



HUNTINGTON PARK
THE CITY OF PERFECT BALANCE *California*

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2021



City of Huntington Park
CONTENTS
June 30, 2021

FINANCIAL SECTION

Independent Auditors' Report	1
---	----------

Basic Financial Statements:

Government-Wide Financial Statements:	
Statement of Net Position	5
Statement of Activities.....	6
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	8
Reconciliation of the Governmental Funds Balance Sheet to the	
Government- Wide Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures, and Changes in Fund Balances to the Government-Wide	
Statement of Activities and Changes in Net Position.....	14
Proprietary Fund Financial Statements:	
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Net Position	17
Statement of Cash Flows	18
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position	22
Index to the Notes to the Basic Financial Statements.....	24
Notes to the Basic Financial Statements	25

Required Supplementary Information (Unaudited):

Budgetary Comparison Schedules:	
General Fund	84
HUD Home Program Special Revenue Fund	85
Employees' Retirement Fund.....	86
Notes to the Required Supplementary Information	88

Required Supplementary Information (Unaudited) (Continued):

Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios:

California Public Employees' Retirement System ("CalPERS")	
Miscellaneous Plan	90
California Public Employees' Retirement System ("CalPERS") Safety Plan	91
Public Agency Retirement System ("PARS")	92
Schedule of Contributions - Pension:	
California Public Employees' Retirement System ("CalPERS")	
Miscellaneous Plan	93
California Public Employees Retirement System ("CalPERS") Safety Plan	94
Public Agency Retirement System ("PARS")	95
Schedule of Changes in Net OPEB Liability and Related Ratios	96
Schedule of Contributions - Other Postemployment Benefits Plan	97

Supplementary Information:

Nonmajor Governmental Funds:


Combining Balance Sheet	100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	105


Internal Service Funds:


Combining Statement of Net Position	111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	112



 3880 Lemon St., Ste. 300
Riverside, CA 92501

 P.O. Box 1529
Riverside, CA 92502-1529

 951-241-7800

 www.eadiepaynellp.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
City of Huntington Park
Huntington Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntington Park, California (the "City") as of and for the year ended June 30, 2021, 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 our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of the City's Proportionate Share of Net Pension Liability and Related Ratios, the Schedules of Contributions - Pension, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedules of Contributions - Other Postemployment Benefits Plan on pages 96 to 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Fund Financial Statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual are 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 will also be issuing our report 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.

Eadie and Payne, LLP

Riverside, California
November 16, 2023

City of Huntington Park
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 32,565,522	\$ 5,951,501	\$ 38,517,023
Receivables			
Taxes and Intergovernmental	681,753	-	681,753
Accounts	4,562,105	1,685,243	6,247,348
Notes	9,813,375	-	9,813,375
Capital Assets:			
Nondepreciable	21,790,938	5,670,838	27,461,776
Depreciable, net of depreciation	54,428,195	10,760,773	65,188,968
Total capital assets	76,219,133	16,431,611	92,650,744
Total assets	123,841,888	24,068,355	147,910,243
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	16,641,086	144,744	16,785,830
OPEB related deferred outflows of resources	14,234,955	450,741	14,685,696
Total deferred outflows of resources	30,876,041	595,485	31,471,526
LIABILITIES			
Cash overdraft	-	-	-
Accounts payable and accrued expenses	5,696,194	1,525,982	7,222,176
Interest payable	314,147	-	314,147
Deposits	29,257	803,586	832,843
Unearned revenue	24,506	-	24,506
Noncurrent liabilities:			
Due within one year	3,436,298	4,570	3,440,868
Due in more than one year	18,256,696	18,279	18,274,975
Aggregate net pension liabilities (Note 10)	64,494,873	887,073	65,381,946
Net OPEB liabilities (Note 12)	51,768,971	1,639,232	53,408,203
Total liabilities	144,020,942	4,878,722	148,899,664
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	6,139,809	121,466	6,261,275
OPEB related deferred inflows of resources	3,037,332	96,175	3,133,507
Total deferred inflows of resources	9,177,141	217,641	9,394,782
NET POSITION			
Invested in capital assets	71,392,068	16,431,611	87,823,679
Restricted for:			
Retirement	8,853,478	-	8,853,478
Community development	1,584,541	-	1,584,541
Public works	4,160,252	-	4,160,252
Debt Service	5,451,169	-	5,451,169
Total restricted	20,049,440	-	20,049,440
Unrestricted	(89,921,662)	3,135,866	(86,785,796)
Total net position	\$ 1,519,846	\$ 19,567,477	\$ 21,087,323

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

City of Huntington Park
Statement of Activities
June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities				
General government	\$ 10,504,997	\$ 2,186,069	\$ 1,527,690	\$ -
Public safety	20,703,362	2,253,280	854,515	-
Public works	9,282,697	244,069	3,382,158	-
Community services	3,166,008	105,505	123,564	-
Community development	2,637,175	1,215,059	910,694	-
Interest on long-term debt	710,224	-	-	-
Total governmental activities	<u>47,004,463</u>	<u>6,003,982</u>	<u>6,798,621</u>	<u>-</u>
Business-type activities				
Water	6,106,251	5,346,099	-	-
Sewer	263,437	280,281	-	-
Solid waste	65,989	164,159	-	-
Total business-type activities	<u>6,435,677</u>	<u>5,790,539</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 53,440,140</u>	<u>\$ 11,794,521</u>	<u>\$ 6,798,621</u>	<u>\$ -</u>

General revenues:

Taxes:
Property taxes
Sales and use
Franchise taxes
Utility
Total taxes
Gain on exchange of property
Miscellaneous
Transfers
Total general revenues, special items, and transfers
Change in net position
Net position - beginning of year, originally stated
Prior period adjustment
Net position - beginning of year, restated
Net position - end of year

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

City of Huntington Park
Statement of Activities (Continued)
June 30, 2021

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

Governmental Activities	Business-type Activities	Total
\$ (6,791,238)	-	\$ (6,791,238)
(17,595,567)	-	(17,595,567)
(5,656,470)	-	(5,656,470)
(2,936,939)	-	(2,936,939)
(511,422)	-	(511,422)
(710,224)	-	(710,224)
<u>(34,201,860)</u>	<u>-</u>	<u>(34,201,860)</u>
-	(760,152)	(760,152)
-	16,844	16,844
-	98,170	98,170
<u>-</u>	<u>(645,138)</u>	<u>(645,138)</u>
<u>\$ (34,201,860)</u>	<u>\$ (645,138)</u>	<u>\$ (34,846,998)</u>
15,689,600	-	15,689,600
21,455,990	-	21,455,990
1,439,481	-	1,439,481
<u>4,413,509</u>	<u>-</u>	<u>4,413,509</u>
42,998,580	-	42,998,580
4,985,517	-	4,985,517
107,874	83,988	191,862
270,000	(270,000)	-
<u>48,361,971</u>	<u>(186,012)</u>	<u>48,175,959</u>
<u>14,160,111</u>	<u>(831,150)</u>	<u>13,328,961</u>
(15,009,014)	20,398,627	5,389,613
<u>2,368,749</u>	<u>-</u>	<u>2,368,749</u>
<u>(12,640,265)</u>	<u>20,398,627</u>	<u>7,758,362</u>
<u>\$ 1,519,846</u>	<u>\$ 19,567,477</u>	<u>\$ 21,087,323</u>

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

City of Huntington Park
Balance Sheet
Governmental Funds
June 30, 2021

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.

