued liabilities
Deposits
Due to other funds
Unearned revenue
Total liabilities

##### Fund balances:

-	-	15,013
6,339,413	8,118,703	27,302,049
-	-	11,100,000
-	(1,783,117)	3,156,391
<u>6,339,413</u>	<u>6,335,586</u>	<u>41,573,453</u>
<u>6,341,263</u>	<u>9,995,444</u>	<u>48,272,517</u>

Nonspendable
Restricted
Assigned
Unassigned
Total fund balances
Total liabilities and fund balances

The accompanying notes are an integral part of these financial statements.

CITY OF HUNTINGTON PARK  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
June 30, 2019

Total fund balance, governmental funds	\$ 41,573,453
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. Those assets consist of:

Amount reported in government-wide statement of position:

Capital assets, not being depreciated	8,348,915
Depreciable assets, net of \$71,142,217 accumulated depreciation	39,031,065
Less: amount reported in Internal Service Fund	(97,880)

Interest expenses are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(413,812)
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Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds' Balance Sheet.

Compensated absences, net of \$25,983 reported in Internal Service Fund	(1,437,655)
Long-term debt	(23,363,593)

Net pension liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds.

Net pension liabilities	(53,022,831)
Pension related deferred outflows of resources	13,705,709
Pension related deferred inflows of resources	(7,240,393)

Net OPEB liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds.

Net OPEB liabilities	(41,241,515)
OPEB related deferred outflows of resources	7,624,538
OPEB related deferred inflows of resources	(1,712,192)

Internal service funds are used by management to charge the costs of general liability, workers' compensation and equipment replacement to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Government-Wide Statement of Net Position, net of \$48,925 included in the business-type activities.

(4,075,164)
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Net Position of Governmental Activities	\$ (22,321,355)
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The accompanying notes are an integral part of these financial statements.

CITY OF HUNTINGTON PARK  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>HUD Home Program Special Revenue</u>	<u>Employees' Retirement Fund</u>
<b>REVENUES</b>			
Taxes	\$ 24,256,442	\$ -	\$ 5,311,253
Licenses and permits	2,570,649	-	-
Fines and forfeitures	2,210,050	-	11,623
Use of money and property	194,858	-	33,945
Intergovernmental	196,255	118,704	-
Charges for services	1,341,891	-	-
Other revenues	19,514	-	-
Total revenues	<u>30,789,659</u>	<u>118,704</u>	<u>5,356,821</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,779,413	915	78,174
Public safety	17,386,626	-	-
Public works	3,999,975	-	-
Community services	1,555,763	-	-
Community development	1,731,570	86,381	-
Debt Service:			
Principal retirement	83,788	-	1,400,000
Interest and fiscal charges	84,740	-	834,553
Capital Outlay	<u>2,203,181</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>31,825,056</u>	<u>87,296</u>	<u>2,312,727</u>
Excess (deficiency) of revenues over expenditures	<u>(1,035,397)</u>	<u>31,408</u>	<u>3,044,094</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,160,000	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(1,600,000)</u>
Total other financing sources and uses	<u>2,160,000</u>	<u>-</u>	<u>(1,600,000)</u>
<b>Net change in fund balances</b>	1,124,603	31,408	1,444,094
Fund balances - beginning, as previously reported	14,367,927	7,539,806	3,828,625
Prior-period adjustment	<u>561,991</u>	<u>-</u>	<u>-</u>
Fund balances - beginning, as restated	<u>14,929,918</u>	<u>7,539,806</u>	<u>3,828,625</u>
Fund balances - ending	<u>\$ 16,054,521</u>	<u>\$ 7,571,214</u>	<u>\$ 5,272,719</u>

The accompanying notes are an integral part of these financial statements.



<u>Public Financing Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ -	\$ 3,758,855	\$ 33,326,550	<b>REVENUES</b>
-	-	2,570,649	Taxes
-	15,770	2,237,443	Licenses and permits
45,325	114,264	388,392	Fines and forfeitures
2,276,549	6,664,195	9,255,703	Use of money and property
-	2,533,116	3,875,007	Intergovernmental
160,190	153,261	332,965	Charges for services
2,482,064	13,239,461	51,986,709	Other revenues
			Total revenues
			<b>EXPENDITURES</b>
			Current:
4,850	-	4,863,352	General government
-	930,073	18,316,699	Public safety
-	2,854,306	6,854,281	Public works
-	1,660,323	3,216,086	Community services
-	1,272,344	3,090,295	Community development
			Debt Service:
-	632,394	2,116,182	Principal retirement
-	215,947	1,135,240	Interest and fiscal charges
-	5,742,932	7,946,113	Capital Outlay
4,850	13,308,319	47,538,248	Total expenditures
2,477,214	(68,858)	4,448,461	Excess (deficiency) of revenues over expenditures
			<b>OTHER FINANCING SOURCES (USES)</b>
-	-	2,160,000	Transfers in
-	(200,000)	(1,800,000)	Transfers out
-	(200,000)	360,000	Total other financing sources and uses
2,477,214	(268,858)	4,808,461	<b>Net change in fund balances</b>
4,154,942	6,596,311	36,487,611	Fund balances - beginning, as previously reported
(292,743)	8,133	277,381	Prior-period adjustment
3,862,199	6,604,444	36,764,992	Fund balances - beginning, as restated
\$ 6,339,413	\$ 6,335,586	\$ 41,573,453	Fund balances - ending

The accompanying notes are an integral part of these financial statements.

**CITY OF HUNTINGTON PARK**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2019

**Net change in fund balances - total governmental funds:** \$ 4,808,461

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Acquisition of capital assets was reported as expenditures in the governmental funds. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over the estimated useful lives as depreciation expense. The following was the amount of capital assets recorded in the current period:

Capital outlay	3,538,653
Loss on disposal of assets	(62,892)
Depreciation expense, net of \$54,876 reported in Internal Service Funds	(2,552,404)

OPEB expenses were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, the increase in net OPEB liabilities was not reported as expenditures in the governmental funds.	(839,955)
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Pension expenses were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, the increase in net pension liabilities was not reported as expenditures in the governmental funds.	(1,039,136)
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The fund financial statements record interest expenditures on the current financial resources measurement focus whereas the Government-Wide financial statements recognize interest expense on the accrual basis. The reconciling amount was the change in accrued interest from the prior year.	51,740
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Long-term compensated absences expense was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the decrease in long-term compensated absences was not reported as an expenditure in the governmental funds, net of \$4,255 decrease reported in Internal Service Fund.	(30,436)
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Repayment of debt principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal repayments of long-term debt	2,116,182

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The net loss of the internal service funds was reported with governmental activities, net of \$20 reported in business-type activities.	403,777
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Change in Net Position of Governmental Activities	<u>\$ 6,393,990</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF HUNTINGTON PARK  
**PROPRIETARY FUND FINANCIAL STATEMENTS**  
June 30, 2019

Enterprise Funds are used to account and report activities for which fees are charged to external users for goods and/or services.

Enterprise Funds include:

*Water Enterprise Fund* – To account for the operations of the water utility system.

*Sewer Enterprise Fund* – To account for the activities of sewer utility services provided to the residents of the City.

Nonmajor Enterprise Funds include:

*Solid Waste Management Fund* – To account for the activities of solid waste management services to the residents of the City.

Internal Service Funds account for financing of goods and services provided by one department to other departments of the City.

CITY OF HUNTINGTON PARK  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
June 30, 2019

	Business-Type Activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund (Solid Waste)	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 5,992,430	\$ 978,929	\$ 576,452	\$ 7,547,811
Accounts and interest receivable	1,620,410	104,501	2,625	1,727,536
Total current assets	7,612,840	1,083,430	579,077	9,275,347
Non-current assets:				
Capital Assets:				
Nondepreciable	112,216	4,078,454	-	4,190,670
Depreciable	9,055,112	1,478,257	-	10,533,369
Total non-current assets	9,167,328	5,556,711	-	14,724,039
Total assets	16,780,168	6,640,141	579,077	23,999,386
				2,733,269
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related deferred outflows of resources	127,135	11,114	8,844	147,093
OPEB related deferred outflows of resources	211,777	16,960	12,224	240,961
Total deferred outflows of resources	338,912	28,074	21,068	388,054
				134,804
				56,236
				191,040
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	680,939	30,645	-	711,584
Accrued payroll	12,024	593	711	13,328
Deposits payable	663,495	-	138,699	802,194
Due to other funds	-	-	-	-
Compensated absences payable, due in one year	2,916	347	292	3,555
Claims payable, due in one year	-	-	-	-
Total current liabilities	1,359,374	31,585	139,702	1,530,661
Non-current liabilities:				
Compensated absences, due in more than one year	24,174	1,482	534	26,190
Claims payable, due in more than one year	-	-	-	-
Aggregate net pension liabilities	594,953	45,620	38,307	678,880
Net OPEB liabilities	1,431,189	114,616	82,610	1,628,415
Total non-current liabilities	2,050,316	161,718	121,451	2,333,485
Total liabilities	3,409,690	193,303	261,153	3,864,146
				20,786
				4,972,816
				649,921
				381,477
				6,025,000
				7,014,148
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows of resources	29,728	2,275	1,912	33,915
OPEB related deferred inflows of resources	6,603	529	381	7,513
Total deferred inflows of resources	36,331	2,804	2,293	41,428
				32,490
				1,760
				34,250
<b>NET POSITION</b>				
Net investment in capital assets	9,167,328	5,556,711	-	14,724,039
Unrestricted	4,505,731	915,397	336,699	5,757,827
Total net position	13,673,059	6,472,108	336,699	20,481,866
				(4,221,969)
				(4,124,089)
Adjustment to reflect consolidation of internal service activities to related enterprise fund	(37,910)	(3,455)	(7,560)	(48,925)
Net Position of business-type activities	\$ 13,635,149	\$ 6,468,653	\$ 329,139	\$ 20,432,941

The accompanying notes are an integral part of these financial statements.

CITY OF HUNTINGTON PARK  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –  
 PROPRIETARY FUNDS**  
 For the Year Ended June 30, 2019

	Business-Type Activities				Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund (Solid Waste)	Total	Internal Service Funds
<b>REVENUES</b>					
Charges for services	\$ 5,640,606	\$ 287,661	\$ -	\$ 5,928,267	\$ 5,150,498
Miscellaneous operating revenue	47,809	-	6	47,815	-
Total operating revenues	5,688,415	287,661	6	5,976,082	5,150,498
<b>OPERATING EXPENSES</b>					
Personal services	487,027	25,890	28,496	541,413	402,082
Contractual services	1,287,494	210,733	-	1,498,227	483,085
Purchased water, materials and supplies	2,739,049	-	6,496	2,745,545	403,943
Insurance	231,165	21,748	1,490	254,403	3,281,042
Claim settlements	-	-	-	-	146,800
Depreciation	385,078	32,154	-	417,232	54,875
Total Operating Expenses	5,129,813	290,525	36,482	5,456,820	4,771,827
Operating income (loss)	558,602	(2,864)	(36,476)	519,262	378,671
<b>NON-OPERATING REVENUES</b>					
Interest income	73,612	12,031	7,549	93,192	25,126
Total non-operating revenue	73,612	12,031	7,549	93,192	25,126
<b>Income (loss) before contributions and transfers</b>	632,214	9,167	(28,927)	612,454	403,797
<b>TRANSFERS</b>					
Transfers in	-	-	-	-	-
Transfers out	(360,000)	-	-	(360,000)	-
Total transfers	(360,000)	-	-	(360,000)	-
Change in net position	272,214	9,167	(28,927)	252,454	403,797
<b>NET POSITION</b>					
Beginning of year, as previously reported	13,268,054	6,462,941	138,970	19,869,965	(4,755,944)
Prior-period adjustment	132,791	-	226,656	359,447	228,058
Beginning of year, as restated	13,400,845	6,462,941	365,626	20,229,412	(4,527,886)
End of year	\$ 13,673,059	\$ 6,472,108	\$ 336,699	\$ 20,481,866	\$ (4,124,089)
Adjustment to reflect consolidation of internal service activities to related enterprise fund	18	1	1	20	
Changes in Net Position of Business-Type Activities	\$ 272,232	\$ 9,168	\$ (28,926)	\$ 252,474	

The accompanying notes are an integral part of these financial statements.

**CITY OF HUNTINGTON PARK**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
For the Year Ended June 30, 2019

	Business-Type Activities				Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund (Solid Waste)	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from tenants, customers and users	\$ 5,472,039	\$ 272,768	\$ (17,164)	\$ 5,727,643	\$ 5,155,198
Payments to suppliers	(4,055,697)	(193,295)	(6,496)	(4,255,488)	(1,012,976)
Payments for insurance premium or claim payments	(231,165)	(21,748)	(1,490)	(254,403)	(3,764,036)
Payments to employees	(435,217)	(21,977)	(25,738)	(482,932)	(373,037)
Net cash provided by (used in) operating activities	<u>749,960</u>	<u>35,748</u>	<u>(50,888)</u>	<u>734,820</u>	<u>5,149</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Payment to other funds	(360,000)	-	-	(360,000)	(138,950)
Net cash provided by (used in) noncapital financing activities	<u>(360,000)</u>	<u>-</u>	<u>-</u>	<u>(360,000)</u>	<u>(138,950)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	73,612	12,031	7,549	93,192	25,126
Net cash provided by investing activities	<u>73,612</u>	<u>12,031</u>	<u>7,549</u>	<u>93,192</u>	<u>25,126</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 463,572</u>	<u>\$ 47,779</u>	<u>\$ (43,339)</u>	<u>\$ 468,012</u>	<u>\$ (108,675)</u>
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning of year	5,528,858	931,150	619,791	7,079,799	2,741,491
End of year	<u>\$ 5,992,430</u>	<u>\$ 978,929</u>	<u>\$ 576,452</u>	<u>\$ 7,547,811</u>	<u>\$ 2,632,816</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 558,602	\$ (2,864)	\$ (36,476)	\$ 519,262	\$ 378,671
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation expense	385,078	32,154	-	417,232	54,875
(Increase) decrease in					
Accounts receivable	(281,329)	(14,893)	1,675	(294,547)	4,700
Deferred outflows of resources - pension	(55,424)	(4,638)	(3,755)	(63,817)	(59,393)
Deferred outflows of resources - OPEB	(148,077)	(11,864)	(8,544)	(168,485)	(39,249)
Increase (decrease) in					
Accounts payable	(29,154)	17,438	-	(11,716)	(125,948)
Accrued payroll	955	(232)	(513)	210	(1,756)
Deposit payable	64,953	-	(9,993)	54,960	-
Unearned revenue	-	-	(8,852)	(8,852)	-
Compensated absences payable	(5,653)	(538)	(177)	(6,368)	(6,421)
Claims payable	-	-	-	-	(336,194)
Aggregate net pension liability	65,790	6,348	4,864	77,002	67,975
Net OPEB liability	243,463	19,598	13,986	277,047	64,750
Deferred inflows of resources - pension	16,931	533	721	18,185	20,785
Deferred inflows of resources - OPEB	(66,175)	(5,294)	(3,824)	(75,293)	(17,646)
Total adjustments	<u>191,358</u>	<u>38,612</u>	<u>(14,412)</u>	<u>215,558</u>	<u>(373,522)</u>
Net cash provided by (used in) operating activities	<u>\$ 749,960</u>	<u>\$ 35,748</u>	<u>\$ (50,888)</u>	<u>\$ 734,820</u>	<u>\$ 5,149</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HUNTINGTON PARK  
**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND**  
June 30, 2019

*Successor Agency Private-Purpose Trust Fund* – To account for the balances and transactions of the Successor Agency to the Community Development Commission of the City of Huntington Park.

	<b>Successor Agency Private - Purpose Trust Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 4,931,836
Interest receivables	25
Total current assets	<u>4,931,861</u>
Noncurrent assets	
Property held for resale	<u>922,050</u>
Total noncurrent assets	<u>922,050</u>
Total assets	<u>5,853,911</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding	<u>401,706</u>
Total deferred outflows of resources	<u>401,706</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	92,399
Accrued liabilities	1,230
Interest payable	266,790
Loan payable to the City of Huntington Park	1,234,000
Bonds payable - due within one year	<u>3,420,241</u>
Total current liabilities	<u>5,014,660</u>
Noncurrent liabilities	
Compensated absences	2,991
Bonds payable - due in more than one year	<u>246,109,756</u>
Total noncurrent liabilities	<u>246,112,747</u>
Total liabilities	<u>251,127,407</u>
<b>NET POSITION</b>	
Held in trust	<u>\$ (244,871,790)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HUNTINGTON PARK  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND**  
For the Year Ended June 30, 2019

	<b>Successor Agency Private - Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Redevelopment Property Tax Trust Fund	\$ 6,602,576
Other revenue	<u>13,703</u>
Total additions	<u>6,616,279</u>
<b>DEDUCTIONS</b>	
Personnel expenses	44,063
Other expenses	789,595
Contribution to the City	2,276,549
Interest and fiscal charges	<u>16,199,980</u>
Total deductions	<u>19,310,187</u>
Change in net position	(12,693,908)
<b>NET POSITION</b>	
Beginning of year, as previously reported	(231,805,102)
Prior-period adjustment	<u>(372,780)</u>
Beginning of year, as restated	<u>(232,177,882)</u>
End of year	<u>\$ (244,871,790)</u>

The accompanying notes are an integral part of these financial statements.



CITY OF HUNTINGTON PARK  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 1 – REPORTING ENTITY**

The City of Huntington Park (the City) is a community located approximately six and one-half miles southeast of downtown Los Angeles, California. The City geographically encompasses approximately three square miles and has an approximate population of 59,000 residents. The City was incorporated as a general law city in 1906.