Employees' Retirement Fund – 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.

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.

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

City of Huntington Park
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	HUD Home Program Special Revenue	Employees' Retirement Fund
ASSETS			
Cash and investments	\$ 5,826,124	\$ 1,589,309	\$ 8,710,229
Receivables			
Taxes and intergovernmental	-	-	152,083
Accounts and interest	4,272,057	26,905	1,383
Loans and interest on loans	-	9,740,307	-
Due from other funds	4,162,198	-	-
Total assets	<u>\$ 14,260,379</u>	<u>\$ 11,356,521</u>	<u>\$ 8,863,695</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,981,859	\$ 39,673	\$ 9,529
Accrued liabilities	1,663,976	-	688
Deposits	29,257	-	-
Due to other funds	-	-	-
Deferred revenue	24,506	9,732,307	-
Total liabilities	<u>3,699,598</u>	<u>9,771,980</u>	<u>10,217</u>
Fund balances:			
Restricted	-	1,584,541	8,853,478
Assigned	3,100,000	-	-
Unassigned	7,460,781	-	-
Total fund balances	<u>10,560,781</u>	<u>1,584,541</u>	<u>8,853,478</u>
Total liabilities and fund balances	<u>\$ 14,260,379</u>	<u>\$ 11,356,521</u>	<u>\$ 8,863,695</u>

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

City of Huntington Park
Balance Sheet (Continued)
Governmental Funds
June 30, 2021

	Public Financing Authority	Greenway Linear Park Project	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 5,450,582	\$ -	\$ 8,989,321	\$ 30,565,565
Receivables				
Taxes and intergovernmental	-	-	529,670	681,753
Accounts and interest	587	-	261,155	4,562,087
Loans and interest on loans	-	-	73,068	9,813,375
Due from other funds	-	-	-	4,162,198
Total assets	<u>\$ 5,451,169</u>	<u>\$ -</u>	<u>\$ 9,853,214</u>	<u>\$ 49,784,978</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 158,113	\$ 1,653,839	\$ 3,843,013
Accrued liabilities	-	-	41,526	1,706,190
Deposits	-	-	-	29,257
Due to other funds	-	3,482,571	679,627	4,162,198
Deferred revenue	-	-	-	9,756,813
Total liabilities	<u>-</u>	<u>3,640,684</u>	<u>2,374,992</u>	<u>19,497,471</u>
Fund balances:				
Restricted	5,451,169	-	4,160,252	20,049,440
Assigned	-	-	3,626,267	6,726,267
Unassigned	-	(3,640,684)	(308,297)	3,511,800
Total fund balances	<u>5,451,169</u>	<u>(3,640,684)</u>	<u>7,478,222</u>	<u>30,287,507</u>
Total liabilities and fund balances	<u>\$ 5,451,169</u>	<u>\$ -</u>	<u>\$ 9,853,214</u>	<u>\$ 49,784,978</u>

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, 2021

Total fund balance, governmental funds	\$ 30,287,507
--	---------------

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:

Capital assets, not being depreciated	21,790,938
Depreciable assets, net of accumulated depreciation	54,405,999

Interest expenses are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(314,147)
---	-----------

Deferred revenue related to long-term loans receivable are reported in governmental funds but not in the governmental activities	9,732,307
--	-----------

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	(1,156,229)
Long-term debt	(15,711,885)

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	(64,027,927)
Pension related deferred outflows of resources	16,588,047
Pension related deferred inflows of resources	(6,083,285)

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	(51,587,747)
OPEB related deferred outflows of resources	14,185,123
OPEB related deferred inflows of resources	(3,026,700)

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 are included in governmental activities in the Government-Wide Statement of Net Position

(3,562,155)

Net Position of Governmental Activities	<u>\$ 1,519,846</u>
---	---------------------

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
June 30, 2021

	General Fund	HUD Home Program Special Revenue	Employees' Retirement Fund
REVENUES			
Taxes	\$ 29,895,047	\$ -	\$ 7,371,161
Licenses and permits	2,527,454	-	-
Fines and forfeitures	1,788,732	-	14,592
Use of money and property	100,111	375	19,540
Intergovernmental	1,445,568	58,534	-
Charges for services	1,174,867	-	-
Other revenues	46,965	-	-
Total revenues	<u>36,978,744</u>	<u>58,909</u>	<u>7,405,293</u>
EXPENDITURES			
Current:			
General government	4,999,630	-	3,733,772
Public safety	16,603,508	-	-
Public works	3,558,494	-	-
Community services	1,338,512	-	-
Community development	1,913,768	38,156	-
Debt Service:			
Principal retirement	-	-	1,700,000
Interest and fiscal charges	16,890	-	656,298
Capital Outlay	<u>2,830,342</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>31,261,144</u>	<u>38,156</u>	<u>6,090,070</u>
Excess (deficiency) of revenues over expenditures	<u>5,717,600</u>	<u>20,753</u>	<u>1,315,223</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from exchange of property	-	1,485,517	-
Transfers in	420,000	-	-
Transfers out	<u>(771,451)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(351,451)</u>	<u>1,485,517</u>	<u>-</u>
Net change in fund balances	<u>5,366,149</u>	<u>1,506,270</u>	<u>1,315,223</u>
Fund balances - beginning, as previously reported	5,194,632	49,515	7,538,255
Prior-period adjustment	<u>-</u>	<u>28,756</u>	<u>-</u>
Fund balances - beginning, as restated	5,194,632	78,271	7,538,255
Fund balances - ending	<u>\$ 10,560,781</u>	<u>\$ 1,584,541</u>	<u>\$ 8,853,478</u>

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

City of Huntington Park
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
June 30, 2021

	Public Financing Authority	Greenway Linear Park Project	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ 5,732,373	\$ 42,998,581
Licenses and permits	-	-	-	2,527,454
Fines and forfeitures	-	-	2,509	1,805,833
Use of money and property	9,392	-	24,309	153,727
Intergovernmental	-	52,042	5,179,643	6,735,787
Charges for services	-	-	342,101	1,516,968
Other revenues	-	-	58,832	105,797
Total revenues	<u>9,392</u>	<u>52,042</u>	<u>11,339,767</u>	<u>55,844,147</u>
EXPENDITURES				
Current:				
General government	4,462	-	126,659	8,864,523
Public safety	-	-	150,614	16,754,122
Public works	-	-	5,518,763	9,077,257
Community services	-	-	1,741,719	3,080,231
Community development	-	-	679,419	2,631,343
Debt Service:				
Principal retirement	-	-	755,172	2,455,172
Interest and fiscal charges	-	-	167,190	840,378
Capital Outlay	-	3,197,491	3,373,002	9,400,835
Total expenditures	<u>4,462</u>	<u>3,197,491</u>	<u>12,512,538</u>	<u>53,103,861</u>
Excess (deficiency) of revenues over expenditures	<u>4,930</u>	<u>(3,145,449)</u>	<u>(1,172,771)</u>	<u>2,740,286</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from exchange of property	-	-	-	1,485,517
Transfers in	-	-	688,389	1,108,389
Transfers out	-	-	(150,000)	(921,451)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>538,389</u>	<u>1,672,455</u>
Net change in fund balances	4,930	(3,145,449)	(634,382)	4,412,741
Fund balances - beginning, as previously reported	5,446,239	(495,235)	7,854,983	25,588,389
Prior-period adjustment	-	-	257,621	286,377
Fund balances - beginning, as restated	<u>5,446,239</u>	<u>(495,235)</u>	<u>8,112,604</u>	<u>25,874,766</u>
Fund balances - ending	<u>\$ 5,451,169</u>	<u>\$ (3,640,684)</u>	<u>\$ 7,478,222</u>	<u>\$ 30,287,507</u>

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 and Changes in Net Position

June 30, 2021

Net change in fund balances - total governmental funds: \$ 4,412,741

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. An exchange of property is only recorded in the Statement of Activities.

Capital outlay	11,921,283
Exchange of property	3,500,000
Depreciation expense	(3,337,283)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in loans and interest receivable was: 62,833

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. (3,016,662)

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. (2,516,893)

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. 130,154

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. 75,489

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. 4,405,653

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The net income of the internal service funds was reported with governmental activities. (1,477,204)

Change in Net Position of Governmental Activities \$ 14,160,111

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

City of Huntington Park
PROPRIETARY FUND FINANCIAL STATEMENTS
June 30, 2021

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.

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

City of Huntington Park
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-Type Activities				Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund (Solid Waste)	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 4,109,152	\$ 949,642	\$ 892,707	\$ 5,951,501	\$ 1,999,957
Accounts receivable	1,562,557	99,419	23,267	1,685,243	18
Total current assets	5,671,709	1,049,061	915,974	7,636,744	1,999,975
Non-current assets:					
Capital Assets:					
Nondepreciable	1,592,384	4,078,454	-	5,670,838	-
Depreciable	9,216,462	1,544,311	-	10,760,773	22,196
Total non-current assets	10,808,846	5,622,765	-	16,431,611	22,196
Total assets	16,480,555	6,671,826	915,974	24,068,355	2,022,171
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows of resources	135,821	-	8,923	144,744	53,039
OPEB related deferred outflows of resources	401,724	22,744	26,273	450,741	49,832
Total deferred outflows of resources	537,545	22,744	35,196	595,485	102,871
LIABILITIES					
Current Liabilities:					
Accounts payable	1,461,779	26,712	22,586	1,511,077	133,999
Accrued payroll	14,123	391	391	14,905	12,992
Deposits payable	766,552	-	37,034	803,586	-
Compensated absences payable, due in one year	3,629	202	739	4,570	1,885
Claims payable, due in one year	-	-	-	-	548,000
Total current liabilities	2,246,083	27,305	60,750	2,334,138	696,876
Non-current liabilities:					
Compensated absences, due in more than one year	14,515	808	2,956	18,279	7,539
Claims payable, due in more than one year	-	-	-	-	4,267,456
Aggregate net pension liabilities	822,162	19,984	44,927	887,073	466,946
Net OPEB liabilities	1,460,970	82,715	95,547	1,639,232	181,224
Total non-current liabilities	2,297,647	103,507	143,430	2,544,584	4,923,165
Total liabilities	4,543,730	130,812	204,180	4,878,722	5,620,041
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred inflows of resources	113,113	1,692	6,661	121,466	56,524
OPEB related deferred inflows of resources	85,716	4,853	5,606	96,175	10,632
Total deferred inflows of resources	198,829	6,545	12,267	217,641	67,156
NET POSITION					
Invested in capital assets	10,808,846	5,622,765	-	16,431,611	22,196
Unrestricted	1,466,695	934,448	734,723	3,135,866	(3,584,351)
Total net position	\$ 12,275,541	\$ 6,557,213	\$ 734,723	\$ 19,567,477	\$ (3,562,155)

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
June 30, 2021

	Business-Type Activities				Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund (Solid Waste)	Total	Internal Service Funds
REVENUES					
Charges for services	\$ 5,346,099	\$ 280,281	\$ 164,159	\$ 5,790,539	\$ 4,972,413
Miscellaneous operating revenue	65,967	-	-	65,967	1
Total operating revenues	5,412,066	280,281	164,159	5,856,506	4,972,414
OPERATING EXPENSES					
Personal services	534,767	20,116	54,681	609,564	1,493,220
Contractual services	1,362,606	182,004	-	1,544,610	39,756
Purchased water, materials and supplies	3,629,966	10,000	9,445	3,649,411	417,795
Insurance	241,445	18,719	1,863	262,027	4,573,363
Depreciation	337,467	32,598	-	370,065	10,622
Total Operating Expenses	6,106,251	263,437	65,989	6,435,677	6,534,756
Operating income (loss)	(694,185)	16,844	98,170	(579,171)	(1,562,342)
NON-OPERATING REVENUES					
Interest income	14,226	1,818	1,977	18,021	2,076
Total non-operating revenue	14,226	1,818	1,977	18,021	2,076
Income (loss) before contributions and transfers	(679,959)	18,662	100,147	(561,150)	(1,560,266)
TRANSFERS					
Transfers in	-	-	-	-	83,062
Transfers out	(270,000)	-	-	(270,000)	-
Total transfers	(270,000)	-	-	(270,000)	83,062
Change in net position	(949,959)	18,662	100,147	(831,150)	(1,477,204)
NET POSITION					
Beginning of year	13,225,500	6,538,551	634,576	20,398,627	(2,081,092)
Prior period adjustment	-	-	-	-	(3,859)
End of year	\$ 12,275,541	\$ 6,557,213	\$ 734,723	\$ 19,567,477	\$ (3,562,155)

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

City of Huntington Park
Statement of Cash Flows
Proprietary Funds
June 30, 2021

	Business-Type Activities				Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund (Solid Waste)	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from tenants, customers and users	\$ 5,547,429	\$ 318,086	\$ 164,168	\$ 6,029,683	\$ 4,972,470
Payments to suppliers	(4,870,411)	(244,723)	(22,425)	(5,137,559)	(3,941,773)
Payments to employees	(479,540)	(19,049)	(46,389)	(544,978)	(1,521,655)
Net cash provided by operating activities	197,478	54,314	95,354	347,146	(490,958)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payment to other funds	(270,000)	-	-	(270,000)	-
Payment from other funds	-	-	-	-	83,062
Net cash provided by (used in) noncapital financing activities	(270,000)	-	-	(270,000)	83,062
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(1,963,712)	-	-	(1,963,712)	-
Net cash (used in) capital and related financing activities	(1,963,712)	-	-	(1,963,712)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	14,228	1,818	1,978	18,024	2,076
Net cash provided by investing activities	14,228	1,818	1,978	18,024	2,076
Net increase in cash and investments	(2,022,006)	56,132	97,332	(1,868,542)	(405,820)
CASH AND INVESTMENTS					
Beginning of year	6,131,158	893,510	795,375	7,820,043	2,405,777
End of year	<u>\$ 4,109,152</u>	<u>\$ 949,642</u>	<u>\$ 892,707</u>	<u>\$ 5,951,501</u>	<u>\$ 1,999,957</u>

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

City of Huntington Park
Statement of Cash Flows (Continued)
Proprietary Funds
June 30, 2021

	Business-Type Activities				Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund (Solid Waste)	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (694,185)	\$ 16,844	\$ 98,170	\$ (579,171)	\$ (1,562,342)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation expense	337,467	32,598	-	370,065	10,622
(Increase) decrease in					
Accounts receivable	135,363	5,207	9	140,579	56
Deferred outflows of resources - pension and OPEB	(59,960)	(5,263)	(4,137)	(69,360)	7,343
Increase (decrease) in					
Accounts payable	363,606	(1,402)	(11,117)	351,087	8,435
Accrued payroll	(21,504)	(1,661)	(1,273)	(24,438)	(8,476)
Compensated absences payable	210,678	8,940	19,055	238,673	(17,581)
Claims payable	-	-	-	-	1,080,706
Aggregate net pension liability	-	-	-	-	(26,323)
Net OPEB liability	-	-	-	-	27,728
Deferred inflows of resources - pension OPEB	(73,987)	(949)	(5,353)	(80,289)	(11,126)
Total adjustments	891,663	37,470	(2,816)	926,317	1,071,384
Net cash provided by operating activities	<u>\$ 197,478</u>	<u>\$ 54,314</u>	<u>\$ 95,354</u>	<u>\$ 347,146</u>	<u>\$ (490,958)</u>

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

City of Huntington Park
Fiduciary Fund Financial Statements
June 30, 2021

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.