The City operates under the Council-Manager form of government, with five elected Council members served by a full-time City Manager and staff. The City provides the following services:

*Public Safety* - the City employs police officers and support staff to provide round-the-clock police services from a central station.

*Public Works* - the City monitors and maintains the City's infrastructure as set forth in City Codes, State and Federal statutes and City Council directives, including building and fleet maintenance, electrical, engineering, landscaping, and street maintenance. It also provides for Recycling and Solid Waste services, administering the City's residential and commercial refuse contracts and Water and Sewer services by providing potable water to approximately 6,600 service connections.

*Community Services (Parks and Recreation)* - the City provides a variety of programs relating to public parks, street tree maintenance, graffiti removal and weed abatement on public right-of-way.

*Community Development* - the City provides review and plan check services to the public and others. City Departments investigate traffic related issues and other various intergovernmental project coordination.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body's financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

**Blended Component Unit**

Management determined that the following component units should be blended based on the criteria above. Although the following is legally separate from the City, they have been "blended" as though they are part of the City, because the component units' governing body is substantially the same as the City's and there is a financial benefit or burden relationship between the City and the component unit. Management of the City has operational responsibilities for the component units and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though they do not provide services directly to it.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 1 – REPORTING ENTITY (CONTINUED)**

Included within the City's reporting entity are the Parking Authority of the City of Huntington Park (the Parking Authority) and the Huntington Park Public Financing Authority (the Finance Authority). The City Council of the City of Huntington Park acts as the governing board for each of these entities. In addition, executive management activities are conducted by the City staff.

Component unit financial statements are not issued for the Parking Authority or the Finance Authority.

*Parking Authority of the City of Huntington Park*

The Parking Authority was established on June 6, 1988 by the City for the purpose of coordinating and financing public parking facilities. The City Council is the Board of Directors for the Parking Authority.

*Huntington Park Public Financing Authority*

The Financing Authority was organized on July 5, 1988 by the City, the Parking Authority and the former Community Development Commission (the Commission). The Financing Authority's primary purpose is to provide financing for public capital improvements to the City, Commission or Parking Authority. City Council members serve as the Board of Directors of the Financing Authority and have full accountability of fiscal matters.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The City of Huntington Park's financial statement presentation follows accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

**B. Basis of Accounting and Measurement Focus**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities (changes in net position). These statements present summaries of Governmental and Business-type Activities for the City.

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting and Measurement Focus (Continued)**

Government-Wide Financial Statements (Continued)

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and infrastructure, as well as long-term debt, 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 when earned and expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenue are reported as general revenues.

Certain eliminations have been made in regards to interfund activities, payables, and receivables. Internal balances and interfund charges in the Government-wide Financial Statements have been eliminated, except those between governmental and business-type activities.

Fund Financial Statements

To ensure the proper identification of individual revenue sources and expenditures made from those revenues, the City's accounts are organized on the basis of individual funds, each of which is considered a separate accounting entity. Each fund's operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The City's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and aggregated nonmajor governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the criteria under GASB Statement No. 34.

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting and Measurement Focus (Continued)**

Governmental Fund Financial Statements (Continued)

All governmental funds are accounted for on a "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, are generally included on the balance sheets. The reported fund balance is the net current assets, which is considered only to be a measure of available spendable resources. Governmental fund operating statements present a summary of sources and uses of available spendable resources during a period by presenting increases and decreases in current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they both become "measurable" and "available" to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due.

Those revenues susceptible to accrual are property taxes, sales taxes, transient occupancy taxes, utility user taxes, property transfer taxes, interest revenues, and intergovernmental revenues. Fines, licenses, use of property and permit revenues are not susceptible to accrual because they generally are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term obligations which are recognized when due. Because of their current financial resources focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund expenditures or fund liabilities.

The City reports the following major governmental funds:

*General Fund* – This fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

*HUD Home Program Special Revenue Fund* – This fund is used to account for housing and community development projects. Financing is provided by federal grants received from Department of Housing and Community Development Home Program.

*Employees' Retirement Fund Debt Service Fund* – To account for the receipt of property taxes allocated for pension obligations.

*Public Financing Authority Debt Service Fund* – Component unit of the City used to facilitate financing of various improvement and economic development efforts.

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting and Measurement Focus (Continued)**

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows. All proprietary fund types are accounted for using the accrual basis of accounting, similar to the Government-Wide Financial Statements. Revenues are recognized when earned, and expenses are recognized when incurred. Proprietary funds are accounted for on the economic resources measurement focus, which means that all assets, deferred outflows of resources and all liabilities and deferred inflows of resources associated with their activity are included in the Statement of Net Position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major enterprise funds:

*Water Enterprise Fund* – This fund is used to account for the operations of the water utility system.

*Sewer Enterprise Fund* – This fund is used to account for the activities of sewer utility services provided to the residents and businesses of the City.

The City's Internal Service Funds are presented in the Proprietary Funds Financial Statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities column when presented in the Government-wide Financial Statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other City departments or agencies on a cost-reimbursement basis. The City uses internal service funds to account for fleet maintenance, vehicle and equipment replacement, self- insurance, and other post-employment benefits activities.

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting and Measurement Focus (Continued)**

Fiduciary Fund Financial Statements

*Successor Agency Private Purpose Trust Fund* – This is a fiduciary fund type used by the City by using "economic resources" measurement focus and accrual basis of accounting. This fund reports the assets, deferred outflows of resources, liabilities and activities of the Successor Agency to the Community Development Commission. Unlike the limited reporting typically utilized for Agency Funds, the Private Purpose Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

The City, as the Successor Agency to the City's former Community Development Commission (the Successor Agency), serves in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Community Development Commission. Its assets are held in trust for the benefit of the taxing entities within the former Community Development Commission's boundaries and as such, are not available for the use of the City.

**C. Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the City considers cash and cash equivalents as cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Because the proprietary funds participate in the City's investment pool, funds are available as needed. Accordingly, all amounts are reported as cash and cash equivalents.

**D. Investments**

The City reports investments at fair value.

**E. Fair Value Measurements**

U.S. GAAP establishes a framework for measuring fair value and establishes disclosure about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

*Level 1* – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

*Level 2* – Inputs, other than quoted prices included in Level 1 that are observable for the assets or liabilities through corroboration with market data at the measurement date.

*Level 3* – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Interfund Transactions**

With Council and/or management approval, resources may be transferred from one City fund to another. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**G. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

A nonspendable fund balance has been reported in the governmental funds to show that prepaid items do not constitute "available spendable resources", even though they are a component of net current assets.

**H. Property Held for Resale**

Property held for resale is carried at the lower of cost or market, but no greater than the estimated net realizable value.

**I. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. For infrastructure, the City capitalized those projects exceeding \$25,000 and having a useful life greater than one year. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Provision for depreciation on all assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Vehicles	5-10
Furniture, fixtures, and equipment	5-40
Pavement system	40
Sidewalk, curb, and gutters	40
Traffic signals	20
Street lights	20
Improvements	20-30
Sewer and storm drains	60
Water mains and pumps	60

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Due from Other Governments**

The amounts recorded as due from other governments include sales taxes, property taxes, and grant revenues collected or provided by federal, state, county and city governments which are unremitted to the City as of June 30, 2019.

**K. Deferred Outflows and Inflows of Resources**

The financial statement reports separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources that apply to future periods and that, therefore, are not recognized as revenue until that time.

**L. Claims and Judgments**

Claims and judgments are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Claims and judgements are reported under the Liability Insurance/Workers' Compensation Internal Service Fund. For presentation in the Statement of Net Position, claims and judgments are included as noncurrent liabilities separated between the amounts due within one year and amounts due in more than one year. The short-term liability, which will be liquidated with expendable available financial resources, is the amount of settlement and needed reserves, but unpaid, related to claims and judgments entered.

**M. Compensated Absences**

The short-term portion of compensated absences is determined to be the amount due to employees for future absences, which is attributable to services already rendered, and which is expected to be paid during the next fiscal year. For employees chargeable to enterprise operations, both short-term and long-term portions of compensated absences are reflected in the Proprietary Funds. Compensated absences are funded by each fund based on the respective share of the liability. The liability for Governmental Activities is primarily liquidated from the General Fund while the liability for Business-type Activities is liquidated from the enterprise funds.

**N. Pension**

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 plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.



**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Pension (Continued)**

The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

PARS

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. 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.

**O. Other Postemployment Benefits (OPEB) Plan**

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plans (Note 11). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

OPEB

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. 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) at the beginning of the measurement period.

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Fund Equity**

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**Q. Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, and then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

**R. Net Position Restricted by Enabling Legislation**

The government-wide statement of net position reports \$27,302,049 of restricted net position, of which \$5,272,719 is restricted by voter approval, which was derived from voter approved special tax levies to pay for retirement costs.

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Property Taxes**

Under California law, property taxes are assessed and collected by the counties up to 1 percent of assessed value, plus other increases approved by the voters. The property taxes go into the County of Los Angeles pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes, which are received from the County within sixty days after year-end.

Lien Date	January 1
Levy Date	July 1
Due Dates	November 1 and February 1
Collection Dates	December 10 and April 10

**T. Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 3 – OTHER REQUIRED DISCLOSURES**

**A. Deficit Fund Balances and Net Positions**

The governmental activities has unrestricted net deficit in the amount of \$90,684,433 and overall net deficit position of \$22,321,355. Citywide net deficit position is \$1,888,414. These deficits can be largely attributed to the net pension and OPEB liabilities. Pension liabilities are funded by voter approved special tax levies for retirement costs.

The following funds had a deficit fund balance/net position at June 30, 2019:

**NONMAJOR FUNDS**

Governmental Special Revenue Funds	
Projects Special Revenue Fund	\$ (230,973)
Greenway Linear Park Project	(311,716)
Parking System Fund	(639,438)
Community Development Block Grant	(581,372)
Lead-Based Paint Hazard Control Program Lead Base	(19,618)
Proprietary Funds (Internal Service Funds)	
Fleet Maintenance	(146,399)
Vehicle and Equipment Replacement	(50,581)
Liability Insurance/Workers' Compensation	(4,285,219)
Fiduciary Fund	
Successor Agency Private-Purpose Trust Fund	(244,871,790)

These deficit fund balances are carried forward from previous years. They will be resolved by transfers in from the General Fund and other revenue sources once approved by City Council.

The Successor Agency Private-Purpose Trust Fund deficit will be eliminated by the California Department of Finance (DOF) Recognized Obligation Payments Schedule (ROPS) payments.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 3 – OTHER REQUIRED DISCLOSURES (CONTINUED)**

**B. Expenditures in Excess of Appropriations**

The following funds had expenditures in excess of appropriations for the year ended June 30, 2019:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures over Appropriations</u>
Major Funds:			
General Fund:			
Public works	3,916,733	3,999,975	(83,242)
Community development	1,679,740	1,731,570	(51,830)
Nonmajor Governmental Funds			
Special Revenue Funds			
Transportation Development Act/Bike Path			
Capital outlay	-	102,769	(102,769)

**NOTE 4 – CASH AND INVESTMENTS**

Cash and investments are classified in the accompanying financial statements as follows:

	<u>Government-Wide Statement of Net Position</u>			<u>Fiduciary Fund</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Statement of Fiduciary Net Position</u>	<u>Total</u>
Total cash and investments	<u>\$ 35,224,583</u>	<u>\$ 7,547,811</u>	<u>\$ 42,772,394</u>	<u>\$ 4,931,836</u>	<u>\$ 47,704,230</u>

Cash, cash equivalents and investments consisted of the following at June 30, 2019:

**CASH**

Petty cash	\$ 698
Demand deposits	35,853,658
<b>Total cash</b>	<u>35,854,356</u>

**INVESTMENTS**

Local Agency Investment Fund	11,849,874
<b>Total cash and investments</b>	<u>\$ 47,704,230</u>

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 4 – CASH AND INVESTMENTS (CONTINUED)**

**A. Demand Deposits**

The carrying amounts of the City's demand deposits were \$35,853,658 at June 30, 2019. Bank balances at that date were \$35,832,946, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below. The difference between the carrying amount and bank balances represents outstanding checks, deposits in transit, and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**B. Investments**

Investments Authorized by the California Government Code and the City's Investment Policy

The City's investment policy only allows investments in the Local Agency Investment Fund (LAIF).

**C. Risk Disclosures**

Disclosures Related 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 to changes in market interest rates. It is the City's policy to manage its exposure to interest rate risk 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 over time as necessary to provide the cash flow and liquidity needed for operations. Funds held by fiscal agent are invested pursuant to the terms of debt covenants and cash flow is managed as necessary to meet debt service obligations.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 4 – CASH AND INVESTMENTS (CONTINUED)**

**C. Risk Disclosures (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 is the minimum rating required (where applicable) by the California Government Code, debt agreements and the City's investment policy and the actual rating as of year-end for each investment type:

Investment Type	Value	Minimum Legal Rating	Not Rated
Local Agency Investment Fund (LAIF)	\$ 11,849,874	N/A	\$ 11,849,874

Concentration of Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2019, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the City's total investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the City 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 provision 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% of the total amount deposited by the public agencies.

California law also allows financial institutions to secure the public agencies' deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2019, the City's deposits (bank balances) were insured by FDIC up to \$250,000.

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 4 – CASH AND INVESTMENTS (CONTINUED)**

**C. Risk Disclosures (Continued)**

Investment in State Investment Pool (LAIF)

The City is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. 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 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. The City's investments with LAIF at June 30, 2019, included a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and /or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2019, the City had \$11,849,874 invested in LAIF, which had invested 1.77% of the pool investment funds in Structured Notes and Asset-Backed Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2019, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The City's investment in LAIF is reported at amortized cost.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 5 – NOTES RECEIVABLE**

At June 30, 2019, the City had \$8,965,864 in various notes receivable as follows:

	Notes Receivable	Allowance	Notes Receivables, net
<b>GOVERNMENTAL ACTIVITIES:</b>			
General Fund:			
Huntington Park 607, L.P.	\$ 1,900,000	\$ (1,900,000)	\$ -
RASA	100,000	(100,000)	-
Successor Agency	1,234,000	-	1,234,000
Total General Fund	3,234,000	(2,000,000)	1,234,000
HUD Home Program Special Revenue Fund:			
First Time Home Buyer Program	152,750	-	152,750
RASA	692,000	-	692,000
Residential Rehabilitaion	6,750,571	-	6,750,571
Total HUD Home Program	7,595,321	-	7,595,321
Community Development Block Grant:			
Special Revenue Fund:			
First Time Home Buyer	50,000	-	50,000
Residential Rehabilitaion	77,084	-	77,084
Total CDBG	127,084	-	127,084
HUD Social Security Grant Special Revenue Fund			
Macro Loan Program	9,459	-	9,459
<b>Total Governmental Activities</b>	<b>\$ 10,965,864</b>	<b>\$ (2,000,000)</b>	<b>\$ 8,965,864</b>

**A. Huntington Park 607, L.P. \$1,900,000**

On May 1, 2013, the City entered into an Affordable Housing Agreement with Huntington Park 607, L.P., a California limited partnership (the "Owner") in the amount of \$1,900,000 in order to assist the owner to acquire and rehabilitate that certain property located in the City of Huntington Park to provide affordable housing to the residents. The principal outstanding as of June 30, 2019 was \$1,900,000 with an offset of allowance for uncollectible notes in the fund financial statements and in the Government-Wide financial statements.

**B. First Time Home Buyer Program (the "Program"):**

The Program is a second silent mortgage loan program designed to assist qualified low-income individuals with the purchase of their first home. Program assistance is limited to \$500,000 (inclusive of applicable program fees) or the lesser amount (with zero percent interest) necessary to provide the "gap" assistance required to meet the Program's front-end ratio requirements of 25% to 35%, whichever is lower. The Program is no longer offered by the City. The principal balance outstanding at June 30, 2019 was \$202,750.

**C. RASA Note**

In October 2001, the City entered into an agreement with RASA limited partnership (RASA) whereby the RASA received \$700,000 for development costs of certain housing projects associated with the HOME Federal Program. Pursuant to this agreement, the RASA shall remit payments in annual estimates commencing on January 1, 2004. Interest accrues at the rate of six percent per annum commencing January 1, 2003 until April 1, 2034. Repayment of the loan is secured by a deed of trust and net operating income generated by the Housing Project.



CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 5 – NOTES RECEIVABLE (CONTINUED)**

C. RASA Note (Continued)

The note to the City is subordinate to existing senior debt obligation of RASA and not an available resource to the City. The principal balance outstanding at June 30, 2019 was \$692,000.

On October 18, 2001, the City entered into another agreement with RASA whereby in return for land disposition, it received a \$100,000 note. The \$100,000 note is subordinate to existing obligations of the developer to the County of Los Angeles. The note bears simple interest at the rate of 8.0 percent per annum from January 31, 2003 until December 31, 2047. Interest is payable annually. Principal is due and payable on or before December 31, 2047. The principal outstanding as of June 30, 2019 was \$100,000 with an offset of allowance for uncollectible notes in the fund financial statements and in the Government-Wide financial statements.

D. Residential Rehabilitation Loans

This program provides financial assistance to owners of single-family homes (one to four units) for rehabilitation improvements. Loans and/or grants are provided to qualified low and moderate income households to bring assisted properties into compliance with the City's property standard.

A summary of residential rehabilitation loans is as follows:

Oldtimers Housing Development Corporation Notes	\$ 2,600,289
Huntington Park Pacific Associates	1,944,934
LINC Community Development Corporation	1,500,000
All others under \$100,000 individually	<u>782,432</u>
<b>Total</b>	<u><u>\$ 6,827,655</u></u>

*Oldtimers Housing Development Corporation Notes:*

The City, through the former Community Development Commission of the City of Huntington Park (the Commission), implemented the HOME Community Housing Development Program, including authority to enter into agreements with community housing development organizations. With this authority, the Commission entered into various affordable housing agreements with Oldtimers Housing Development Corporation IV (OHDC) to help the developer acquire, produce, rehabilitate, operate and manage affordable housing units within the City of Huntington Park. Under the terms of the agreements, the Commission provided funds equal to the principal amounts of the Note which bears interest at the rate of three percent per annum, compounded annually.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 5 – NOTES RECEIVABLE (CONTINUED)**

D. Residential Rehabilitation Loans (Continued)

The Note amount shall be paid by the OHDC's annual payment to the City of an amount equal to fifty percent (50%) of the residual receipts of the property. Below is the summary of the terms of the loans and the outstanding balances as of June 30, 2019.

<u>Loan</u>	<u>Date of Loan Agreement</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Payment Period</u>	<u>Outstanding Balance, June 30, 2019</u>
1	July 12, 2006	\$ 620,848	3%	April 1, 2015 - April 1, 2061	\$ 592,389
2	August 6, 2007	223,700	3%	April 1, 2015 - April 1, 2062	223,700
3	June 2, 2008	468,000	3%	April 1, 2015 - April 1, 2062	468,000
4	January 22, 2008	1,316,200	3%	April 1, 2015 - April 1, 2063	1,316,200
					<u>2,600,289</u>

*Huntington Park Pacific Associates Note:*

On December 12, 2016, OHDC transferred the loan entered on January 22, 2008 with the original principal amount of \$2,040,715 and interest rate of 3% to Huntington Park Pacific Associates. At June 30, 2019, the outstanding balance of the loan was in the amount of \$1,944,934. Given the transfer of the loan, it is unknown whether Huntington Park Pacific Associates will repay the loan at this time.

*LINC Community Development Note:*

In 2012, the City entered into a Home Investment Partnership Affordable Housing Agreement (Mosaic Gardens at Huntington Park) with LINC Community Development Corporation (LINC CDC). The City provided financial assistance to LINC CDC in the form of a loan of Home Program funds in the amount of \$1,500,000 to assist LINC CDC to acquire, rehabilitate, and operate the property as a long-term affordable housing project for persons and families of extremely low and very low income at an affordable rent.

E. Successor Agency Loans

On January 27, 2016, the City adopted the Resolution to approve the Successor Agency Loan Agreement No. 15-16B in the amount of \$1,234,000 from General Fund to the Successor Agency for the Southland Steel Property cleanup project. The amount will be repaid by the Successor Agency after the property is sold.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 6 – INTERFUND BALANCES**

**A. Internal Balances**

At June 30, 2019, the City had the following internal receivable and payable, which represents internal service charges between the governmental activities and business-type activities:

	<u>Internal Receivable</u>
<u>Internal Payable</u>	<u>Business-Type Activities</u>
Governmental Activities	\$ 48,925

**B. Due to/from Other Funds**

At June 30, 2019, the individual fund interfund receivable and payable balances are as follows:

	<u>Due From Other Funds</u>
<u>Due to Other Funds</u>	<u>General Fund</u>
Major Governmental Funds	
HUD Home Program Special Revenue	19,232
Nonmajor Governmental Funds	390,097
Internal Service Funds	101,162
<b>Total</b>	<b>\$ 510,491</b>

Amounts due to the General Fund are used to compensate for negative cash balances. These balances are expected to be repaid within the next fiscal year.

**C. Transfers In/Out**

At June 30, 2019, the City had the following transfers reported in the Government-Wide Financial Statements:

	<u>Transfers In</u>
<u>Transfers Out</u>	<u>Governmental Activities</u>
Business-Type Activities	\$ 360,000

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 6 – INTERFUND BALANCES (CONTINUED)**

**C. Transfers In/Out (Continued)**

At June 30, 2019, the City had the following transfers reported in the fund financial statements:

Transfers Out	Transfers In	
	General Fund	Total
Major Governmental Funds:		
Employees' Retirement Fund	\$ 1,600,000	\$ 1,600,000
Nonmajor Governmental Funds	200,000	200,000
Major Enterprise Fund:		
Water	360,000	360,000
Total	<u>\$ 2,160,000</u>	<u>\$ 2,160,000</u>

The purposes of the transfers are listed below:

- Employees' Retirement Special Revenue Fund to General Fund in the amount of \$1,600,000 to reimburse for employees' retirement payments.
- Nonmajor Special Revenue Funds to General Fund in the amount of \$200,000:
  - Street Lighting Landscape Assessment Special Revenue Fund to General Fund in the amount of \$200,000 to reimburse for work performed in the street lighting and landscape assessment area.
- Water Enterprise Fund to General Fund in the amount of \$360,000 to reimburse operating costs.

CITY OF HUNTINGTON PARK  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 7 – CAPITAL ASSETS (UNAUDITED)**

**A. Governmental Activities**

A summary of changes in the capital assets for the governmental activities for the year ended June 30, 2019 is as follows:

	Governmental Activities			
	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>NON DEPRECIABLE ASSETS:</b>				
Land	\$ 5,700,656	\$ -	\$ -	\$ 5,700,656
Intangible asset-easement	1	-	-	1
Construction in progress	3,081,072	-	(432,814)	2,648,258
Total nondepreciable assets	8,781,729	-	(432,814)	8,348,915
<b>DEPRECIABLE ASSETS:</b>				
Building and improvements	19,981,531	9,950	(62,892)	19,928,589
Vehicles	5,930,486	40,196	-	5,970,682
Property and equipment	6,321,051	94,774	-	6,415,825
Infrastructure				
Pavement systems	31,876,743	425,618	-	32,302,361
Sidewalk, curb, and gutter system	20,386,047	3,088,846	-	23,474,893
Traffic signals	5,693,905	16,754	-	5,710,659
Street lights	16,074,944	295,329	-	16,370,273
Total capital assets, being depreciated	106,264,707	3,971,467	(62,892)	110,173,282
<b>LESS ACCUMULATED DEPRECIATION:</b>				
Building and improvements	(8,693,737)	(494,058)	-	(9,187,795)
Vehicles	(5,454,565)	(226,114)	-	(5,680,679)
Property and equipment	(5,141,624)	(263,412)	-	(5,405,036)
Infrastructure				
Pavement systems	(19,454,337)	(653,248)	-	(20,107,585)
Sidewalk, curb, and gutter system	(13,999,817)	(382,859)	-	(14,382,676)
Traffic signals	(4,775,170)	(75,543)	-	(4,850,713)
Street lights	(11,015,687)	(512,046)	-	(11,527,733)
Total accumulated depreciation	(68,534,937)	(2,607,280)	-	(71,142,217)
Total depreciable assets, net	37,729,770	1,364,187	(62,892)	39,031,065
<b>Governmental activities capital assets, net</b>	<b>\$ 46,511,499</b>	<b>\$ 1,364,187</b>	<b>\$ (495,706)</b>	<b>\$ 47,379,980</b>

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 7 – CAPITAL ASSETS (UNAUDITED) (CONTINUED)**

**A. Governmental Activities (Continued)**

See Note 8 regarding the Lease Revenue Bonds and Measure L (Street Improvement) Bonds issued relating to the above capital assets.

Intangible Asset – Easement

In 1995, the City assisted in the financing and development of a 184 unit affordable senior housing apartment complex and parking structure known as Rugby Senior Apartments. The project was financed through the issuance of tax-exempt bonds, HUD loan, and low income housing tax credits. The City sold the land parcel to the developer and contributed funding toward the construction of a 210 space parking structure and 10,810 square foot commercial space. The building was built and owned by the Developer (City Housing - Rugby Associates), while the City retained ownership of the parking structure.

The Development and Disposition Agreement (DDA), the regulatory agreement for the transaction, included a pre- determined purchase price for the parking structure. The agreed purchase price amount in 2013 under the Parking Garage Lease agreement dated April 7, 1997 with City Housing - Rugby Associates was \$4,881,852. The City entered into a purchase and sale agreement with City Housing - Rugby Associates for the sale of an existing Parking structure in April 2013. The net selling price after applicable seller credits was \$4,501,479. In order to facilitate the rehabilitation and refinancing of the project, the City agreed to defer a portion of the proceeds of the sale. The City received \$2,601,479 in sale proceeds at closing and extended a \$1,900,000 loan to Huntington Park 607, LP. The loan deferred principal and interest payments (at 3.0% simple interest) to the earlier of maturity (55 years) or the sale/refinance of the project. See Note 5A.

The City received a perpetual and exclusive easement to use the parking structure (130 parking spaces on the first level of the parking structure) valued at \$1 to the City. This easement has been recorded as an intangible asset in the accompanying financial statements.

CITY OF HUNTINGTON PARK  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 7 – CAPITAL ASSETS (UNAUDITED) (CONTINUED)**

**B. Business-Type Activities**

A summary of changes in the capital assets for the business-type activities for the year ended June 30, 2019 is as follows:

		Business-Type Activities		
	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>NONDEPRECIABLE ASSETS:</b>				
Land	\$ 4,139,404	\$ -	\$ -	\$ 4,139,404
Construction in progress	51,266	-	-	51,266
Total nondepreciable assets	4,190,670	-	-	4,190,670
<b>DEPRECIABLE ASSETS:</b>				
Building and improvements	963,988	-	-	963,988
Vehicles	55,377	-	-	55,377
Property and equipment	282,697	-	-	282,697
Infrastructure				
Water improvements	22,666,386	-	-	22,666,386
Sewer & storm drain	4,898,008	-	-	4,898,008
Total depreciable assets	28,866,456	-	-	28,866,456
<b>LESS ACCUMULATED DEPRECIATION:</b>				
Building and improvements	(90,405)	(10,825)	-	(101,230)
Vehicles	(55,377)	-	-	(55,377)
Property and equipment	(260,991)	(784)	-	(261,775)
Infrastructure				
Water improvements	(14,121,486)	(373,468)	-	(14,494,954)
Sewer & storm drain	(3,387,597)	(32,154)	-	(3,419,751)
Total accumulated depreciation	(17,915,856)	(417,231)	-	(18,333,087)
Total depreciable assets, net	10,950,600	(417,231)	-	10,533,369
<b>Business-type activities capital assets, net</b>	<b>\$ 15,141,270</b>	<b>\$ (417,231)</b>	<b>\$ -</b>	<b>\$ 14,724,039</b>

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 8 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the City for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in more than One Year
<b>GOVERNMENTAL ACTIVITIES:</b>						
Developer Notes	\$ 3,328,430	\$ -	\$ (83,788)	\$ 3,244,642	\$ 96,625	\$ 3,148,017
2005 Pension Obligation Refunding Bonds	15,200,000	-	(1,400,000)	13,800,000	1,550,000	12,250,000
Measure L Street Light Improvement Bonds	6,151,345	-	(632,394)	5,518,951	691,886	4,827,065
EPA Brownfields Loan	800,000	-	-	800,000	800,000	-
Compensated absences	1,437,457	1,163,529	(1,137,348)	1,463,638	292,728	1,170,910
Claims and judgments (Note 12)	5,947,510	1,044,881	(1,381,075)	5,611,316	638,500	4,972,816
<b>Governmental Activities</b>						
<b>Long-term liabilities</b>	<u>32,864,742</u>	<u>2,208,410</u>	<u>(4,634,605)</u>	<u>30,438,547</u>	<u>4,069,739</u>	<u>26,368,808</u>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Compensated absences	32,963	7,293	(10,511)	29,745	3,555	26,190
<b>Business-type activities</b>						
<b>Long-term liabilities</b>	<u>\$ 32,963</u>	<u>\$ 7,293</u>	<u>\$ (10,511)</u>	<u>\$ 29,745</u>	<u>\$ 3,555</u>	<u>\$ 26,190</u>

A summary of individual debt issues, accounts outstanding and debt service requirements to maturity follow.

Developer Notes - Original Issue \$4,150,000

In April 2001, the City entered into an agreement with Adir International Export, Ltd. ("La Curacao") to construct and operate La Curacao department store. As consideration for operating the store, the City agreed to provide La Curacao payments derived from sales tax revenues generated by the store. The payments range from 15 to 60 percent based on the level of sales taxes generated by the store. The consideration to be paid by the City is limited to \$1,800,000 and is subordinate to existing developer notes on the Pacific Shopping Center. The sales tax payments are due semi-annually on March 1 and September 1 commencing on September 1, 2003. As of June 30, 2019, the outstanding balance was \$1,197,560.



**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)**

Developer Notes - Original Issue \$4,150,000 (continued)

In February 2000, the City entered into an agreement with Home Depot U.S.A., Inc. for the development and operation of a Home Depot retail store. As consideration for operating the store, the City agreed to provide Home Depot installment payments on March 1 and September 1 each year, derived from an amount equal to 35 percent of the sales tax revenues generated by the store commencing upon opening up to \$2,350,000. Under the terms of the agreement, the City's obligation accrues simple interest at the rate of 8% per annum on the principal balance outstanding. However, the interest is forgiven to the extent that the calculated interest payment exceeds the City's 35 percent sales tax installment. As of June 30, 2019, the outstanding balance was \$2,047,082.

Pension Obligation Refunding Bonds (POB's) - Original Issue \$23,050,000

City of Huntington Park, Taxable Pension Obligation Refunding Bonds, 2005 Series A (\$23,050,000) - The bonds were dated June 8, 2005, and were issued to make contributions to PERS to a) fund pension benefits for the City's employees who are members of PERS and b) reduce the unfunded actuarial liability with respect to such pension benefits. The bonds mature August 1, 2025. The POB's are an absolute and unconditional obligation of the City and payable from any funds available.

On April 5, 2007, the interest rate on the Bonds was converted to a fixed rate equivalent to 5.196% to 5.75%.

Simultaneously with the delivery of the bonds, the City acquired a financial guaranty insurance policy which provides for payment of the principal of and interest on the POB's when due to the extent that the Trustee has not received payment.

The bonds are subject to mandatory redemption requirements commencing each year on or after August 1, 2006 in amounts ranging from \$50,000 to \$2,450,000. At June 30, 2019, the outstanding balance of the POB was \$13,800,000. Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 1,550,000	\$ 749,849	\$ 2,299,849
2021	1,700,000	656,298	2,356,298
2022	1,800,000	555,551	2,355,551
2023	1,950,000	447,607	2,397,607
2024	2,100,000	331,028	2,431,028
2025-2026	4,700,000	276,336	4,976,336
<b>Total</b>	<b>\$ 13,800,000</b>	<b>\$ 3,016,669</b>	<b>\$ 16,816,669</b>

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)**

Measure L - Street Improvement Bonds - Original Issue \$10,000,000

In March 2006, the Huntington Park Public Financing Authority entered into an Installment Sale Agreement (ISA) with the City of Huntington Park and an assignment agreement with All Points Public Funding, LLC (the assignee) to finance certain street light projects. Under the terms of the ISA, the City will purchase the street light project from the Authority and pay to the Authority principal in the amount of \$10,000,000, due semi-annually in advance, at the interest rate of 4.9%. Interest becomes due and payable commencing with February 1, 2007 with final maturity on August 1, 2025.

Under the terms of the assignment agreement, the Authority received \$10,000,000 from the assignee for the transfer of all rights to the principal and interest payments under the ISA. Repayment of the ISA is secured by street light assessment parcel taxes approved by the voters on November 2, 2004.

The installment sale agreement is subject to optional prepayment, with premiums, commencing August 1, 2026. At June 30, 2019, the outstanding balance of the Certificates was \$5,518,951. Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 691,886	\$ 192,656	\$ 884,542
2021	755,172	167,189	922,361
2022	822,467	139,408	961,875
2023	893,994	109,168	1,003,162
2024	969,992	76,313	1,046,305
2025-2026	1,385,440	46,704	1,432,144
<b>Total</b>	<u>\$ 5,518,951</u>	<u>\$ 731,438</u>	<u>\$ 6,250,389</u>

EPA Brownfields Loan Agreement - Original Issue \$800,000

On August 24, 2014, the City entered into a loan agreement with the State of California Environmental Protection Agency Department of Toxic Substances Control (DTSC) for the funding of the Brownfields Revolving Loan fund to undertake remediation and mitigation of hazardous substances on brownfields. DTSC agrees to loan up to \$800,000 with simple interest rate at 3.25%. The term of the loan is 60 months from the date of execution of the agreement and the principal will be paid off at maturity.

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 800,000	\$ 4,333	\$ 804,333
<b>Total</b>	<u>\$ 800,000</u>	<u>\$ 4,333</u>	<u>\$ 804,333</u>

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)**

Claims and Judgments Payable

The amount of claims and judgments payable at June 30, 2019 was \$5,611,316. The Risk Management Internal Service Fund has been used to liquidate the liability for claims and judgments payable. See Note 12 for details.

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) in the governmental activities and business-type activities has been accrued and amounted to \$1,463,638 and \$29,745, respectively at June 30, 2019. The General Fund, Water Enterprise Fund, Sewer Enterprise Fund, and Solid Waste Fund have been used to liquidate the majority of the liability for compensated absences.