City of Huntington Park
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2021

	Successor Agency Private - Purpose Trust Fund
ASSETS	
Current assets	
Cash and investments	\$ 2,937,072
Interest receivable	(12)
Total assets	<u>2,937,060</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges	28,692
Total deferred outflows of resources	<u>28,692</u>
LIABILITIES	
Current liabilities	
Accounts payable	4,900
Accrued liabilities	161,064
Bonds payable - due within one year	4,663,320
Total current liabilities	<u>4,829,284</u>
Noncurrent liabilities	
Compensated absences	3,387
Bonds payable - due in more than one year	271,150,349
Total noncurrent liabilities	<u>271,153,736</u>
Total liabilities	<u>275,983,020</u>
NET POSITION	
Held in trust	<u><u>\$ (273,017,268)</u></u>

City of Huntington Park
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
June 30, 2021

	Successor Agency Private - Purpose Trust Fund
ADDITIONS	
Redevelopment Property Tax Trust Fund	\$ 4,551,678
Other revenue	<u>9</u>
Total additions	<u>4,551,687</u>
DEDUCTIONS	
Personnel expenses	71,935
Other expenses	41,547
Interest and fiscal charges	<u>18,479,930</u>
Total deductions	<u>18,593,412</u>
Change in net position	(14,041,725)
NET POSITION	
Beginning of year	<u>(258,975,543)</u>
End of year	<u>\$ (273,017,268)</u>

City of Huntington Park
Index to the Notes to the Basic Financial Statements
June 30, 2021

Note 1 – Reporting Entity	29
Note 2 – Summary of Significant Accounting Policies	31
A. Basis of Presentation	31
B. Basis of Accounting and Measurement Focus	31
C. Cash and Investments	35
D. Investments	35
E. Fair Value Measurements	36
F. Interfund Transactions	36
G. Prepaid Items	36
H. Property Held for Resale	36
I. Capital Assets	37
J. Due from Other Governments	37
K. Deferred Outflows and Inflows of Resources	37
L. Claims and Judgments	38
M. Compensated Absences	38
N. Pension	38
O. Other Postemployment Benefits (“OPEB”) Plan	39
P. Fund Balances	40
Q. Use of Restricted Resources	41
R. Net Position Restricted by Enabling Legislation	41
S. Property Taxes	41
T. Estimates	41
Note 3 – Other Required Disclosures	42
A. Deficit Fund Balances and Net Positions	42
B. Expenditures in Excess of Appropriations	42
Note 4 – Cash and Investments	43
A. Demand Deposits	43
B. Investments	44
C. Risk Disclosures	44
Note 5 – Notes Receivable	46
A. Huntington Park 607, L.P. Loan	47
B. First Time Home Buyer Program	47
C. RASA Note	47
D. Residential Rehab Loans	48
E. Successor Agency Loans	49

City of Huntington Park
Index to the Notes to the Basic Financial Statements
June 30, 2021

Note 6 – Interfund Balances	49
A. Due to//from Other Funds.....	49
B. Transfers In/Out.....	50
Note 7 – Capital Assets	51
A. Governmental Activities.....	51
B. Business-Type Activities	53
Note 8 – Long-Term Liabilities	54
Note 9 – Successor Agency Long-Term Liabilities	57
Note 10 – Pension Plans	61
A. California Public Employees’ Retirement Systems	62
B. Retirement Enhancement Plan	71
Note 11 – Defined Contribution Plan – Alternative Retirement Plan	78
Note 12 – Other Post-Employment Benefits (“OPEB”) Plan	78
Note 13 – Risk Management and Self Insurance Program	84
Note 14 – Litigations.....	85
Note 15 – Commitments and Contingencies	85
Note 16 – Tax Abatement Arrangement	85
Note 17 – Fund Balance Classifications.....	86
Note 18 – Prior Period Adjustment	86
Note 19 – Subsequent Events	86

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

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 55,000 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 (Field Services) - The City contracts the construction and maintenance of its streets, curbs, gutters, and related public property.

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.

1. REPORTING ENTITY (Continued)

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.

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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

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 – 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 improvement and economic development efforts.
- 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.

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, employee benefits and other post-employment benefits activities.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2021.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 judgments 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pension (Continued)

The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

PARS

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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 12). 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 OPEB reporting:

OPEB

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Other Postemployment Benefits (“OPEB”) Plan (Continued)

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.

P. Fund Balances

The fund balance reported in the financial statements is categorized into five components whereby each component identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The five components of fund balance are as follows:

Nonspendable: Resources that are 1) not in spendable form, such as inventories, prepaid items, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact such as an endowment.

Restricted: Resources that are subject to externally enforceable legal and contractual restrictions. These restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. All special revenue funds are considered restricted when they have positive fund balances.

Committed: Resources that are constrained to specific purposes by a formal action of the City Council, such as an ordinance or resolution. The constraint remains binding unless removed in the same formal manner by the City Council. Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.

Assigned: Resources that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. The City Council designates to the Finance Director/Treasurer the responsibility and accountability for ensuring the adequacy and sufficiency of Assigned Fund Balances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances (Continued)

Unassigned: Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories are reported as unassigned. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, committed, or assigned are reported as unassigned.

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 \$20,229,175 of restricted net position, of which \$9,814,021 is restricted by voter approval, which was derived from voter approved special tax levies to pay for retirement costs.

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.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

3. OTHER REQUIRED DISCLOSURES

A. Deficit Fund Balances and Net Positions

The following funds had a deficit Fund Balance/Net Position at June 30, 2021:

Major Funds	
Greenway Linear Park Project	\$ (3,640,684)
Non-major Funds	
Homeland Security Fund	(29,916)
Community Development Block Grant	(278,382)
Internal Service Funds	
Fleet Maintenance	(322,102)
Liability Insurance/Workers' Compensation	(3,598,270)
Fiduciary Fund	
Successor Agency Private-Purpose Trust Fund	(273,017,268)

In the Government-Wide Financial Statements, the City had a deficit unrestricted net position at June 30, 2021 in governmental activities in the amount of \$(92,281,675), of which \$53,993,596 and \$40,571,348 were attributed to aggregate net pension liabilities and net OPEB liabilities, and related deferred outflow and inflows of resources. The deficits will be eliminated by revenues made available in subsequent periods.