**NOTE 9 – SUCCESSOR AGENCY LONG-TERM LIABILITIES**

The summary of changes in the Successor Agency's long-term liabilities is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in more than One Year
Pass Through Agreements	\$ 215,990,060	\$ 15,119,304	\$ -	\$ 231,109,364	\$ -	\$ 231,109,364
Revenue Refunding, 2004A Series A Bonds	16,095,000	-	(4,585,000)	11,510,000	2,665,000	8,845,000
All Points Loan	3,606,786	-	(380,527)	3,226,259	398,762	2,827,497
Neighborhood Preservation Promissory Note	3,657,720	-	(3,657,720)	-	-	-
Santa Fe Promissory Note	1,842,552	-	(1,842,552)	-	-	-
Interest Rate Swap Liability	471,484	-	(471,484)	-	-	-
2018 Taxable Tax Allocation Refunding Note	-	3,900,430	(416,069)	3,484,361	356,479	3,127,882
Subtotal	241,663,602	19,019,734	(11,353,352)	249,329,984	3,420,241	245,909,743
Add/(less) deferred amounts:						
Bond premium-						
2004A Revenue Refunding Bonds	266,683	-	(66,670)	200,013	-	200,013
<b>Total Bonds Payable</b>	<b>\$ 241,930,285</b>	<b>\$ 19,019,734</b>	<b>\$ (11,420,022)</b>	<b>\$ 249,529,997</b>	<b>\$ 3,420,241</b>	<b>\$ 246,109,756</b>

Pass through Agreements with the County of Los Angeles - \$231,109,364

On January 30, 1990, the Community Development Commission ("Commission") entered into an agreement with the County of Los Angeles whereby the County agreed to annually loan to the Commission a portion of the County's share of Tax Increment Revenues. The County Deferral Loans bear interest at a rate of 7% per year, compounded annually.

The Commission shall commence repayment of the principal and interest amounts of the County Deferral beginning in the fiscal year immediately following the year in which the total of the Commission's share of Tax Increment, debt service override, unitary revenue, and State property tax subvention revenue is sufficient to meet annual Successor Agency bonded debt service requirements. The County deferral to the Commission shall terminate that year. During the year ended June 30, 2019, \$15,119,304 accrued interest was added to the outstanding balance. As of June 30, 2019, these deferrals amounted to \$231,109,364.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 9 – SUCCESSOR AGENCY LONG-TERM LIABILITIES (CONTINUED)**

Huntington Park Public Financing Authority Refunding Revenue Bonds, 2004 Series A - Original Issuance \$55,875,000

These bonds were dated May 25, 2004 and were issued to refund \$16,300,000 of the Huntington Park Financing Authority, Merged Redevelopment Project, Local Agency Parity Revenue Bonds, Issue of 1994 Series A, \$16,305,000 of the Huntington Park Financing Authority, Merged Redevelopment Project, Local Agency Taxable Parity Revenue Bonds, Issue of 1994 Series B, and \$23,990,000 of the Huntington Park Financing Authority, Merged Redevelopment Project, Local Agency Taxable Parity Revenue Bonds, Issue of 1994 Series C. The bonds bear varying rates of interest ranging from 3% to 5% payable September 1 and March 1 commencing September 1, 2004.

At June 30, 2019, the outstanding balance of the bonds was \$11,510,000. The annual debt service requirements on the Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,665,000	\$ 512,206	\$ 3,177,206
2021	2,805,000	372,125	3,177,125
2022	2,945,000	228,375	3,173,375
2023	3,095,000	77,375	3,172,375
<b>Total</b>	<u>\$ 11,510,000</u>	<u>\$ 1,190,081</u>	<u>\$ 12,700,081</u>

All Points Loan - Original Issuance \$6,575,000

On October 10, 2007, the Commission entered into an amended and restated lease agreement with the Huntington Park Public Financing Authority ("All Points Loan"). The amended lease was financed by All Points Public Funding, LLC. Accordingly, all lease payments under the lease agreement have been assigned by the Authority to All Points. The proceeds from All Points Loan of \$6,575,000 were used to fund the prepayment of lease payments under the 1997 Lease Agreement and to redeem the 1997 Lease Revenue Bonds (Wastewater System Project) in full. The loan bears interest of 4.68% per annum payable June 1 and December 1 of each year beginning December 1, 2007, with principal maturities ranging from \$238,286 to \$528,063. The reduction in interest rate from 6.20% to 4.68% resulted in lower future debt service of approximately \$1.1 million.

At June 30, 2019, the outstanding balance of the bonds was \$3,226,259. The annual debt service requirements on the Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 398,762	\$ 141,658	\$ 540,420
2021	417,871	122,548	540,419
2022	437,896	102,524	540,420
2023	458,881	81,539	540,420
2024	480,871	59,549	540,420
2025-2026	1,031,978	48,862	1,080,840
<b>Total</b>	<u>\$ 3,226,259</u>	<u>\$ 556,680</u>	<u>\$ 3,782,939</u>

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 9 – SUCCESSOR AGENCY LONG-TERM LIABILITIES (CONTINUED)**

Neighborhood Preservation Promissory Note- Original Issuance \$6,700,000

On February 1, 2007, the Commission issued a promissory note (the Note) in the amount of \$6,700,000 to finance the cost of development projects in the Neighborhood Preservation Project Area. The Note is secured by the net tax increment revenues, exclusive of amounts required to be deposited in the low/mod fund and pursuant to pass-through agreements, from the project area and all monies held or deposited with the counterparty. The Note accrues interest at the rate of 64.72% of 1-month LIBOR, plus 3/10 of one percent (.3%), commencing on March 1, 2007 and payable monthly in arrears. Principal is payable annually commencing on February 1, 2007 with a balloon payment at maturity on February 1, 2017 (the Stated Maturity Date). On or before the Stated Maturity Date, if no default has occurred, the counterparty has agreed to renew or refinance the loan on similar terms and conditions at the request of the Commission. Should the Commission renew the Note, principal payments beyond the Stated Maturity Date will be extended with final maturity on February 1, 2027 (the Absolute Maturity Date).

Santa Fe Promissory Note- Original Issuance \$3,037,000

On February 1, 2007, the Commission issued a promissory note (the Note) in the amount of \$3,037,000 to redeem the then outstanding amount of 1997 Tax Allocation Revenue and Refunding Bonds on October 1, 2007. The Note is secured by the net tax increment revenues, exclusive of amounts required to be deposited in the low/mod fund and pursuant to pass-through agreements, from the project area and all monies held or deposited with the counterparty. The Note accrues interest from February 1, 2007 through October 1, 2007 (the Fixed Interest Rate Period) at the rate of 6.285%, commencing March 1, 2007 and payable monthly in arrears. From October 1, 2007 until maturity, the Note accrues interest at 64.72% of 1-month LIBOR, plus 9/10 of one percent (.9%), commencing on November 1, 2007 and payable monthly in arrears. Principal is payable annually commencing on October 1, 2007.

On August 1, 2018, the Successor Agency to the Community Development Commission of the City issued 2018 Taxable Tax Allocation Refunding Note to refund Neighborhood Preservation Promissory Note and Santa Fe Promissory Note and their related interest rate swap agreements. See 2018 Taxable Tax Allocation Refunding Note.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

2018 Taxable Tax Allocation Refunding Note- Original Issuance \$3,900,430

The 2018 Taxable Tax Allocation Refunding Note was issued in August 2018 in the amount of \$3,900,430. This note carries a net interest cost of 4.15% and matures on February 1, 2028. The proceeds on the bonds were used to pay for the principal and interest on the Neighborhood Preservation Promissory Note and the Santa Fe Promissory Note. This refunding resulted in an economic gain of \$2,331,495 and an estimated cash flow savings of \$2,682,846. The outstanding balance as of June 30, 2019 is \$3,484,361. The Note is secured by a pledge of property tax revenues.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 356,479	\$ 140,903	\$ 497,382
2021	369,210	125,977	495,186
2022	382,386	110,518	492,904
2023	396,023	94,507	490,531
2024	410,137	77,926	488,062
2025-2026	1,570,126	133,465	1,703,591
<b>Total</b>	<u>\$ 3,484,361</u>	<u>\$ 683,295</u>	<u>\$ 4,167,656</u>

Advance Refunding

The Commission has previously advanced refunded Huntington Park Redevelopment Agency Merged Redevelopment Project Junior Lien Tax Allocation and Sales and Use Tax Revenue Bonds, Issue of 1990, of which \$35,265,404 remained outstanding as of June 30, 2019. The proceeds from the Commission's refunding have been placed in irrevocable escrow accounts overseen by independent bank fiscal agents.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS**

At June 30, 2019, net pension liabilities and related deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Total
<b>NET PENSION LIABILITIES:</b>			
CalPERS Miscellaneous	\$ 22,558,369	\$ 413,494	\$ 22,971,863
CalPERS Safety	27,173,968	-	27,173,968
PARS	3,940,415	265,386	4,205,801
<b>Total net pension liabilities</b>	<u>53,672,752</u>	<u>678,880</u>	<u>54,351,632</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	1,461,242	26,784	1,488,026
CalPERS Safety	3,073,355	-	3,073,355
<b>Total</b>	<u>4,534,597</u>	<u>26,784</u>	<u>4,561,381</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	570,992	10,466	581,458
CalPERS Safety	581,662	-	581,662
<b>Total</b>	<u>1,152,654</u>	<u>10,466</u>	<u>1,163,120</u>
Change in assumptions:			
CalPERS Miscellaneous	1,941,442	35,587	1,977,029
CalPERS Safety	2,306,517	-	2,306,517
PARS	126,339	8,509	134,848
<b>Total</b>	<u>4,374,298</u>	<u>44,096</u>	<u>4,418,394</u>
Adjustment due to differences in proportions:			
CalPERS Miscellaneous	3,277,991	60,085	3,338,076
CalPERS Safety	151,789	-	151,789
<b>Total</b>	<u>3,429,780</u>	<u>60,085</u>	<u>3,489,865</u>
Difference between projected and actual earnings on pension investments:			
CalPERS Miscellaneous	111,522	2,046	113,568
CalPERS Safety	183,980	-	183,980
PARS	53,682	3,616	57,298
<b>Total</b>	<u>349,184</u>	<u>5,662</u>	<u>354,846</u>
<b>Total deferred outflows of resources</b>	<u>\$ 13,840,513</u>	<u>\$ 147,093</u>	<u>\$ 13,987,606</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Difference between expected and actual experience:			
PARS	(154,967)	(10,437)	(165,404)
<b>Total</b>	<u>(154,967)</u>	<u>(10,437)</u>	<u>(165,404)</u>
Change in assumptions:			
PARS	(44,359)	(2,988)	(47,347)
<b>Total</b>	<u>(44,359)</u>	<u>(2,988)</u>	<u>(47,347)</u>
Adjustment due to differences in proportions:			
CalPERS Safety	(4,745,586)	-	(4,745,586)
<b>Total</b>	<u>(4,745,586)</u>	<u>-</u>	<u>(4,745,586)</u>
Difference between City's Contribution and proportionate share of contribution:			
CalPERS Miscellaneous	(1,117,828)	(20,490)	(1,138,318)
CalPERS Safety	(1,210,143)	-	(1,210,143)
<b>Total</b>	<u>(2,327,971)</u>	<u>(20,490)</u>	<u>(2,348,461)</u>
<b>Total deferred inflows of resources</b>	<u>\$ (7,272,883)</u>	<u>\$ (33,915)</u>	<u>\$ (7,306,798)</u>

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Plan Description

The City contributes to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The City contributes to both the miscellaneous and safety risk pool for its employees. The City's miscellaneous agent plan became part of the cost-sharing plan effective July 1, 2014.

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2017 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at <https://www.calpers.ca.gov/page/forms-publications>.

Employees Covered by Benefit Terms

At June 30, 2017 (valuation date), the following employees were covered by the benefit terms:

	Plans					
	Miscellaneous			Safety		
	Tier I	Tier II	PEPRA	Tier I	Tier II	PEPRA
Active Employees	59	3	36	38	2	11
Transferred and terminated employees	110	1	15	35	-	4
Retired Employees and Beneficiaries	186	-	1	162	-	-
Total	355	4	52	235	2	15

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS or PEPRA safety member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. During the year ended June 30, 2013, the California Public Employees' Pension Reform Act (PEPRA) went into effect. Employees hired after January 1, 2013 who are new to the CalPERS system are part of the PEPRA plan. PEPRA members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% of the average final 12 months compensation. Retirement benefits for classic safety employees are calculated as 3% of the average final 12 months compensation. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation, and PEPRA safety employees are calculated as 2.7% of the average final 36 months compensation.



**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

Benefits Provided (Continued)

Participant is eligible for non-industrial disability retirement if he/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.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. A member'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 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 or 36 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.

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, 2018, the contribution rates for the various plans were as follows:

	Plans					
	Miscellaneous			Safety		
	Tier I	Tier II	PEPRA	Tier I	Tier II	PEPRA
Employee contribution rate	7.000%	7.000%	6.750%	9.000%	9.000%	12.250%
Employer contribution rate	8.874%	7.645%	7.522%	22.346%	20.416%	12.965%

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The City's net pension liability for the Plan 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

Long-term Expected Rate of Return

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

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

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

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

<u>Asset Class</u> <sup>1</sup>	<u>Allocation</u>	<u>Years 1- 10</u> <sup>2</sup>	<u>Years 11+</u> <sup>3</sup>
Global Equity	50.00 %	4.80 %	5.98 %
Fixed Income	28.00	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)
	<u>100.00 %</u>		

<sup>1</sup>In CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup>An expected inflation of 2.00% used for this period.

<sup>3</sup>An expected inflation of 2.92% used for this period.

Change of Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the City's proportionate share of the risk pool collective net pension liability over the measurement period.

Miscellaneous Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2017 (Valuation Date)	\$ 70,346,278	\$ 52,386,425	\$ 17,959,853
Balance at June 30, 2018 (Measurement Date)	93,718,874	70,747,011	22,971,863
Net Changes during 2017-2018	23,372,596	18,360,586	5,012,010

Safety Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2017 (Valuation Date)	\$ 119,766,267	\$ 85,230,373	\$ 34,535,894
Balance at June 30, 2018 (Measurement Date)	94,859,589	67,685,621	27,173,968
Net Changes during 2017-2018	(24,906,678)	(17,544,752)	(7,361,926)

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The City's net pension liability for each of the cost sharing, multiple-employer Plans is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The City's proportionate share of the net pension liability for each Plan as of June 30, 2017 and 2018 was as follows:

	Plans	
	Miscellaneous	Safety
June 30, 2017	0.18110%	0.34824%
June 30, 2018	<u>0.23839%</u>	<u>0.28200%</u>
Change - Increase (Decrease)	<u>0.05729%</u>	<u>(0.06624%)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the plans as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan	\$ 35,649,326	\$ 22,971,863	\$ 12,506,826
Safety Plan	\$ 40,250,970	\$ 27,173,968	\$ 16,459,706

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

For the year ended June 30, 2019, the City recognized pension expense in the amounts of \$3,994,148 and \$1,537,171 for the miscellaneous plan and safety plan, respectively.

The EARSL for the PERF C for the measurement period ending June 30, 2018, is 3.8 years, which was obtained by dividing the total service years of 516,147 (the sum of remaining service lifetimes of the active employees) by 135,474 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

As of June 30, 2018, the measurement date, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	\$ 1,488,026	\$ -
Difference between expected and actual experience	581,458	-
Change of assumptions	1,977,029	-
Adjustment due to differences in proportions	3,338,076	-
Difference between City contributions and proportionate share of contributions		(1,138,318)
Net difference between projected and actual earning on pension plan investments	113,568	-
Total	<u>\$ 7,498,157</u>	<u>\$ (1,138,318)</u>
Safety Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	\$ 3,073,355	\$ -
Difference between expected and actual experience	581,662	-
Change of assumptions	2,306,517	-
Adjustment due to differences in proportions	151,789	(4,745,586)
Difference between City contributions and proportionate share of contributions	-	(1,210,143)
Net difference between projected and actual earning on pension plan investments	183,980	-
Total	<u>\$ 6,297,303</u>	<u>\$ (5,955,729)</u>

\$1,488,026 and \$3,073,355 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the year ended June 30, 2020.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows (Inflows) of Resources	
	Miscellaneous	Safety
2020	\$ 3,008,362	\$ 178,252
2021	2,086,091	(721,524)
2022	(16,022)	(2,000,288)
2023	(206,618)	(188,221)
Thereafter	-	-
	<u>\$ 4,871,813</u>	<u>\$ (2,731,781)</u>

**RETIREMENT ENHANCEMENT PLAN**

Plan Description

The City established a 401(a) defined benefit retirement enhancement plan via resolution on June 15, 2009. The Plan covers the employees of General Employees Association (GEA), non-represented employees, and the non-sworn members of the Police Officers Association (POA). The Plan is part of an agent multiple employer plan administered by the Public Agency Retirement Service (PARS). A separate audited GAAP-basis post-employment benefit plan report is not available for the Plan. Due to PEPRA legislation, the Plan is closed to employees hired by the City after December 31, 2012.

Benefit Provided

The Plan provides a benefit equal to 0.5% of final average compensation multiplied by years of benefit service. Benefit service includes City of Huntington Park credited CalPERS service and any purchases of additional service credit (airtime, military, or other forms of additional service). Purchased service credit under the Plan must have been purchased prior to January 1, 2013 in order to be counted as benefit service. Eligibility for the supplemental benefit is defined as reaching age 55, completing 5 years of full-time continuous service, and retiring concurrently from both CalPERS and the PARS plan after leaving City employment. Employees who terminate employment with the City prior to meeting the eligibility requirements for a supplemental benefit will receive a refund of their employee contributions with 4% interest per annum.

CITY OF HUNTINGTON PARK  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**RETIREMENT ENHANCEMENT PLAN (CONTINUED)**

Benefit Provided (Continued)

Final Average Compensation (FAC) is equal to the highest twelve consecutive months of compensation with the City of Huntington Park, subject to CalPERS deductions and not including Employer Paid Member Contributions (EPMC). Compensation includes "longevity" and "Spanish" pay. FAC is subject to IRC 401(a) (17) limitations. There is no disability benefit under this plan, other than the return of employee contributions with 4% interest per annum.