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

B. Expenditures in Excess of Appropriations

The following funds had expenditures in excess of appropriations for the year ended June 30, 2021:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures over Appropriations</u>
Major Funds:			
General Fund:			
Public works	3,456,045	3,558,494	(102,449)
Community development	1,777,812	1,913,768	(135,956)
Capital outlay	296,000	2,830,342	(2,534,342)
Greenway Linear Park Project			
Capital outlay	785,639	3,197,491	(2,411,852)

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

4. CASH AND INVESTMENTS

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

	Government-Wide Statement of Net Position			Fiduciary Fund Statement of Net Position	Total
	Governmental Activities	Business-Type Activities	Total		
Cash and investments	<u>\$ 33,390,397</u>	<u>\$ 5,951,501</u>	<u>\$ 39,341,898</u>	<u>\$ 2,937,072</u>	<u>\$ 42,278,970</u>

Cash and investments consisted of the following at June 30, 2021:

Petty cash	\$ 1,500
Demand deposits	<u>31,048,747</u>
Total cash	<u>31,050,247</u>
INVESTMENTS	
Local Agency Investment Fund	<u>11,228,723</u>
Total cash and investments	<u>\$ 42,278,970</u>

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$31,045,388 at June 30, 2021. Bank balances at that date were \$30,374,109, 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").

4. CASH AND INVESTMENTS (Continued)

A. Demand Deposits (Continued)

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.

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)	\$ 11,228,723	N/A	\$ 11,228,723

4. CASH AND INVESTMENTS (Continued)
C. Risk Disclosures (Continued)

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, 2021, 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 provision for deposits.

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, 2021, included a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

4. CASH AND INVESTMENTS (Continued)

C. Risk Disclosures (Continued)

Investment in State Investment Pool ("LAIF") (Continued)

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, 2021, the City had \$11,228,723 invested in LAIF, which had invested 2.31% 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's investment in LAIF is reported at amortized cost.

5. NOTES RECEIVABLE

At June 30, 2021, the City had \$7,553,163 in various notes receivable as follows:

	<u>Notes Receivable</u>	<u>Allowance</u>	<u>Notes Receivables, net</u>
GOVERNMENTAL ACTIVITIES			
General Fund:			
Huntington Park 607, L.P.	\$ 1,900,000	\$ (1,900,000)	\$ -
RASA	100,000	(100,000)	-
Total General Fund	<u>2,000,000</u>	<u>(2,000,000)</u>	<u>-</u>
HUD Home Program Special Revenue Fund:			
First Time Home Buyer Program	152,750	-	152,750
RASA	700,380	-	700,380
Residential Rehab	<u>6,626,965</u>	<u>-</u>	<u>6,626,965</u>
Total HUD Home Program	<u>7,480,095</u>	<u>-</u>	<u>7,480,095</u>
Community Development Block Grant:			
Special Revenue Fund:			
First Time Home Buyer	35,000	-	35,000
Residential Rehab	<u>28,609</u>	<u>-</u>	<u>28,609</u>
Total CDBG	<u>63,609</u>	<u>-</u>	<u>63,609</u>
HUD Social Security Grant Special Revenue Fund			
Macro Loan Program	<u>9,459</u>	<u>-</u>	<u>9,459</u>
Total Governmental Activities	<u>\$ 9,553,163</u>	<u>\$ (2,000,000)</u>	<u>\$ 7,553,163</u>

5. NOTES RECEIVABLE (Continued)

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, 2021 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, 2021 was \$152,750.

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 installments 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.

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, 2021 was \$700,380.

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, 2021 was \$100,000 with an offset of allowance for uncollectible notes in the fund financial statements and in the Government-Wide financial statements.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

5. NOTES RECEIVABLE (Continued)

D. Residential Rehab 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 rehab 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>610,351</u>
Total	<u>\$ 6,655,574</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.

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, 2021.

Loan	Date of Loan Agreement	Principal Amount	Interest Rate	Payment Period	Outstanding Balance, June 30, 2021
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, 2061	223,700
3	June 2, 2008	468,000	3%	April 1, 2015 - April 1, 2061	468,000
4	January 22, 2008	1,348,000	3%	July 1, 2011 - July 1, 2063	<u>1,316,200</u>
					<u>\$ 2,600,289</u>

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

5. NOTES RECEIVABLE (Continued)

D. Residential Rehab Loans (Continued)

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, 2021, the outstanding balance of the loan was in the amount of \$1,944,934.

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. At June 30, 2021, the outstanding balance of the loan was in the amount of \$1,500,000.

Interest receivable on the above loans amounted to \$2,260,212.

6. INTERFUND BALANCES

A. Due to/from Other Funds

At June 30, 2021, the following funds owed \$4,162,198 to the General Fund:

	DUE FROM OTHER FUNDS
	<u>General Fund</u>
DUE TO OTHER FUNDS	
Major Governmental Funds	
Greenway Linear Park Project	\$ 3,482,571
Nonmajor Governmental Funds	
Public Safety Grants	64,044
Community Development Block Grant	<u>615,583</u>
	<u>\$ 4,162,198</u>

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.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

6. INTERFUND BALANCES (Continued)

B. Transfers In/Out

At June 30, 2021, the City had the following transfers reported in the Government-Wide Financial Statements:

	Transfers In
Transfers Out	Governmental Activities
Business-Type Activities	\$ 270,000

At June 30, 2021, the City had the following transfers reported in the fund financial statements:

	Transfers In			
Transfers Out	General Fund	Nonmajor Governmental Fund	Internal Service Fund	Total
Major Governmental Funds:				
General Fund		\$ 688,389	\$ 83,062	\$ 771,451
Employees' Retirement Fund	-			-
Nonmajor Governmental Funds	150,000	-	-	150,000
Major Enterprise Fund:				
Water	270,000	-	-	270,000
Total	\$ 420,000	\$ 688,389	\$ 83,062	\$ 1,191,451

The transfer to the General Fund of \$270,000 from the from Water Enterprise Fund was a budgeted transfer. The transfers to the General Fund from Nonmajor Governmental Funds were made to reimburse the General Fund for expenditures previously paid for by the General Fund. The transfers to Nonmajor Governmental Funds and Internal Service Fund from the General Fund were made to clear fund deficits in the Nonmajor Governmental Funds.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

7. CAPITAL ASSETS

A. Governmental Activities

A summary of changes in the capital assets for the governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Reclassification	Balance June 30, 2021
NON DEPRECIABLE ASSETS:					
Land	\$ 5,700,656	\$ 259,000	\$ -	\$ -	\$ 5,959,656
Intangible asset-easement	1	-	(1)	-	-
Construction in progress	11,973,286	8,119,104	-	(4,261,108)	15,831,282
Total nondepreciable assets	17,673,943	8,378,104	(1)	(4,261,108)	21,790,938
DEPRECIABLE ASSETS:					
Building and improvements	19,933,836	5,884,891	-	-	25,818,727
Vehicles	6,494,986	19,813	(335,174)	-	6,179,625
Property and equipment	7,895,922	557,554	(16,142)	-	8,437,334
Infrastructure					
Pavement systems	37,729,144	-	-	4,220,162	41,949,306
Sidewalk, curb, and gutter system	24,377,530	99,982	-	40,946	24,518,458
Traffic signals	6,978,713	208,108	-	-	7,186,821
Street lights	17,041,608	268,994	-	-	17,310,602
Total capital assets, being depreciated	120,451,739	7,039,342	(351,316)	4,261,108	131,400,873
LESS ACCUMULATED DEPRECIATION:					
Building and improvements	(9,641,244)	(465,851)	-	-	(10,107,095)
Vehicles	(5,812,594)	(171,896)	335,174	-	(5,649,316)
Property and equipment	(5,776,092)	(608,093)	16,142	-	(6,368,043)
Infrastructure					
Pavement systems	(20,799,692)	(847,114)	-	-	(21,646,806)
Sidewalk, curb, and gutter system	(14,898,318)	(524,571)	-	-	(15,422,889)
Traffic signals	(4,932,170)	(141,172)	-	-	(5,073,342)
Street lights	(12,115,979)	(589,208)	-	-	(12,705,187)
Total accumulated depreciation	(73,976,068)	(3,347,905)	351,316	-	(76,972,678)
Total depreciable assets, net	46,475,671	3,691,437	-	4,261,108	54,428,195
Governmental activities capital assets, net	\$ 64,149,614	\$ 12,069,541	\$ (1)	\$ -	\$ 76,219,133