The plan provides a pre-retirement death benefit to spouses or registered domestic partners of employees who met the age and service eligibility conditions for retirement (but failed to meet the concurrent retirement provision with CalPERS) under the plan on the date of their death prior to retirement. The benefit shall be equal to the employee's supplemental retirement benefit assuming the employee had retired on the date of death and elected a 100% joint- and-survivor annuity. The normal form of benefit for the Retirement Enhancement Plan is a life-only annuity. In lieu of a life-only annuity, a participant may elect an actuarial equivalent optional form of payment. The optional form is a joint and survivor annuity.

Any benefit in payment status will increase by 2% (or the cost of living, whichever is less) per annum on each participant's anniversary date of retirement.

Employees Covered by Benefit Terms

At June 30, 2019, the valuation date, the following employees were covered by the benefit terms:

Active Employees	44
Terminated Employees	34
Retired Employees and Beneficiaries	<u>32</u>
Total	<u>110</u>

Contributions

Eligible employees employed on the commencement date of the plan (July 1, 2009 for non-safety non-represented management employees and City Council members; July 1, 2010 for GEA employees, POA non-safety employees and non-safety, non-represented, non-management employees) are required to make employee contributions equal to 1.5% of compensation. Eligible employees hired after the effective dates are required to make employee contributions equal to 2.0% of compensation for five years of continuous employment, at which time the contribution rate will be reduced to 1.5% of compensation. The City picks up 100% of the employee's contributions.



**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**RETIREMENT ENHANCEMENT PLAN (CONTINUED)**

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement date ended June 30, 2019, the total pension liability was determined by an actuarial valuation as of that date. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 06/30/2019	11 years
Amortization growth rate	0.00%
Actuarial Assumptions:	
Inflation	2.50%
Salary increases	Increases are based on years of service, ranges from 11.6% to 3.60% for 10 to 22 or more years of service, respectively.
Investment return	6.50%
Payroll growth	2.75%
Cost of living adjustment	2.00%
Withdrawal	Consistent with Non-Industrial rate used to value this Miscellaneous CalPERS Pension Plans.
Mortality	Pre-retirement: Consistent with Non-Industrial rate used to value this Miscellaneous CalPERS Pension Plans.  Post-retirement: Consistent with Non-Industrial rate used to value this Miscellaneous CalPERS Pension Plans.
Retirement	Consistent with those used to value the CalPERS Miscellaneous Public Agency Pension Plans "2.5% at 55" for ages 55-58, and the "2.7% at age 55" for ages 59 or older. Ranges from 7.3% at age 55 to 100% at age 75+.
Maximum Benefits and Salary	The salary used in the calculation of final average compensation is subject to limitations of IRC 401(a)(17). The limit assumed to increase at 2.5% per annum.
Family Composition	85% of active members are assumed to have a qualified spouse or registered domestic partner. Females are assumed to be three years younger than their male spouses.
Form of Payment	Single life annuity.

CITY OF HUNTINGTON PARK  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**RETIREMENT ENHANCEMENT PLAN (CONTINUED)**

Change of Assumptions

In 2018, the long-term expected rate of return reduced from 7.00 percent to 6.50 percent.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.50 percent. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The table below reflects long-term expected real return adjusted for inflation by asset classes:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BALM 3-Mon T-bill	5.31%	71.00%	71.00%
US Core Fixed Income	Barclays Aggregate	45.03%	1.83%	1.73%
US Equity Market	Russell 3000	37.50%	4.71%	3.52%
Foreign Developed Equity	MSCI EAFE NR	5.64%	6.06%	4.55%
Emerging Market Equities	MSCI EM NR	4.21%	8.23%	5.43%
US REITs	FTSE NAREIT Equity REIT	2.31%	5.05%	3.42%
		<u>100.00%</u>		
Assumed Inflation - Mean			2.21%	2.20%
Assumed Inflation - Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			3.43%	3.09%
Portfolio Nominal Mean Return			5.65%	5.36%
Portfolio Standard Deviation				7.88%
<b>Long-Term Expected Rate of Return</b>				<b>6.50%</b>

CITY OF HUNTINGTON PARK  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**  
**RETIREMENT ENHANCEMENT PLAN (CONTINUED)**

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance as of June 30, 2018	\$ 7,267,827	\$ 2,852,386	\$ 4,415,441
Changes for the year:			
Service cost	136,232	-	136,232
Interest on the total pension liability	470,724	-	470,724
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(173,437)	-	(173,437)
Effect of assumptions changes or inputs	(65,557)	-	(65,557)
Benefit payments	(329,493)	(329,493)	-
Employer contributions	-	370,896	(370,896)
Member contributions	-	44,579	(44,579)
Net investment income	-	172,073	(172,073)
Administrative expense	-	(9,946)	9,946
Balance as of June 30, 2019	<u>\$ 7,306,296</u>	<u>\$ 3,100,495</u>	<u>\$ 4,205,801</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Total pension liability	\$ 8,372,191	\$ 7,306,296	\$ 6,431,608
Fiduciary net position	<u>3,100,495</u>	<u>3,100,495</u>	<u>3,100,495</u>
Net pension liability	<u>\$ 5,271,696</u>	<u>\$ 4,205,801</u>	<u>\$ 3,331,113</u>

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available upon request.

CITY OF HUNTINGTON PARK  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 10 – PENSION PLANS (CONTINUED)**

**RETIREMENT ENHANCEMENT PLAN (CONTINUED)**

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ended June 30, 2019, the City incurred pension expense in the amount of \$485,840. As of measurement date of June 30, 2019, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (165,404)
Changes of assumptions	134,848	(47,347)
Net difference between projected and actual earning	57,298	-
Total	<u>\$ 192,146</u>	<u>\$ (212,751)</u>

The amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ending June 30	Deferred Outflows/(Inflows) of Resources
2018	\$ 59,325
2019	(57,005)
2020	(26,007)
2021	3,082
2022	-
Thereafter	-
	<u>\$ (20,605)</u>

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN**

At June 30, 2019, net OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Total
Net OPEB Liabilities:	\$ 41,622,992	\$ 1,628,415	\$ 43,251,407
Total Net OPEB Liabilities	<u>41,622,992</u>	<u>1,628,415</u>	<u>43,251,407</u>
Deferred Outflows of Resources:			
Change of assumptions	5,175,422	142,945	5,318,367
Contributions between measurement date and reporting date	<u>2,505,351</u>	<u>98,017</u>	<u>2,603,368</u>
Total Deferred Outflows of Resources	<u>7,680,774</u>	<u>240,961</u>	<u>7,921,735</u>
Deferred Inflows of Resources:			
Change of assumptions	1,521,916	-	1,521,916
Net difference between projected and actual earning	<u>192,036</u>	<u>7,513</u>	<u>199,549</u>
Total Deferred Inflows of Resources	<u>1,713,952</u>	<u>7,513</u>	<u>1,721,465</u>
OPEB Expense	<u>\$ 3,730,021</u>	<u>\$ 145,929</u>	<u>\$ 3,875,950</u>

**Plan Description**

In addition to the retirement plan described in Note 10, the City of Huntington Park Retiree Healthcare Plan (CHPRHP) contributes to the California Employers' Retiree Benefit Trust Fund (CERBTf) to fund the City's health and other post-employment benefit costs for its retirees, their spouses, and their qualified dependents. CHPRHP provides a monthly contribution towards medical insurance premiums which costs up to a fixed dollar cap that varies based on coverage election and employment status. This fund is administered by the CalPERS. CalPERS issues a publicly available financial report through their website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Employees Covered by Benefit Terms**

At June 30, 2018, the following employees were covered by the benefit terms:

Active employees selecting coverage	125
Active employees waiving coverage	14
Retirees electing coverage	<u>179</u>
Total	<u>318</u>

**Benefit Provided**

Employees of the City are eligible for retiree health benefits if they retire directly from the City under PERS are at least age 50 at the date of retirement, and have 5 years of PERS service eligibility. Retiree benefit continues to surviving spouse if retiree elects PERS survivor annuity.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

Benefit Provided (Continued)

The City provides a medical contribution of up to 100% of the Kaiser LA region non-Medicare-eligible premium for single, 2-party, and family coverage for non-Medicare and Medicare-eligible retirees. The City contribution cap for current and future Medicare-eligible retirees is the Kaiser LA Region Medicare-eligible premium.

Contributions

The City currently finances benefits on a pay-as-you-go basis.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The total OPEB liability as of June 30, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount rate	5.81%
Investment return	6.75%
Inflation	2.50%
Payroll growth	3.00%
Mortality	Based on assumptions for Public Agency Miscellaneous and Police Members published in the December 2017 CalPERS Experience Study.
Healthcare trend rates	6.9% for FY2019, gradually decreasing over several decades to an ultimate rate of 4.10% in FY2075 and later years. In addition, the medical trend rates above were increased to reflect the projected effect of the Affordable Care Act's Excise Tax of high-cost health insurance plans. The additional trend rate adjustments vary by year, but average 0.38% beginning calendar year 2031 for plans other than Medicare plans.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

Change of Assumptions

The following economic assumptions changed between measurement dates June 30, 2018 and June 30, 2017:

	Measurement Date	
	June 30, 2018	June 30, 2017
Discount Rate	5.81%	6.91%
Expected long-term rate of return on assets (CERBT Strategy 1)	6.75%	7.28%
Index rate for 20-year, tax-exempt municipal bonds <sup>1</sup> (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination	3.62%	3.56%

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments - to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher - to the extent that the conditions in (a) are not met.

The discount rate was changed from 6.91% to 5.81% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.

CITY OF HUNTINGTON PARK  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

Discount Rate (Continued)

The expected plan asset return is based on a blended rate of the Plan's expected asset class returns and target asset allocation, which was based on CERBT investment strategy 1 as the table shown below:

<u>Asset Class</u> <u>(CERBT Strategy<sup>1</sup>)</u>	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Equity	59.00%	4.95%	7.45%
Fixed Income	25.00%	1.99%	4.49%
TIPS	5.00%	1.57%	4.07%
Commodities	3.00%	2.45%	4.95%
REITs	8.00%	4.19%	6.69%
Total <sup>2</sup>	100.00%		6.78%
Reduction for assumed investment expense <sup>3</sup>			-0.10%
Net assumed investment return (rounded to 1/4%)			6.75%

<sup>1</sup> Nominal rates of return are equal to real rates of return plus the assumed inflation rate.

<sup>2</sup> Portfolio total expected return is weighted average of arithmetic asset class returns, with adjustment to reflect geometric averages. It is not equal to the weighted average of the asset class geometric return shown above.

<sup>3</sup> Assumed investment expenses include investment management fees.



**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

Discount Rate (Continued)

The following table shows the changes in the net OPEB liability recognized over the measurement period.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
<b>Balance for fiscal year ending 6/30/2018<sup>1</sup></b> <b>(Measured at 6/30/2017)</b>	\$ 44,443,256	\$ 8,547,538	\$ 35,895,718
<b>Changes for the year:</b>			
Service cost	723,417	-	723,417
Interest	3,040,969	-	3,040,969
Difference between expected and actual experience	-	-	-
Changes of assumptions	6,581,904	-	6,581,904
Changes of benefit terms	-	-	-
Employee contributions	-	-	-
Employer contributions <sup>2</sup>	-	2,316,884	(2,316,884)
Net investment income	-	680,772	(680,772)
Other additions	-	8,815	(8,815)
Benefit payments <sup>2</sup>	(2,316,884)	(2,316,884)	-
Administrative expense	-	(4,559)	4,559
Other deductions	-	(11,311)	11,311
<b>Net changes</b>	<b>8,029,406</b>	<b>673,717</b>	<b>7,355,689</b>
<b>Balance for fiscal year ending 6/30/2019<sup>1</sup></b> <b>(Measured at 6/30/2018)</b>	<b>\$ 52,472,662</b>	<b>\$ 9,221,255</b>	<b>\$ 43,251,407</b>

<sup>1</sup> The City has elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year.

<sup>2</sup> Benefit payments equal \$1,893,884 direct subsidy payments to retirees and \$423,000 implicit subsidy costs incurred during the measurement period ending 6/30/2018.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rates

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.81 percent) or 1-percentage-point higher (6.81 percent) than the current discount rate:

	1% Decrease (4.81%)	Discount Rate (5.81%)	1% Increase (6.81%)
Plan's Net OPEB Liability	\$ 50,678,339	\$ 43,251,407	\$ 37,210,278

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Plan's Net OPEB Liability	<u>\$ 36,502,047</u>	<u>\$ 43,251,407</u>	<u>\$ 51,647,230</u>

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expenses in the amount of \$3,875,950. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$ -	\$ -
Change of assumptions	5,318,367	(1,521,916)
Net difference between projected and actual investment earnings <sup>1</sup>	-	(199,549)
Contributions between measurement date and reporting date	2,603,368	-
Total	<u>\$ 7,921,735</u>	<u>\$ (1,721,465)</u>

<sup>1</sup> Per GASB 75 paragraph 43.b., deferred inflows/outflows arising from differences between projected and actual OPEB plan investment earnings in different measurement periods should be aggregated and reported as a net deferred inflow or outflow of resources.

The \$2,603,368 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date during the year ended June 30, 2019 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expenses based on expected average remaining service lifetime for the measurement period of 5 years is as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2018	\$ 726,600
2019	726,600
2020	726,599
2021	1,152,020
2022	265,083
Thereafter	-
	<u>\$ 3,596,902</u>

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 12 – RISK MANAGEMENT AND SELF-INSURANCE PROGRAM**

The City is self-insured for the first \$250,000 on each general liability claim and for the first \$500,000 on each workers' compensation claim. The insurance coverage in excess of the self-insured amount is provided by the Independent Cities Risk Management Authority (ICRMA) up to a limit of \$30,000,000 for general liability and statutory limits for workers' compensation claims.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2019, the amount of these liabilities was \$5,611,316. The amount represents an estimate of \$3,186,375 for reported claims through June 30, 2019 and \$2,424,941 of estimates incurred but not reported claims.

The result of activities in the reported liability is as follows:

Year Ending June 30,	Claims Payable July 1	Claims Incurred during the Fiscal Year	Claims Payments	Year Ended June 30
2016	\$ 3,890,344	\$ 1,165,018	\$ (553,499)	\$ 4,501,863
2017	4,501,863	4,131,739	(759,998)	7,873,604
2018	7,873,604	1,487,758	(3,413,852)	5,947,510
2019	5,947,510	1,044,881	(1,381,075)	5,611,316

The City is a member of the ICRMA, a public entity risk pool currently operating as a common risk management and insurance program for 15 California cities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of the ICRMA provides that the pool will be self-sustaining through member premiums. The ICRMA has published its own financial report for the year ended June 30, 2019, which can be obtained from Independent Cities Risk Management Authority, Sherman Oaks, California.

**NOTE 13 – LITIGATIONS**

The City of Huntington Park has been named as defendant in numerous lawsuits and claims arising in the course of operations. In the aggregate, these claims seek monetary damages in significant amounts. The City intends to vigorously defend itself against these lawsuits. The City has recorded actuarially determined reserves in the internal services funds to adequately cover estimated potential material adverse losses at June 30, 2019.

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

The City recognizes as revenue, grant moneys received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the City's federal grant programs are being audited through June 30, 2019 in accordance with Uniform Guidance, these programs are still subject to financial and compliance audits and resolution of identified questioned costs. The amount, if any, of expenditures which may be disclosed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 15 – TAX ABATEMENT ARRANGEMENT**

In February 2000, the City entered into a Developer Note Agreement with Home Depot U.S.A., Inc. for development and operation of a Home Depot retail store. The City agreed to provide Home Depot installment payments on March 1 and September 1 each year, derived from an amount equal to 35 percent of the sales tax revenues generated by the store commencing upon opening up to \$2,350,000.

In April 2001, the City entered into a Developer Note Agreement with La Curacao to construct and operate La Curacao department store. The City agreed to provide La Curacao payments derived from sales tax revenues generated by the store.

For the fiscal year ended June 30, 2019, the City abated sales taxes totaling \$168,528.

**NOTE 16 – FUND BALANCE CLASSIFICATIONS**

The detail information of the fund balances at June 30, 2019 is as follows:

	Major Funds				Nonmajor	Total
	General	HUD Home Program Special Revenue	Employees' Retirement Fund	Public Financing Authority	Governmental Funds	
<b>Nonspendable:</b>						
Prepaid Items	\$ 15,013	\$ -	\$ -	\$ -	\$ -	\$ 15,013
<b>Total nonspendable</b>	15,013	-	-	-	-	15,013
<b>Restricted for:</b>						
Public safety	-	-	-	-	1,045,552	1,045,552
Public works	-	-	-	-	5,922,690	5,922,690
Community development	-	7,571,214	-	-	1,150,461	8,721,675
Retirement	-	-	5,272,719	-	-	5,272,719
Debt service	-	-	-	6,339,413	-	6,339,413
<b>Total restricted</b>	-	7,571,214	5,272,719	6,339,413	8,118,703	27,302,049
<b>Assigned to:</b>						
Self insurance	500,000	-	-	-	-	500,000
Working capital	10,600,000	-	-	-	-	10,600,000
<b>Total assigned</b>	11,100,000	-	-	-	-	11,100,000
<b>Unassigned:</b>	4,939,508	-	-	-	(1,783,117)	3,156,391
<b>Total</b>	<u>\$ 16,054,521</u>	<u>\$ 7,571,214</u>	<u>\$ 5,272,719</u>	<u>\$ 6,339,413</u>	<u>\$ 6,335,586</u>	<u>\$ 41,573,453</u>

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 17 – SUBSEQUENT EVENTS**

Management evaluated its June 30, 2019 financial subsequent events through November 25, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic risks and uncertainties have arisen which could negatively affect the City's operations and its financial results. The City underwent layoffs to balance the budgets.

The City's Successor Agency completed the sale of Southland Steel on August 5, 2019. The Successor Agency subsequently settled the amount due of \$1,234,000 to the General Fund.

No other events occurred through this date requiring disclosure.

**NOTE 18 – PRIOR-PERIOD ADJUSTMENTS**

Effective July 1, 2018, the City made restatements to the fund balances as follows:

	Governmental Activities	Business-Type Activities
<b>Net Position</b>		
<b>Unadjusted Net Position</b>	\$ (27,342,384)	\$ 19,821,020
<u>Correction of Errors</u>		
To correct deferred revenue offset balance to recognize transactions as revenue	\$ (1,878,398)	
To correct beginning balances of accounts receivables	(1,098,376)	129,600
To write off incorrect taxes receivable balance	(118,947)	
To correct beginning balances of Successor Agency loans receivable	434,000	
To correct recreation deposit balances to agree with aging report from Parks & Recreation	42,774	
To correct cash	(44,777)	
To record adjustment to true up accounts payable balances	101,057	
To write off retention payables for projects completed dating back to 2013	7,287	-
To adjust water suspense account to agree with water trial balance		3,191
To record adjustment to true up stale recycling deposit balances		5,937
To record adjustment to true up stale deferred revenue balances	1,182,421	4,426
To record adjustment to true up developer's deposit liability balance	-	216,293
Adjusted Net Position, July 1, 2018	<u>\$ (28,715,343)</u>	<u>\$ 20,180,467</u>

**CITY OF HUNTINGTON PARK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019

**NOTE 18 – PRIOR-PERIOD ADJUSTMENTS (CONTINUED)**

	General Fund	Public Financing Authority	Nonmajor Governmental Funds	Water	Solid Waste	Internal Service Funds	Successor Agency Private - Purpose Trust Fund
<b>Fund Balance</b>							
<b>Unadjusted Fund Balance</b>	\$ 14,367,927	\$ 4,154,942	\$ 6,596,313	\$ 13,268,054	\$ 138,970	\$ (4,755,944)	\$ (231,805,102)
<b>Correction of Errors</b>							
To correct beginning balances of accounts receivables	\$ (857,831)	\$ (292,743)	\$ 52,198	\$ 129,600	\$ -	\$ -	\$ -
To write off incorrect taxes receivable balance	(118,947)	-	-	-	-	-	-
To correct beginning balances of Successor Agency loans receivable	434,000	-	-	-	-	-	(434,000)
To correct recreation deposit balances to agree with aging report from Parks & Recreation	42,774	-	-	-	-	-	-
To record closure of Funds 251 and 746	(227,369)	-	(689)	-	-	228,058	-
To correct cash	(44,777)	-	-	-	-	-	-
To record adjustment to true up accounts payable balances	133,735	-	(32,678)	-	-	-	-
To write off retention payables for projects completed dating back to 2013	-	-	7,287	-	-	-	-
To adjust water suspense account to agree with water trial balance	-	-	-	3,191	-	-	-
To record adjustment to true up stale recycling deposit balances	-	-	-	-	5,937	-	-
To record adjustment to true up stale deferred revenue balances	1,200,406	-	(17,985)	-	4,426	-	-
To record adjustment to true up developer's deposit liability balance	-	-	-	-	216,293	-	61,220
Adjusted Fund Balance, July 1, 2018	<u>\$ 14,929,918</u>	<u>\$ 3,862,199</u>	<u>\$ 6,604,446</u>	<u>\$ 13,400,845</u>	<u>\$ 365,626</u>	<u>\$ (4,527,886)</u>	<u>\$ (232,177,882)</u>

**CITY OF HUNTINGTON PARK**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule – General Fund**  
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 20,745,083	\$ 19,886,483	\$ 24,256,442	\$ 4,369,959
Licenses and permits	2,584,711	2,660,311	2,570,649	(89,662)
Fines and forfeitures	1,724,499	1,904,199	2,210,050	305,851
Use of money and property	86,268	86,268	194,858	108,590
Intergovernmental	177,436	203,169	196,255	(6,914)
Charges for services	1,414,476	1,414,476	1,341,891	(72,585)
Other revenues	<u>172,000</u>	<u>172,000</u>	<u>19,514</u>	<u>(152,486)</u>
Total revenues	<u>26,904,473</u>	<u>26,326,906</u>	<u>30,789,659</u>	<u>4,462,753</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,693,479	5,389,754	4,779,413	610,341
Public safety	17,648,567	17,648,567	17,386,626	261,941
Public works	3,806,753	3,916,733	3,999,975	(83,242)
Community services	2,133,243	2,137,740	1,555,763	581,977
Community development	1,680,740	1,679,740	1,731,570	(51,830)
Debt Service:				
Principal retirement	285,000	323,000	83,788	239,212
Capital Outlay	<u>2,611,860</u>	<u>2,673,093</u>	<u>2,203,181</u>	<u>469,912</u>
Total expenditures	<u>32,859,642</u>	<u>33,768,627</u>	<u>31,825,056</u>	<u>1,943,571</u>
Excess (deficiency) of revenues over expenditures	<u>(5,955,169)</u>	<u>(7,441,721)</u>	<u>(1,035,397)</u>	<u>2,519,182</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,232,400	2,232,400	2,160,000	(72,400)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>2,232,400</u>	<u>2,232,400</u>	<u>2,160,000</u>	<u>(72,400)</u>
<b>Net change in fund balances</b>	<u>\$ (3,722,769)</u>	<u>\$ (5,209,321)</u>	<u>1,124,603</u>	<u>\$ 2,446,782</u>
Fund balances - beginning			14,367,927	
Prior-period adjustment			<u>561,991</u>	
Fund balances - beginning as restated			<u>14,929,918</u>	
Fund balances - ending			<u>\$ 16,054,521</u>	

## CITY OF HUNTINGTON PARK

## Required Supplementary Information (Unaudited)

## Budgetary Comparison Schedule – HUD Home Program Special Revenue Fund

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 271,669	\$ 271,669	\$ 118,704	\$ (152,965)
Total revenues	<u>271,669</u>	<u>271,669</u>	<u>118,704</u>	<u>(152,965)</u>
<b>EXPENDITURES</b>				
Current:				
General government	167,775	201,000	915	200,085
Community development	<u>103,894</u>	<u>449,206</u>	<u>86,381</u>	<u>362,825</u>
Total expenditures	<u>271,669</u>	<u>650,206</u>	<u>87,296</u>	<u>562,910</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(378,537)</u>	<u>31,408</u>	<u>(715,875)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ (378,537)</u>	<u>31,408</u>	<u>\$ (715,875)</u>
Fund balances - beginning			<u>7,539,806</u>	
Fund balances - ending			<u>\$ 7,571,214</u>	



CITY OF HUNTINGTON PARK  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**Notes to the Required Supplementary Information**  
For the Year Ended June 30, 2019

**BUDGETARY INFORMATION**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

The City and its component units' fiscal year begins on July 1 of each year and ends June 30 the following year. On or before the fifteenth of June of each year, the City Manager submits to the City Council a proposed budget for the next ensuing fiscal year based on a detailed financial plan prepared by the heads of the various offices, agencies and departments of the City and its component units. Upon receipt of the proposed budget, the Council may make modifications with the affirmative vote of at least a majority of its members.

Before adoption of the budget, the Council holds a public meeting wherein the public is given an opportunity to be heard, after which the Council may make any revisions deemed advisable. On or before July 1 annually, the City Council adopts the budget as amended through a budget resolution passed by the affirmative vote of at least a majority of its members. Upon final adoption, the budget is in effect for the ensuing fiscal year and becomes the authority for the various offices, agencies, and departments to expend subject to controls established by the City's Policy. At any meeting after the adoption of the budget, the City Council may amend or supplement the budget by affirmative vote of the majority of the Council members so as to authorize the transfer of unused balances appropriated for one purpose to another purpose, or to appropriate available revenue not included in the budget.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level, subject to the authority granted to the City Manager to transfer appropriations from account to account as necessary to ensure adequate and proper standards of service and to achieve the intent of the City Council in providing municipal services for the fiscal year. City Council approval is required for any budget revisions that affect total appropriations of a City Fund. Appropriations lapse at the end of the fiscal year unless they are reappropriated through the formal budget process. The City controls expenditures with the aid of encumbrances. Council action is necessary for transfers between funds.

Annual budgets are legally adopted for the General Fund, Special Revenue Funds, and Debt Service Funds. Monthly budgetary reports are prepared to effect control through fiscal management. Although budgets are legally adopted for the City's Proprietary Funds, there is no legal requirement for the fiscal year results to be reported to City Council. Therefore, no budgetary reporting for the Proprietary Funds has been presented in the accompanying financial statements.

Budgets are prepared on a modified accrual basis. Encumbrances are used for purchase orders or contracts. All annual appropriations lapse at fiscal year-end to the extent that they have not been expended or lawfully encumbered. Expenditures may not legally exceed appropriations at the fund level in the governmental funds, except that certain Special Revenue Funds are maintained at the project level.

CITY OF HUNTINGTON PARK

**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**

**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios**  
For the Last Ten Fiscal Years

**Last Ten Fiscal Years**  
**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan**

Measurement Period	2017-18	2016-17	2015-16	2014-15 <sup>1,2</sup>
City Proportion of the Net Pension Liability	0.23839%	0.18110%	0.17727%	0.16198%
City's Proportionate Share of the Net Pension Liability	\$ 22,971,863	\$ 17,959,853	\$ 15,339,011	\$ 11,117,930
City's Covered Payroll	5,784,218	6,113,880	5,905,880	5,437,667
City's Proportionate Share of the Net Pension Liability as a percentage of Its Covered Payroll	397.15%	293.76%	259.72%	204.46%
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Total Pension Liability	75.53%	74.47%	76.30%	82.07%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Plan change: The Miscellaneous Plan went from an Agent-Multiple plan to the cost-sharing pool from June 30, 2014 measurement, therefore no cost-sharing information applies to the 2013-14 measurement period.

**Notes to Schedules:**

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of two years.

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. There was no change in the accounting discount rate from 2017 to 2018.

**CITY OF HUNTINGTON PARK**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**Schedule of Changes in Net Position Liability and Related Ratios**  
For the Last Ten Fiscal Years

**Last Ten Fiscal Years**  
**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan**

Measurement period	2014-15	2013-14 <sup>1,2</sup>
<b>Total pension liability</b>		
Service cost	\$ 1,720,962	\$ 952,373
Interest	4,732,953	4,295,408
Changes of benefit terms	8,486	-
Differences between expected and actual experience	(449,573)	-
Recognized difference in proportion	(1,487,391)	-
Changes in assumptions	3,983,746	-
Benefit payments, including refunds of employee contributions	(2,884,928)	(3,019,399)
<b>Net change in total pension liability</b>	5,624,255	2,228,382
<b>Total pension liability - beginning</b>	64,721,863	58,305,607
<b>Total pension liability - ending (a)</b>	<u>\$ 70,346,118</u>	<u>\$ 60,533,989</u>
<b>Pension fiduciary net position</b>		
Contributions - employer	\$ 1,982,135	\$ 587,786
Contributions - employee	738,832	481,189
Net investment income <sup>3</sup>	5,381,311	7,801,805
Benefit payments, including refunds of employee contributions	(2,884,928)	(3,019,399)
Other	(2,213,174)	-
<b>Net change in plan fiduciary net position</b>	3,004,176	5,851,381
<b>Plan fiduciary net position - beginning</b>	49,382,852	45,856,633
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 52,387,028</u>	<u>\$ 51,708,014</u>
<b>Plan net pension liability - ending (a) - (b)</b>	<u>\$ 17,959,090</u>	<u>\$ 8,825,975</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	74.47%	85.42%
<b>Covered payroll</b>	<u>\$ 5,437,667</u>	<u>\$ 6,670,216</u>
<b>Plan net pension liability as a percentage of covered payroll</b>	330.27%	132.32%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available.

<sup>2</sup> Plan Change: the Miscellaneous Plan went from an Agent-Multiple plan to the cost-sharing pool from June 30, 2014 measurement date to June 30, 2015 measurement date, therefore two years' information applies to the Agent-Multiple plan as shown in table above.

<sup>3</sup> Net of administrative expenses in 2013-14.

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**CITY OF HUNTINGTON PARK**

**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**

**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios  
For the Last Ten Fiscal Years**

**Last Ten Fiscal Years  
California Public Employees' Retirement System ("CalPERS") - Safety Plan**

Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14 <sup>1</sup>
City Proportion of the Net Pension Liability	0.28200%	0.34824%	0.34929%	0.33958%	0.31815%
City's Proportionate Share of the Net Pension Liability	\$ 27,173,968	\$ 34,535,894	\$ 30,224,530	\$ 23,308,704	\$ 19,796,754
City's Covered Payroll	5,315,442	5,076,151	5,359,059	5,714,480	6,954,779
City's Proportionate Share of the Net Pension Liability as a percentage of Its Covered Payroll	511.23%	680.36%	563.99%	407.89%	284.65%
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Total Pension Liability	71.32%	71.16%	72.76%	78.37%	81.35%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

**Notes to Schedules:**

**Change in Benefit Terms:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of two years.

**Changes of Assumptions:** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. There was no change in the accounting discount rate from 2017 to 2018.

**CITY OF HUNTINGTON PARK**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios**  
**For the Last Ten Fiscal Years**

Last Ten Fiscal Years					
Public Agency Retirement System ("PARS")					
Measurement period	2018-19	2017-18	2016-17	2015-16	2014-15 <sup>1</sup>
<b>Total pension liability</b>					
Service cost	\$ 136,232	\$ 120,623	\$ 117,110	\$ 165,935	\$ 161,102
Interest on total pension liability	470,724	453,226	443,997	421,802	395,879
Effect of plan changes	-	-	-	-	-
Effect of economic/demographic gains or losses	(173,437)	-	(190,690)	-	-
Effect of assumption changes or inputs	(65,557)	471,966	-	-	-
Benefit payments, including refunds of employee contributions	(329,493)	(259,670)	(225,066)	(218,726)	(165,163)
<b>Net change in total pension liability</b>	<b>38,469</b>	<b>786,145</b>	<b>145,351</b>	<b>369,011</b>	<b>391,818</b>
<b>Total pension liability - beginning</b>	<b>7,267,827</b>	<b>6,481,682</b>	<b>6,336,331</b>	<b>5,967,320</b>	<b>5,575,502</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 7,306,296</b>	<b>\$ 7,267,827</b>	<b>\$ 6,481,682</b>	<b>\$ 6,336,331</b>	<b>\$ 5,967,320</b>
<b>Pension fiduciary net position</b>					
Employer contributions	\$ 370,896	\$ 447,685	\$ 375,491	\$ 293,737	\$ 349,850
Member contributions	44,579	53,809	60,951	64,896	77,658
Net investment income	172,073	129,343	176,680	32,866	33,452
Benefit payments	(329,493)	(259,670)	(225,066)	(218,726)	(165,163)
Administrative expenses	(9,946)	(9,763)	(9,246)	(12,074)	(8,556)
<b>Net change in plan fiduciary net position</b>	<b>248,109</b>	<b>361,404</b>	<b>378,810</b>	<b>160,699</b>	<b>287,241</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,852,386</b>	<b>2,490,982</b>	<b>2,112,172</b>	<b>1,951,473</b>	<b>1,664,232</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,100,495</b>	<b>\$ 2,852,386</b>	<b>\$ 2,490,982</b>	<b>\$ 2,112,172</b>	<b>\$ 1,951,473</b>
<b>Plan net pension liability 0 ending (a) - (b)</b>	<b>\$ 4,205,801</b>	<b>\$ 4,415,441</b>	<b>\$ 3,990,700</b>	<b>\$ 4,224,159</b>	<b>\$ 4,015,847</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>42.44%</b>	<b>39.25%</b>	<b>38.43%</b>	<b>33.33%</b>	<b>32.70%</b>
<b>Covered payroll</b>	<b>\$ 2,933,087</b>	<b>\$ 3,910,805</b>	<b>\$ 3,796,898</b>	<b>\$ 3,686,309</b>	<b>\$ 4,727,908</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>143.39%</b>	<b>112.90%</b>	<b>105.10%</b>	<b>114.59%</b>	<b>84.94%</b>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

**Notes to Schedule:**

Changes of Assumptions: The long-term expected return reduced from 7.00% to 6.5% for measurement period 2017-18.

**CITY OF HUNTINGTON PARK**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**Schedule of Contributions - Pension**  
**For the Last Ten Fiscal Years**

**Last Ten Fiscal Years**  
**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan**

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 <sup>1</sup>
Actuarially determined contribution	\$ 1,561,031	\$ 1,246,525	\$ 985,737	\$ 766,341	\$ 538,833	\$ 587,786
Actual employer contribution	(1,488,026)	(1,250,985)	(985,737)	(766,341)	(538,833)	(587,786)
Contribution deficiency (excess)	<u>\$ 73,005</u>	<u>\$ (4,460)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>2</sup>	\$ 5,928,823	\$ 5,784,218	\$ 6,113,880	\$ 5,905,880	\$ 5,437,667	\$ 6,670,216
Contributions as a percentage of covered payroll	25.10%	21.63%	16.12%	12.98%	9.91%	8.81%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Payroll from prior year \$5,784,218 was assumed to increase by the 2.50 percent payroll growth assumption.