Depreciation expense was charged to functions /programs of governmental activities for the fiscal year ended June 30, 2021 as follows:

General Government	\$ 988,480
Public Safety	2,051,754
Public Works	205,440
Community services	85,777
Community Development	5,832
Internal Service Fund	10,622
Total depreciation expense	<u>\$ 3,347,905</u>

7. CAPITAL ASSETS (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 5.

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.

During fiscal year 2020-2021, the City entered into a property exchange agreement with the developer, transferring the parking structure to the City in exchange for the reconveyance of the parking easement to the developer. The parking structure is valued at \$3,500,000 and the City also received \$1,485,517 at closing.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

7. CAPITAL ASSETS (Continued)

B. Business-Type Activities

A summary of changes in the capital assets for the business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Business-Type Activities			Balance June 30, 2021
		Additions	Deletions	Reclassification	
NONDEPRECIABLE ASSETS:					
Land	\$ 4,139,404	\$ -	\$ -	\$ -	\$ 4,139,404
Construction in progress	203,814	1,856,398	-	(528,778)	1,531,434
Total nondepreciable assets	4,343,218	1,856,398	-	(528,778)	5,670,838
DEPRECIABLE ASSETS:					
Building and improvements	1,287,212	107,313	-	-	1,394,525
Vehicles	55,378	-	-	-	55,378
Property and equipment	282,696	-	-	-	282,696
Infrastructure					
Water improvements	22,666,384	-	-	397,528	23,063,912
Sewer & storm drain	4,898,008	-	-	131,250	5,029,258
Total depreciable assets	29,189,675	107,313	-	528,778	29,825,769
LESS ACCUMULATED DEPRECIATION:					
Building and improvements	(112,498)	(21,051)	-	-	(133,549)
Vehicles	(55,378)	-	-	-	(55,378)
Property and equipment	(262,571)	(795)	-	-	(263,366)
Infrastructure					
Water improvements	(14,812,135)	(315,621)	-	-	(15,127,756)
Sewer & storm drain	(3,452,349)	(32,598)	-	-	(3,484,947)
Total accumulated depreciation	(18,694,929)	(370,065)	-	-	(19,064,996)
Total depreciable assets, net	10,494,746	(262,752)	-	528,778	10,760,773
Business-type activities capital assets, net	\$14,837,964	\$ 1,593,646	\$ -	\$ -	\$ 16,431,611

Depreciation expense charged to activities is as follows:

Water Improvements	\$ 337,467
Sewer Maintenance	32,598
Total Depreciation-Business-type Activities	<u>\$ 370,065</u>

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

8. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the City for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in more than One Year
GOVERNMENTAL ACTIVITIES:						
Developer Notes	\$ 3,040,473	\$ -	\$ (1,950,481)	\$ 1,089,992	\$ 32,700	\$ 1,057,292
2005 Pension Obligation Refunding Bonds	12,250,000	-	(1,700,000)	10,550,000	1,800,000	8,750,000
Measure L Street Light Improvement Bonds	4,827,065	-	(755,172)	4,071,893	822,467	3,249,426
Compensated absences	1,258,723	536,115	(629,185)	1,165,653	233,131	932,522
Claims and judgments (Note 13)	3,734,750	1,947,558	(866,852)	4,815,456	548,000	4,267,456
Governmental Activities						
Long-term liabilities	<u>25,111,011</u>	<u>2,483,673</u>	<u>(5,901,690)</u>	<u>21,692,994</u>	<u>3,436,298</u>	<u>18,256,696</u>
BUSINESS-TYPE ACTIVITIES						
Compensated absences	31,211	4,716	(13,078)	22,849	4,570	18,279
Business-type activities						
Long-term liabilities	<u>31,211</u>	<u>4,716</u>	<u>(13,078)</u>	<u>22,849</u>	<u>4,570</u>	<u>18,279</u>
Total Long Term Liabilities	<u>\$ 25,142,222</u>	<u>\$ 2,488,389</u>	<u>\$ (5,914,768)</u>	<u>\$ 21,715,843</u>	<u>\$ 3,440,868</u>	<u>\$ 18,274,975</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, 2021, the outstanding balance was \$1,089,992.

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 percent 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, 2021, the note was paid off.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

8. LONG-TERM LIABILITIES (Continued)

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, 2021, the outstanding balance of the POB was \$10,550,000. Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
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	2,250,000	205,813	2,455,813
2026	2,450,000	70,523	2,520,523
Total	<u>\$ 10,550,000</u>	<u>\$ 1,610,522</u>	<u>\$ 12,160,522</u>

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.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

8. LONG-TERM LIABILITIES (Continued)

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

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, 2021, the outstanding balance of the Certificates was \$4,071,893. Annual debt service requirements to maturity are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	822,467	139,408	961,875
2023	893,994	109,168	1,003,162
2024	969,991	76,313	1,046,304
2025	1,050,708	40,679	1,091,387
2026	334,733	6,025	340,758
Total	<u><u>\$ 4,071,893</u></u>	<u><u>\$ 371,593</u></u>	<u><u>\$ 4,443,486</u></u>

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 \$1,165,653 and \$22,849, respectively at June 30, 2021. 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.

Claims and Judgments Payable

The amount of claims and judgments payable at June 30, 2021 was \$4,815,456. The Risk Management Internal Service Fund has been used to liquidate the liability for claims and judgments payable. See Note 13 for details.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

9. SUCCESSOR AGENCY LONG-TERM LIABILITIES

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

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in more than One Year
Pass Through Agreements	\$ 247,287,020	\$ 17,251,681	\$ (831,368)	\$ 263,707,333	\$ -	\$ 263,707,333
Revenue Refunding, 2004A Series A Bonds	8,845,000	-	(2,805,000)	6,040,000	2,945,000	3,095,000
All Points Loan	2,827,497	-	(417,871)	2,409,626	437,896	1,971,730
2018 Taxable Tax Allocation Refunding Note	3,127,883	-	(369,210)	2,758,673	382,386	2,376,287
Subtotal	<u>262,087,400</u>	<u>17,251,681</u>	<u>(4,423,449)</u>	<u>274,915,632</u>	<u>3,765,283</u>	<u>271,150,349</u>
Add/(less) deferred amounts:						
Bond premium-						
2004A Revenue Refunding Bonds	133,341	-	(66,671)	66,670	66,670	-
Compensated Absences	4,467	-	(1,080)	3,387	-	3,387
Total long-term liabilities	<u>\$ 262,225,208</u>	<u>\$ 17,251,681</u>	<u>\$ (4,491,200)</u>	<u>\$ 274,985,689</u>	<u>\$ 3,831,953</u>	<u>\$ 271,153,736</u>

Pass through Agreements with the County of Los Angeles - \$263,707,333

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 percent 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, 2021, \$17,251,681 accrued interest was added to the outstanding balance. As of June 30, 2021, these deferrals amounted to \$263,707,333.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

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 percent to 5 percent payable September 1 and March 1 commencing September 1, 2004.