**Notes to Schedule:**

Valuation date: June 30, 2017  
Change in Benefit Terms: There were no changes in benefit terms.  
Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

**Last Ten Fiscal Years**  
**California Public Employees' Retirement System ("CalPERS") - Safety Plan**

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 <sup>1</sup>
Actuarially determined contribution	\$ 3,220,193	\$ 2,881,126	\$ 1,051,257	\$ 1,181,181	\$ 1,702,903	\$ 1,890,283
Actual employer contribution	(3,073,335)	(2,624,452)	(2,253,388)	(2,188,341)	(1,702,903)	(1,890,283)
Contribution deficiency (excess)	<u>\$ 146,858</u>	<u>\$ 256,674</u>	<u>\$ (1,202,131)</u>	<u>\$ (1,007,160)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>2</sup>	\$ 5,448,328	\$ 5,315,442	\$ 5,076,151	\$ 5,359,059	\$ 5,714,480	\$ 6,954,779
Contributions as a percentage of covered payroll	56.41%	49.37%	44.39%	40.83%	29.80%	27.18%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Payroll from prior year \$5,315,442 was assumed to increase by the 2.50 percent payroll growth assumption.

**Notes to Schedule:**

Valuation date: June 30, 2017  
Change in Benefit Terms: There were no changes in benefit terms.  
Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

**CITY OF HUNTINGTON PARK**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**Schedule of Contributions – Pension (Continued)**  
For the Last Ten Fiscal Years

**Last Ten Fiscal Years**  
**Public Agency Retirement System ("PARS")**

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 <sup>1</sup>
Actuarially determined contribution	\$ 515,308	\$ 515,308	\$ 515,308	\$ 507,777	\$ 492,788	\$ 547,518
Actual employer contribution	(370,896)	(447,685)	(375,491)	(293,737)	349,850	(406,288)
Contribution deficiency (excess)	\$ 144,412	\$ 67,623	\$ 139,817	\$ 214,040	\$ 842,638	\$ 141,230
Covered payroll <sup>2,3</sup>	\$ 2,933,087	\$ 3,910,805	\$ 3,796,898	\$ 3,686,309	\$ 4,727,908	\$ 4,590,202
Contributions as a percentage of covered payroll	12.65%	11.45%	9.89%	7.97%	7.40%	8.85%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> In 2016, covered payroll revised based on compensation reports provided for the June 30, 2016 funding actuarial valuation.

<sup>3</sup> In 2019, covered payroll revised based on compensation reports provided for the June 30, 2019 funding actuarial valuation.

**Notes to Schedule:**

Valuation Timing	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	11 years
Asset valuation method	None
Investment rate of return	6.50%
Inflation	2.50%
Salary increases	Between 11.6% to 3.6% from 0 to 22+ years of service, respectively
Cost of Living Adjustment	2.00%
Withdraw/Disability/Mortality	Consistent with the Non-Industrial rates used to value the CalPERS Miscellaneous Public Agency Pension Plans.
Retirement age	Ranges from 7.3% at age 55 to 100% at age 75+
Maximum Benefits and Salary	The salary used in the calculation of final average compensation is subject to the limitations of IRC 401(a)(17). The limit is assumed to increase at 2.50% per annum.
Form of Payment	Single Life Annuity

CITY OF HUNTINGTON PARK  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
For the Last Ten Fiscal Years

**Last Ten Fiscal Years**  
**Other Postemployment Benefits**

	<u>Fiscal Year Ended<sup>1</sup></u>	
	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 723,417	\$ 777,583
Interest	3,040,969	2,910,846
Difference between expected and actual experience	-	-
Changes of assumptions	6,581,904	(2,470,150)
Changes of benefit terms	-	-
Benefit payments	(2,316,884)	(2,113,948)
<b>Net change in total OPEB liability</b>	<u>8,029,406</u>	<u>(895,669)</u>
<b>Total OPEB Liability - beginning of year</b>	44,443,256	45,338,925
<b>Total OPEB Liability - end of year</b>	<u>\$ 52,472,662</u>	<u>\$ 44,443,256</u>
<b>Plan Fiduciary Net Position (FNP)</b>		
Employee contributions	\$ -	\$ -
Employer contributions	2,316,884	2,113,948
Net investment income	680,772	817,256
Other additions	8,815	-
Benefit payments	(2,316,884)	(2,113,948)
Administrative expense	(4,559)	(3,973)
Other deductions	(11,316)	-
<b>Net change in plan fiduciary net position</b>	<u>673,712</u>	<u>813,283</u>
<b>Plan Fiduciary Net Position - beginning of year</b>	8,547,538	7,734,255
<b>Plan Fiduciary Net Position - end of year</b>	\$ 9,221,250	\$ 8,547,538
<b>Net OPEB Liability - end of year</b>	\$ 43,251,412	\$ 35,895,718
FNP as a percentage of Total OPEB Liability	17.6%	19.2%
OPEB-eligible payroll for the measurement period	\$ 11,275,910	\$ 10,272,874
Net OPEB Liability as a % of eligible payroll	383.6%	349.4%

<sup>1</sup> The City has elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year.

Historical information is presented only for measurement periods for which GASB 75 is applicable.



**CITY OF HUNTINGTON PARK**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**Schedule of Contributions – OPEB Plan**  
For the Last Ten Fiscal Years

**Last Ten Fiscal Years**  
**Other Postemployment Benefits Plan**

	2018-19	2017-18	2016-17 <sup>1</sup>
Actuarially determined contribution	\$ 3,496,772	\$ 3,172,404	\$ 5,245,000
Actual employer contribution	(2,603,368)	(1,925,170)	(2,113,948)
Contribution deficiency (excess)	<u>\$ 893,404</u>	<u>\$ 1,247,234</u>	<u>\$ 3,131,052</u>
Covered payroll	\$ 11,491,533	\$ 10,581,060	N/A
Contributions as a percentage of covered payroll	22.65%	18.19%	N/A

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable.

**Notes to Schedule:**

Valuation Timing June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Asset valuation method	None
Investment rate of return	7.28%
Inflation	2.50%
Payroll growth	3.00%
Retirement age	Based on assumptions for Public Agency Miscellaneous and Police Members published in the December 2017 CalPERS Experience Study.

Mortality	Based on assumptions for Public Agency Miscellaneous and Police Members published in the December 2017 CalPERS Experience Study.
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CITY OF HUNTINGTON PARK  
**SUPPLEMENTARY INFORMATION**

Combining Balance Sheet – Nonmajor Governmental Funds  
June 30, 2019

Special Revenue Funds:

The Special Revenue Funds account for the proceeds of specific sources that are legally restricted for expenditures related to specific purposes. Funds included are:

*Projects Special Revenue Fund* – To account for various grants received for different projects.

*Public Safety Grants* – To account for grant money passed through from the California Office of Traffic Safety.

*Park Grants* – To account for revenues received from fees collected for parks and recreation and revenues received from a Citywide Park Maintenance assessment district. The district is responsible for landscaping, tree trimming, irrigation and maintenance of parks within the City.

*Recycle Grants* – To account for funds received under the waste recycling grant.

*Special Events* – To account for the funds used for improvements and equipment purchases for the parks and recreation department and the revenues to fund those expenditures.

*Auto Theft Prevention* – The funds are used to deter and reduce the incidents of vehicle theft, to increase the recovery rate of stolen vehicles, to identify trends and patterns in vehicle theft, to provide training and expertise to participating agencies countywide.

*Greenway Linear Park Project* – To account for grant monies received from the California Natural Resources Agency and the related expenditures to develop the City's Greenway Linear Park Project utilizing Los Angeles Department of Water and Power lots for a 0.5 mile linear greenway.

*Measure M* – To account for an additional 0.5% sales tax for transportation improvements from Los Angeles county voters approved Measure M in November 2016.

*Sales Tax Transit Proposition A* – To account for the City's share of one-half percent sales tax that was approved by the electorate in November 1980 and is collected by the County of Los Angeles to finance certain transportation projects.

*Sales Tax Transit Proposition C* – To account for the City's share of a sales tax increase approved by Los Angeles County voters in 1990 to fund transportation projects.

*State Gasoline Tax Fund* – To account for the City's share of tax revenues collected by the State on the sale of fuel for motor vehicles. The use of these funds is restricted to the construction, improvement, or maintenance of public streets.

*Measure R* – To account for revenues and monies spent on critical transit and highway projects.

*Office of Traffic & Safety* – This was "Public Safety" Fund in the past. To account for grant monies passed through from the California Office of Traffic Safety.

CITY OF HUNTINGTON PARK

**SUPPLEMENTARY INFORMATION**

Combining Balance Sheet – Nonmajor Governmental Funds (Continued)

June 30, 2019

Special Revenue Funds (Continued):

*Air Quality Improvement Trust* – To account for monies received from the South Coast Air Quality Management District. These monies are to be used for programs that reduce air pollution from motor vehicles.

*Asset Forfeiture Fund* – To account for monies received from State and Federal agencies in Asset Forfeiture cases. These monies are restricted solely for law enforcement purposes.

*Parking System Fund* – To account for funds received for parking meters and other parking related activities and to account for the expenditures related to the enforcement of parking regulations and other activities.

*Art in Public Places Fund* – To account for funds used to purchase artworks with in-lieu contributions from contractors who do not elect to provide artwork for their projects.

*Community Development Block Grant* – To account for housing and community development projects. Financing is provided by federal grants received from Department of Housing and Community Development CDBG Program.

*HUD Social Security Grant* – To account for funds received from HUD for the purpose of providing micro loans.

*Lead-Based Paint Hazard Control Program (LBPHCP) Lead Base* – To account for funds spent on programs to address lead poisoning in low-to-moderate income families.

*Transportation Development Act/Bike Path* – To account for the funds received and expenditures related to the Bicycle and Pedestrian Facilities Program under Article 3 of the Transportation Development Act.

*Street Lighting Landscape Assessments* – To account for revenues received from a Citywide Landscape Maintenance District. The District is responsible for the maintenance of street lights and the landscaping of median islands, parkways, street trees, and city parks.

CITY OF HUNTINGTON PARK  
**SUPPLEMENTARY INFORMATION**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
June 30, 2019

	Special Revenue Funds							
	<u>Projects Special</u>	<u>Public Safety</u>				<u>Auto Theft</u>	<u>Greenway Linear</u>	
	<u>Revenue Fund</u>	<u>Grants</u>	<u>Park Grants</u>	<u>Recycle Grants</u>	<u>Special Events</u>	<u>Prevention</u>	<u>Park Project</u>	<u>Measure M</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 143,547	\$ 737,789	\$ 368,753	\$ 126,283	\$ 115,076	\$ -	\$ -	\$ 699,027
Receivables								
Taxes and intergovernmental	27,263	-	-	-	-	-	-	-
Accounts and interest	218,479	701	314	110	104	-	-	653
Loans	-	-	-	-	-	-	-	-
Total assets	<u>389,289</u>	<u>738,490</u>	<u>369,067</u>	<u>126,393</u>	<u>115,180</u>	<u>-</u>	<u>-</u>	<u>699,680</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Cash overdraft	362,486	94,944	-	4,023	-	-	281,516	-
Accounts payable	191,434	59,188	-	3,941	7,390	-	30,200	-
Accrued liabilities	14,101	9,497	-	-	-	-	-	40,974
Deposits	-	-	-	-	-	-	-	-
Due to other funds	24,978	-	-	-	-	-	-	-
Unearned revenue	27,263	-	-	-	-	-	-	-
Total liabilities	<u>620,262</u>	<u>163,629</u>	<u>-</u>	<u>7,964</u>	<u>7,390</u>	<u>-</u>	<u>311,716</u>	<u>40,974</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	574,861	369,067	118,429	107,790	-	-	658,706
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	(230,973)	-	-	-	-	-	(311,716)	-
Total fund balances	<u>(230,973)</u>	<u>574,861</u>	<u>369,067</u>	<u>118,429</u>	<u>107,790</u>	<u>-</u>	<u>(311,716)</u>	<u>658,706</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 389,289</u>	<u>\$ 738,490</u>	<u>\$ 369,067</u>	<u>\$ 126,393</u>	<u>\$ 115,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 699,680</u>

**CITY OF HUNTINGTON PARK**  
**SUPPLEMENTARY INFORMATION**  
**Combining Balance Sheet – Nonmajor Governmental Funds (Continued)**  
June 30, 2019

	Special Revenue Funds							
	<u>Sales Tax Transit Proposition A</u>	<u>Sales Tax Transit Proposition C</u>	<u>State Gasoline Tax Fund</u>	<u>Measure R</u>	<u>Office of Traffic &amp; Safety</u>	<u>Air Quality Improvement Trust</u>	<u>Asset Forfeiture Fund</u>	<u>Parking System Fund</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 379,074	\$ 551,769	\$ 2,255,669	\$ 1,582,270	\$ 50,296	\$ 156,821	\$ 225,559	\$ -
Receivables								
Taxes and intergovernmental	-	-	-	-	-	-	-	-
Accounts and interest	13,004	480	248,444	15,779	530	20,134	25,642	-
Loans	-	-	-	-	-	-	-	-
Total assets	<u>392,078</u>	<u>552,249</u>	<u>2,504,113</u>	<u>1,598,049</u>	<u>50,826</u>	<u>176,955</u>	<u>251,201</u>	<u>-</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Cash overdraft	-	-	-	-	-	-	-	630,590
Accounts payable	34,102	47,252	416,296	81,655	-	1,962	4,000	5,454
Accrued liabilities	1,631	9,019	26,419	37,030	-	-	2,329	3,394
Deposits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>35,733</u>	<u>56,271</u>	<u>442,715</u>	<u>118,685</u>	<u>-</u>	<u>1,962</u>	<u>6,329</u>	<u>639,438</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	356,345	495,978	2,061,398	1,479,364	50,826	174,993	244,872	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(639,438)
Total fund balances	<u>356,345</u>	<u>495,978</u>	<u>2,061,398</u>	<u>1,479,364</u>	<u>50,826</u>	<u>174,993</u>	<u>244,872</u>	<u>(639,438)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 392,078</u>	<u>\$ 552,249</u>	<u>\$ 2,504,113</u>	<u>\$ 1,598,049</u>	<u>\$ 50,826</u>	<u>\$ 176,955</u>	<u>\$ 251,201</u>	<u>\$ -</u>

**CITY OF HUNTINGTON PARK**  
**SUPPLEMENTARY INFORMATION**  
**Combining Balance Sheet – Nonmajor Governmental Funds (Continued)**  
June 30, 2019

	Special Revenue Funds							
	<u>Art in Public</u>	<u>Community</u>	<u>HUD Social</u>	<u>Lead-Based Paint</u>		<u>Transportation</u>	<u>Street Lighting</u>	<u>Total Nonmajor</u>
	<u>Places Fund</u>	<u>Development</u>	<u>Security Block</u>	<u>Hazard Control</u>	<u>Land and Water</u>	<u>Development</u>	<u>Landscape</u>	<u>Governmental</u>
	<u>Block Grant</u>	<u>Grant</u>	<u>Program Lead</u>	<u>Base</u>	<u>Conservation</u>	<u>Act/Bike Path</u>	<u>Assessments</u>	<u>Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 178,422	\$ -	\$ 10,788	\$ -	\$ -	\$ 58,964	\$ 1,241,069	\$ 8,881,176
Receivables								
Taxes and intergovernmental	-	365,119	-	-	-	-	39,163	431,545
Accounts and interest	152	-	9	-	-	117	1,528	546,180
Loans	-	127,084	9,459	-	-	-	-	136,543
Total assets	<u>178,574</u>	<u>492,203</u>	<u>20,256</u>	<u>-</u>	<u>-</u>	<u>59,081</u>	<u>1,281,760</u>	<u>9,995,444</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Cash overdraft	-	246,035	-	19,618	-	-	-	1,639,212
Accounts payable	-	139,384	-	-	-	5,751	105,274	1,133,283
Accrued liabilities	-	65,416	-	-	-	-	2,572	212,382
Deposits	-	-	-	-	-	-	-	-
Due to other funds	-	365,119	-	-	-	-	-	390,097
Unearned revenue	-	257,621	-	-	-	-	-	284,884
Total liabilities	<u>-</u>	<u>1,073,575</u>	<u>-</u>	<u>19,618</u>	<u>-</u>	<u>5,751</u>	<u>107,846</u>	<u>3,659,858</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	178,574	-	20,256	-	-	53,330	1,173,914	8,118,703
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	(581,372)	-	(19,618)	-	-	-	(1,783,117)
Total fund balances	<u>178,574</u>	<u>(581,372)</u>	<u>20,256</u>	<u>(19,618)</u>	<u>-</u>	<u>53,330</u>	<u>1,173,914</u>	<u>6,335,586</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 178,574</u>	<u>\$ 492,203</u>	<u>\$ 20,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,081</u>	<u>\$ 1,281,760</u>	<u>\$ 9,995,444</u>

CITY OF HUNTINGTON PARK  
SUPPLEMENTARY INFORMATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds  
For the Year Ended June 30, 2019