At June 30, 2021, the outstanding balance of the bonds was \$6,040,000. The annual debt service requirements on the Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	2,945,000	228,375	3,173,375
2023	3,095,000	77,375	3,172,375
Total	\$ 6,040,000	\$ 305,750	\$ 6,345,750

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

9. SUCCESSOR AGENCY LONG-TERM LIABILITIES (Continued)

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, 2021, the outstanding balance of the bonds was \$2,409,626. The annual debt service requirements on the Bonds are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	437,896	101,355	539,251
2023	458,881	80,370	539,251
2024	480,871	58,380	539,251
2025	503,915	35,921	539,836
2026	528,063	12,357	540,420
Total	<u><u>\$ 2,409,626</u></u>	<u><u>\$ 288,382</u></u>	<u><u>\$ 2,698,008</u></u>

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

9. SUCCESSOR AGENCY LONG-TERM LIABILITIES (Continued)

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 Note is secured by a pledge of property tax revenues.

At June 30, 2020, the outstanding balance is \$ 2,758,673. The annual debt service requirements on the Bonds are as follows:

2022	382,386	110,518	492,904
2023	396,023	94,507	490,531
2024	410,137	77,926	488,062
2025	424,742	60,754	485,496
2026	439,856	42,970	482,826
2026	455,496	24,554	480,050
2026	<u>250,033</u>	<u>5,188</u>	<u>255,221</u>
Total	<u>\$ 2,758,673</u>	<u>\$ 416,416</u>	<u>\$ 3,175,090</u>

Advance Refunding

The Community Development Commission, former redevelopment agency, has previously advance refunded Huntington Park Redevelopment Agency Merged Redevelopment Project Junior Lien Tax Allocation and Sales and Use Tax Revenue Bonds, Issue of 1990.

The proceeds from the Commission's refunding have been placed in irrevocable escrow accounts overseen by independent bank fiscal agents. Such proceeds are generally invested in U.S. Treasury Securities, which, together with interest earned thereon, are intended to provide amounts sufficient for future payments of interest, principal, and redemption premium on the refunded bonds. These refunded bonds have not been included as Commission outstanding long-term debt since establishing the irrevocable trust thereon satisfied the Commission's obligation.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

10. PENSION PLANS

At June 30, 2021, net pension liabilities and related deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Total
NET PENSION LIABILITIES:			
CalPERS Miscellaneous	\$ 20,311,341	\$ 610,930	\$ 20,922,271
CalPERS Safety	40,826,221	-	40,826,221
PARS	3,357,311	276,143	3,633,454
Total net pension liabilities	<u>64,494,873</u>	<u>887,073</u>	<u>65,381,946</u>
DEFERRED OUTFLOWS OF RESOURCES:			
CalPERS Miscellaneous	\$ 4,812,210	\$ 144,744	\$ 4,956,954
CalPERS Safety	11,828,876	-	11,828,876
PARS	-	-	-
Total deferred outflows of resources	<u>\$ 16,641,086</u>	<u>\$ 144,744</u>	<u>\$ 16,785,830</u>
DEFERRED INFLOWS OF RESOURCES:			
CalPERS Miscellaneous	\$ 3,260,999	\$ 98,085	\$ 3,359,084
CalPERS Safety	2,594,537	-	2,594,537
PARS	284,273	23,381	307,654
Total deferred inflows of resources	<u>\$ 6,139,809</u>	<u>\$ 121,466</u>	<u>\$ 6,261,275</u>

10. PENSION PLANS (Continued)

**A. California Public Employees' Retirement System
General Information about the Pension Plan**

Plan Description

The City contributes to CalPERS, a cost-sharing multiple-employer defined benefit pension plan, for its' miscellaneous and safety employees. The miscellaneous plan became part of the cost-sharing plan effective July 1, 2014. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefits provisions and all other requirements are from its executive office at 400 "P" Street, Sacramento, California, 95814.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

	Plans					
	Miscellaneous			Safety		
	Tier I	Tier II	PEPRA	Tier I	Tier II	PEPRA
Active Employees	46	4	41	35	2	15
Transferred and terminated employees	119	2	24	35	-	5
Retired Employees and Beneficiaries	193	-	1	162	-	-
Total	<u>358</u>	<u>6</u>	<u>66</u>	<u>232</u>	<u>2</u>	<u>20</u>

Benefit 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's 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 benefit for classic safety employees are calculated as 3% of the average final 12 months compensation.

10. PENSION PLANS (Continued)

A. California Public Employees' Retirement System (Continued)
General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

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.

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.

10. PENSION PLANS (Continued)

A. California Public Employees' Retirement System (Continued)

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 fiscal year ended June 30, 2020, the employee and employer contribution rates were as follows:

	Plans					
	Miscellaneous			Safety		
	Tier I	Tier II	PEPRA	Tier I	Tier II	PEPRA
Employee contribution rate	6.908%	6.918%	7.250%	8.990%	8.987%	13.750%
Employer contribution rate	11.320%	9.540%	8.043%	25.540%	23.558%	13.884%

10. PENSION PLANS (Continued)

A. California Public Employees' Retirement System (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

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 ¹	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

¹ 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.

10. PENSION PLANS (Continued)

A. California Public Employees' Retirement System (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

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

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund ("PERF").

The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund ("PERF") cash flows. Taking into account historical returns of all the PERF's asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C fund), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

10. PENSION PLANS (Continued)

A. California Public Employees' Retirement System (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Discount Rate (Continued)

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class¹</u>	<u>Allocation</u>	<u>Years 1- 10²</u>	<u>Years 11+³</u>
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>		

¹In the System's ACFR, 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.

²An expected inflation of 2.00% used for this period.

³An expected inflation of 2.92% used for this period.

10. PENSION PLANS (Continued)

A. California Public Employees' Retirement System (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

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	\$ 31,098,660	\$ 20,922,271	\$ 12,513,841
Safety Plan	\$ 58,359,750	\$ 40,826,221	\$ 26,438,301

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 (Valuation Date)	74,512,089	55,123,305	19,388,784
Balance at June 30, 2020 (Measurement Date)	76,470,732	55,548,461	20,922,271
Net Changes during 2019-2020	\$ 1,958,643	\$ 425,156	\$ 1,533,487

10. PENSION PLANS (Continued)

A. California Public Employees' Retirement System (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

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

	Safety Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2019 (Valuation Date)	125,887,308	88,176,119	37,711,189
Balance at June 30, 2020 (Measurement Date)	129,109,356	88,283,135	40,826,221
Net Changes during 2019-2020	\$ 3,222,048	\$ 107,016	\$ 3,115,032

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool:

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2019). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2020). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2020 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2019-2020).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

10. PENSION PLANS (Continued)

A. California Public Employees' Retirement System (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

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

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocated based on the City's share of contribution.