	Special Revenue Funds							
	<u>Projects Special Revenue Fund</u>	<u>Public Safety Grants</u>	<u>Park Grants</u>	<u>Recycle Grants</u>	<u>Special Events</u>	<u>Auto Theft Prevention</u>	<u>Greenway Linear Park Project</u>	<u>Measure M</u>
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 835,925
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Use of money and property	624	10,752	4,185	1,447	1,596	-	-	11,729
Intergovernmental	1,109,037	133,495	-	70,136	-	137,217	-	-
Charges for services	-	-	-	-	-	-	-	-
Other revenues	-	148,746	-	15	-	-	-	-
Total revenues	<u>1,109,661</u>	<u>292,993</u>	<u>4,185</u>	<u>71,598</u>	<u>1,596</u>	<u>137,217</u>	<u>-</u>	<u>847,654</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	294,968	-	-	-	131,265	-	-
Public works	6,779	-	-	-	-	-	-	-
Community services	-	-	-	-	37,327	-	-	-
Community development	-	-	-	31,010	-	-	-	-
Debt Service								
Principal Retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital Outlay	779,662	145,375	-	-	31,990	-	311,716	819,475
Total expenditures	<u>786,441</u>	<u>440,343</u>	<u>-</u>	<u>31,010</u>	<u>69,317</u>	<u>131,265</u>	<u>311,716</u>	<u>819,475</u>
Excess (deficiency) of revenues over expenditures	<u>323,220</u>	<u>(147,350)</u>	<u>4,185</u>	<u>40,588</u>	<u>(67,721)</u>	<u>5,952</u>	<u>(311,716)</u>	<u>28,179</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	323,220	(147,350)	4,185	40,588	(67,721)	5,952	(311,716)	28,179
<b>FUND BALANCES</b>								
Beginning of year, as previously reported	(554,193)	739,636	364,882	77,841	175,511	(5,952)	-	630,527
Prior-period adjustment	-	(17,425)	-	-	-	-	-	-
Beginning of year, as restated	<u>(554,193)</u>	<u>722,211</u>	<u>364,882</u>	<u>77,841</u>	<u>175,511</u>	<u>(5,952)</u>	<u>-</u>	<u>630,527</u>
End of year	<u>\$ (230,973)</u>	<u>\$ 574,861</u>	<u>\$ 369,067</u>	<u>\$ 118,429</u>	<u>\$ 107,790</u>	<u>\$ -</u>	<u>\$ (311,716)</u>	<u>\$ 658,706</u>

# CITY OF HUNTINGTON PARK

## SUPPLEMENTARY INFORMATION

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –

### Nonmajor Governmental Funds

For the Year Ended June 30, 2019

	Special Revenue Funds							
	<u>Sales Tax</u> <u>Transit</u> <u>Proposition A</u>	<u>Sales Tax</u> <u>Transit</u> <u>Proposition C</u>	<u>State Gasoline</u> <u>Tax Fund</u>	<u>Measure R</u>	<u>Office of Traffic</u> <u>&amp; Safety</u>	<u>Air Quality</u> <u>Improvement</u> <u>Trust</u>	<u>Asset Forfeiture</u> <u>Fund</u>	<u>Parking System</u> <u>Fund</u>
<b>REVENUES</b>								
Taxes	\$ 1,192,179	\$ 988,879	\$ -	\$ 741,872	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	15,770	-	-	-
Use of money and property	2,839	6,132	26,218	27,273	215	1,661	2,867	-
Intergovernmental	58,488	44,204	2,374,167	58,647	45,253	77,140	297,344	-
Charges for services	99,906	-	-	-	-	-	-	672,492
Other revenues	4,500	-	-	-	-	-	-	-
Total revenues	<u>1,357,912</u>	<u>1,039,215</u>	<u>2,400,385</u>	<u>827,792</u>	<u>61,238</u>	<u>78,801</u>	<u>300,211</u>	<u>672,492</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	43,388	-	460,452	-
Public works	-	330,336	1,149,216	643,316	-	-	-	-
Community services	1,103,488	519,508	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	553,991
Debt Service								
Principal Retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital Outlay	-	-	857,231	953,483	-	23,685	40,584	-
Total expenditures	<u>1,103,488</u>	<u>849,844</u>	<u>2,006,447</u>	<u>1,596,799</u>	<u>43,388</u>	<u>23,685</u>	<u>501,036</u>	<u>553,991</u>
Excess (deficiency) of revenues over expenditures	<u>254,424</u>	<u>189,371</u>	<u>393,938</u>	<u>(769,007)</u>	<u>17,850</u>	<u>55,116</u>	<u>(200,825)</u>	<u>118,501</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	254,424	189,371	393,938	(769,007)	17,850	55,116	(200,825)	118,501
<b>FUND BALANCES</b>								
Beginning of year, as previously reported	101,921	306,607	1,667,460	2,248,371	32,976	119,877	445,697	(757,939)
Prior-period adjustment	-	-	-	-	-	-	-	-
Beginning of year, as restated	<u>101,921</u>	<u>306,607</u>	<u>1,667,460</u>	<u>2,248,371</u>	<u>32,976</u>	<u>119,877</u>	<u>445,697</u>	<u>(757,939)</u>
End of year	<u>\$ 356,345</u>	<u>\$ 495,978</u>	<u>\$ 2,061,398</u>	<u>\$ 1,479,364</u>	<u>\$ 50,826</u>	<u>\$ 174,993</u>	<u>\$ 244,872</u>	<u>\$ (639,438)</u>



**CITY OF HUNTINGTON PARK  
SUPPLEMENTARY INFORMATION**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2019**

	<b>Special Revenue Funds</b>							
	<u>Art in Public Places Fund</u>	<u>Community Development Block Grant</u>	<u>HUD Social Security Block Grant</u>	<u>Lead-Based Paint Hazard Control Program Lead Base</u>	<u>Land and Water Conservation</u>	<u>Transportation Development Act/Bike Path</u>	<u>Street Lighting Landscape Assessments</u>	<u>Total-Other Governmental Funds</u>
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,758,855
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	15,770
Use of money and property	2,397	-	122	-	-	1,802	12,405	114,264
Intergovernmental	-	1,646,310	-	612,757	-	-	-	6,664,195
Charges for services	5,971	-	-	-	-	-	1,754,747	2,533,116
Other revenues	-	-	-	-	-	-	-	153,261
Total revenues	<u>8,368</u>	<u>1,646,310</u>	<u>122</u>	<u>612,757</u>	<u>-</u>	<u>1,802</u>	<u>1,767,152</u>	<u>13,239,461</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	930,073
Public works	-	-	-	-	-	-	724,659	2,854,306
Community services	-	-	-	-	-	-	-	1,660,323
Community development	53,747	443,168	-	190,428	-	-	-	1,272,344
Debt Service								-
Principal Retirement	-	-	-	-	-	-	632,394	632,394
Interest and fiscal charges	-	-	-	-	-	-	215,947	215,947
Capital Outlay	(3,553)	1,200,000	-	348,560	-	102,769	131,955	5,742,932
Total expenditures	<u>50,194</u>	<u>1,643,168</u>	<u>-</u>	<u>538,988</u>	<u>-</u>	<u>102,769</u>	<u>1,704,955</u>	<u>13,308,319</u>
Excess (deficiency) of revenues over expenditures	<u>(41,826)</u>	<u>3,142</u>	<u>122</u>	<u>73,769</u>	<u>-</u>	<u>(100,967)</u>	<u>62,197</u>	<u>(68,858)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(200,000)	(200,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Net change in fund balances	(41,826)	3,142	122	73,769	-	(100,967)	(137,803)	(268,858)
<b>FUND BALANCES</b>								
Beginning of year, as previously reported	220,400	(610,761)	20,134	(93,387)	689	154,297	1,311,717	6,596,311
Prior-period adjustment	-	26,247	-	-	(689)	-	-	8,133
Beginning of year, as restated	<u>220,400</u>	<u>(584,514)</u>	<u>20,134</u>	<u>(93,387)</u>	<u>-</u>	<u>154,297</u>	<u>1,311,717</u>	<u>6,604,444</u>
End of year	<u>\$ 178,574</u>	<u>\$ (581,372)</u>	<u>\$ 20,256</u>	<u>\$ (19,618)</u>	<u>\$ -</u>	<u>\$ 53,330</u>	<u>\$ 1,173,914</u>	<u>\$ 6,335,586</u>

CITY OF HUNTINGTON PARK  
**SUPPLEMENTARY INFORMATION**  
**Internal Service Funds**

The Internal Service Funds account for financing of goods and services provided by one department to other departments of the City.

Internal Service Funds include:

*Fleet Maintenance Fund* – To account for the costs of maintenance of City vehicles used by various City departments.

*Vehicle and Equipment Replacement Fund* – To account for the costs of replacement of City vehicles and equipment used by various City departments. Such costs are based upon actual usage.

*Liability, Insurance/Workers' Compensation Fund* – To account for the City's general liability claims program and the workers compensation costs of the City.

*Other Postemployment Benefits (OPEB) Fund* – To account for the funds and expenses related to the City's other postemployment benefits.

**CITY OF HUNTINGTON PARK**  
**SUPPLEMENTARY INFORMATION**  
**Combining Statement of Net Position – Internal Service Funds**  
June 30, 2019

	<b>Fleet Maintenance</b>	<b>Vehicle and Equipment Replacement</b>	<b>Liability, Insurance/Workers' Compensation</b>	<b>Employee Benefits</b>	<b>OPEB</b>	<b>Total</b>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 527,647	\$ -	\$ 1,747,496	\$ -	\$ 357,673	\$ 2,632,816
Accounts receivable	532	-	1,604	-	437	2,573
Total current assets	<u>528,179</u>	<u>-</u>	<u>1,749,100</u>	<u>-</u>	<u>358,110</u>	<u>2,635,389</u>
Non-current assets:						
Capital Assets:						
Depreciable	47,299	50,581	-	-	-	97,880
Total non-current assets	<u>47,299</u>	<u>50,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,880</u>
Total assets	<u>\$ 575,478</u>	<u>\$ 50,581</u>	<u>\$ 1,749,100</u>	<u>\$ -</u>	<u>\$ 358,110</u>	<u>\$ 2,733,269</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferred outflows of resources	95,297	-	39,507	-	-	134,804
OPEB related deferred outflows of resources	37,465	-	18,771	-	-	56,236
Total deferred outflows of resources	<u>\$ 132,762</u>	<u>\$ -</u>	<u>\$ 58,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,040</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	83,008	-	149,188	-	-	232,196
Accrued payroll	9,822	-	2,271	-	-	12,093
Due to other funds	-	101,162	-	-	-	101,162
Compensated absences payable, due in one year	4,099	-	1,098	-	-	5,197
Claims payable, due in one year	-	-	638,500	-	-	638,500
Total current liabilities	<u>96,929</u>	<u>101,162</u>	<u>791,057</u>	<u>-</u>	<u>-</u>	<u>989,148</u>
Non-current liabilities:						
Compensated absences, due in more than one year	16,396	-	4,390	-	-	20,786
Claims payable, due in more than one year	-	-	4,972,816	-	-	4,972,816
Aggregate net pension liabilities	462,690	-	187,231	-	-	649,921
Net OPEB liabilities	254,318	-	127,159	-	-	381,477
Total non-current liabilities	<u>733,404</u>	<u>-</u>	<u>5,291,596</u>	<u>-</u>	<u>-</u>	<u>6,025,000</u>
Total liabilities	<u>\$ 830,333</u>	<u>\$ 101,162</u>	<u>\$ 6,082,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,014,148</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows of resources	23,133	-	9,357	-	-	32,490
OPEB related deferred inflows of resources	1,173	-	587	-	-	1,760
Total deferred inflows of resources	<u>\$ 24,306</u>	<u>\$ -</u>	<u>\$ 9,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,250</u>
<b>NET POSITION</b>						
Invested in capital assets	47,299	50,581	-	-	-	97,880
Unrestricted	(193,698)	(101,162)	(4,285,219)	-	358,110	(4,221,969)
Total net position	<u>\$ (146,399)</u>	<u>\$ (50,581)</u>	<u>\$ (4,285,219)</u>	<u>\$ -</u>	<u>\$ 358,110</u>	<u>\$ (4,124,089)</u>

**CITY OF HUNTINGTON PARK**  
**SUPPLEMENTARY INFORMATION**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position –**  
**Internal Service Funds**  
For the Year Ended June 30, 2019

	<b>Fleet Maintenance</b>	<b>Vehicle and Equipment Replacement</b>	<b>Liability, Insurance/Workers' Compensation</b>	<b>Employee Benefits</b>	<b>OPEB</b>	<b>Total</b>
<b>REVENUES</b>						
Charges for services	\$ 729,426	\$ 138,950	\$ 2,324,907	\$ -	\$ 1,957,215	\$ 5,150,498
Total operating revenues	<u>729,426</u>	<u>138,950</u>	<u>2,324,907</u>	<u>-</u>	<u>1,957,215</u>	<u>5,150,498</u>
<b>OPERATING EXPENSES</b>						
Personnel services	338,512	-	63,570	-	-	402,082
Contractual services	7,080	-	461,901	-	14,104	483,085
Purchased water, materials and supplies	403,943	-	-	-	-	403,943
Insurance	-	-	1,338,599	-	1,942,443	3,281,042
Claims settlements	-	-	146,800	-	-	146,800
Depreciation	4,294	50,581	-	-	-	54,875
Total Operating Expenses	<u>753,829</u>	<u>50,581</u>	<u>2,010,870</u>	<u>-</u>	<u>1,956,547</u>	<u>4,771,827</u>
Operating income (loss)	<u>(24,403)</u>	<u>88,369</u>	<u>314,037</u>	<u>-</u>	<u>668</u>	<u>378,671</u>
<b>NON-OPERATING REVENUES</b>						
Interest income	4,461	-	18,645	-	2,020	25,126
Total non-operating revenue	<u>4,461</u>	<u>-</u>	<u>18,645</u>	<u>-</u>	<u>2,020</u>	<u>25,126</u>
Change in net position	<u>(19,942)</u>	<u>88,369</u>	<u>332,682</u>	<u>-</u>	<u>2,688</u>	<u>403,797</u>
<b>NET POSITION</b>						
Beginning of year, as previously reported	(126,457)	(138,950)	(4,617,901)	(228,059)	355,422	(4,755,945)
Prior-period adjustment	-	-	-	228,059	-	228,059
Beginning of year, as restated	<u>(126,457)</u>	<u>(138,950)</u>	<u>(4,617,901)</u>	<u>-</u>	<u>355,422</u>	<u>(4,527,886)</u>
End of year	<u>\$ (146,399)</u>	<u>\$ (50,581)</u>	<u>\$ (4,285,219)</u>	<u>\$ -</u>	<u>\$ 358,110</u>	<u>\$ (4,124,089)</u>

**CITY OF HUNTINGTON PARK**  
**SUPPLEMENTARY INFORMATION**  
**Combining Statement of Cash Flows – Internal Service Funds**  
For the Year Ended June 30, 2019

	<u>Fleet Maintenance</u>	<u>Vehicle and Equipment Replacement</u>	<u>Liability, Insurance/Workers' Compensation</u>	<u>Employee Benefits</u>	<u>OPEB</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from tenants, customers and users	\$ 730,392	\$ 138,950	\$ 2,328,442	\$ -	\$ 1,957,414	\$ 5,155,198
Payments to suppliers	(406,168)	-	(588,202)	-	(18,606)	(1,012,976)
Payments for insurance premium or claim payments	-	-	(1,821,593)	-	(1,942,443)	(3,764,036)
Payments to employees	(312,004)	-	(61,033)	-	-	(373,037)
Net cash provided by operating activities	<u>12,220</u>	<u>138,950</u>	<u>(142,386)</u>	<u>-</u>	<u>(3,635)</u>	<u>5,149</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Payment to other funds	-	(138,950)	-	-	-	(138,950)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(138,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138,950)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	4,461	-	18,645	-	2,020	25,126
Net cash provided by investing activities	<u>4,461</u>	<u>-</u>	<u>18,645</u>	<u>-</u>	<u>2,020</u>	<u>25,126</u>
Net increase in cash and cash equivalents	<u>\$ 16,681</u>	<u>\$ -</u>	<u>\$ (123,741)</u>	<u>\$ -</u>	<u>\$ (1,615)</u>	<u>\$ (108,675)</u>
<b>CASH AND CASH EQUIVALENTS</b>						
Beginning of year	510,966	-	1,871,237	-	359,288	2,741,491
End of year	<u>\$ 527,647</u>	<u>\$ -</u>	<u>\$ 1,747,496</u>	<u>\$ -</u>	<u>\$ 357,673</u>	<u>\$ 2,632,816</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (24,403)	\$ 88,369	\$ 314,037	\$ -	\$ 668	\$ 378,671
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	4,294	50,581	-	-	-	54,875
(Increase) decrease in						
Accounts receivable	966	-	3,535	-	199	4,700
Deferred outflows of resources - pension	(42,094)	-	(17,299)	-	-	(59,393)
Deferred outflows of resources - OPEB	(26,140)	-	(13,109)	-	-	(39,249)
Increase (decrease) in						
Accounts payable	4,855	-	(126,301)	-	(4,502)	(125,948)
Accrued payroll	(231)	-	(1,525)	-	-	(1,756)
Compensated absences payable	643	-	(7,064)	-	-	(6,421)
Claims payable	-	-	(336,194)	-	-	(336,194)
Aggregate net pension liability	47,751	-	20,224	-	-	67,975
Net OPEB liability	43,167	-	21,583	-	-	64,750
Deferred inflows of resources - pension	15,176	-	5,609	-	-	20,785
Deferred inflows of resources - OPEB	(11,764)	-	(5,882)	-	-	(17,646)
Total adjustments	<u>36,623</u>	<u>50,581</u>	<u>(456,423)</u>	<u>-</u>	<u>(4,303)</u>	<u>(373,522)</u>
Net cash provided by operating activities	<u>\$ 12,220</u>	<u>\$ 138,950</u>	<u>\$ (142,386)</u>	<u>\$ -</u>	<u>\$ (3,635)</u>	<u>\$ 5,149</u>