The City's proportionate share of the net pension liability was as follows:

<u>Measurement Date</u>	<u>Plans</u>	
	<u>Miscellaneous</u>	<u>Safety</u>
June 30, 2019	0.18921%	0.36802%
June 30, 2020	<u>0.19229%</u>	<u>0.37523%</u>
Change - Increase (Decrease)	<u>0.00308%</u>	<u>0.00721%</u>

For the year ending June 30, 2021, the City recognized pension expense in the amounts of \$2,912,163 and \$5,774,619 for the miscellaneous plan and safety plan, respectively.

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and the safety risk pool for the 2019-2020 measurement period is 3.8 years.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

10. PENSION PLANS (Continued)

A. California Public Employees' Retirement System (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

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

As of June 30, 2020, 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	\$ 1,957,566	\$ -
Differences between expected and actual experience	1,078,187	-
Change of assumptions	-	(149,226)
Differences between City contributions and proportionate share of contributions	-	(1,228,930)
Change in employer contributions	1,299,672	(1,980,928)
Differences between projected and actual investment earnings	621,529	-
Total	<u>\$ 4,956,954</u>	<u>\$ (3,359,084)</u>

Safety Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	\$ 3,877,134	\$ -
Difference between expected and actual experience	3,165,866	-
Change of assumptions	-	(135,993)
Change in employer's proportion	3,898,550	(1,245,812)
Difference between City contributions and proportionate share of contributions	-	(1,212,732)
Differences between projected and actual investment earnings	887,326	-
Total	<u>\$ 11,828,876</u>	<u>\$ (2,594,537)</u>

The deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

10. PENSION PLANS (Continued)

A. California Public Employees' Retirement System (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

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

Measurement Period Ended June 30	Deferred Outflows (Inflows) of Resources	
	Miscellaneous	Safety
2022	\$ (480,152)	\$ 1,248,619
2023	(563,486)	2,736,970
2024	385,839	927,016
2025	298,103	444,600
Thereafter	-	-
	<u>\$ (359,696)</u>	<u>\$ 5,357,205</u>

B. Retirement Enhancement Plan

General Information about the Pension 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 (the "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.

10. PENSION PLANS (Continued)
B. Retirement Enhancement Plan (Continued)

General Information about the Pension Plan (Continued)

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.

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.

10. PENSION PLANS (Continued)
B. Retirement Enhancement Plan (Continued)

General Information about the Pension Plan (Continued)

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><u>110</u></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.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement date June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions:

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

10. PENSION PLANS (Continued)
B. Retirement Enhancement Plan (Continued)

General Information about the Pension Plan (Continued)

Net Pension Liability (Continued)

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

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 the Miscellaneous CalPERS Pension Plans after 2017.
Mortality	Pre-retirement: Consistent with Non-Industrial rate used to value the Miscellaneous CalPERS Pension Plans. Post-retirement: Consistent with Non-Industrial rate used to value the 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.

10. PENSION PLANS (Continued)
B. Retirement Enhancement Plan (Continued)

General Information about the Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.5 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	5.42%	-0.32%	-0.32%
US Core Fixed Income	Bloomberg Barclays Aggregate	44.29%	1.37%	1.26%
US Broad Equity Market	Russell 3000 TR	37.65%	5.33%	3.70%
Foreign Developed Equity	MSCI EAFE NR	6.54%	6.27%	4.52%
Emerging Market Equities	MSCI EM NR	4.41%	8.56%	4.95%
US REITs	FTSE NAREIT Equity REIT	1.69%	5.75%	3.57%
		<u>100.00%</u>		
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			1.16%	1.16%
Portfolio Real Mean Return			3.48%	3.03%
Portfolio Nominal Mean Return			5.78%	5.40%
Portfolio Standard Deviation				8.96%
Long-Term Expected Rate of Return				6.50%

10. PENSION PLANS (Continued)
B. Retirement Enhancement Plan (Continued)

General Information about the Pension Plan (Continued)

Net Pension Liability (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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance as of June 30, 2020	\$ 7,556,614	\$ 3,284,430	\$ 4,272,184
Changes for the year:			
Service cost	106,150	-	106,150
Interest on the total pension liability	487,456	-	487,456
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(332,109)	(332,109)	-
Employer contributions	-	567,547	(567,547)
Member contributions	-	37,660	(37,660)
Net investment income	-	638,128	(638,128)
Administrative expense	-	(10,999)	10,999
Balance as of June 30, 2021	<u>\$ 7,818,111</u>	<u>\$ 4,184,657</u>	<u>\$ 3,633,454</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	\$ 8,921,672	\$ 7,818,111	\$ 6,907,900
Fiduciary net position	<u>4,184,658</u>	<u>4,184,657</u>	<u>4,184,658</u>
Net pension liability	<u>\$ 4,737,014</u>	<u>\$ 3,633,454</u>	<u>\$ 2,723,242</u>

10. PENSION PLANS (Continued)
B. Retirement Enhancement Plan (Continued)

General Information about the Pension Plan (Continued)

Pension Plan Fiduciary Net Position

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

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 \$414,306. 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	\$ -	\$ (28,906)
Changes of assumptions	-	(10,927)
Net difference between projected and actual earning	-	(267,821)
Total	<u>\$ -</u>	<u>\$ (307,654)</u>

The amounts above are net of outflows and inflows recognized in the 2018-2019 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
2022	\$ (93,236)
2023	(64,007)
2024	(67,160)
2025	(83,251)
2026	-
Thereafter	-
	<u>\$ (307,654)</u>

11. DEFINED CONTRIBUTION PLAN - ALTERNATIVE RETIREMENT PLAN

Effective July 1, 2001, the City established the City of Huntington Park Alternative Retirement System with PARS. Under PARS, the City participates in the defined contribution plan to benefit employees not currently eligible for PERS. Pursuant to the PARS agreement, the PARS trust is administered by Phase II Systems with Union Bank of California acting as trustee. In accordance with the PARS trust agreement, the City does not manage the plan's assets or complete distributions to employees out of the plan. Phase II Systems and Union Bank of California perform these functions.

The PARS trust, authorized under the Internal Revenue Code Section 401(a) and Government Code Sections 53215- 53224 and 2000, maintains the following general provisions:

- Eligibility- Part-time employees who work less than 1,000 hours per fiscal year;
- Eligible employees shall participate while not accruing a benefit under social security or PERS;
- Eligible employees contribute 7.5 percent of compensation on a pre-tax basis;
- The City is not required to contribute on behalf of the employee;
- Contributions and distributions of the plan are not obligations of the City; and
- Amendments to the plan are subject to the discretion of the City.

12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") PLAN
General Information about the OPEB Plan

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.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Active employees selecting coverage	127
Active employees waiving coverage	17
Retirees electing coverage	179
Total	<u>323</u>

12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") PLAN (Continued)

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.

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's funding practice has been to pay each year's benefits from City assets and not fund the OPEB trust after FY2011-12.

Net OPEB Liability

The City's net OPEB liability, measured as of June 30, 2019, was \$45,236,860. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

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	3.88%
Investment return	6.25%
Inflation	2.25%
Payroll growth	2.75%
Mortality	Based on assumptions for Public Agency Miscellaneous and Police Members published in the December 2017 CalPERS Experience Study.
Healthcare trend rates	6.4% for FY2020, gradually decreasing over several decades to an ultimate rate of 3.80% in FY2076 and later years.

12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") PLAN (Continued)

Change of Assumptions

The following economic assumptions changed between measurement dates June 30, 2018 and June 30, 2019:

	Measurement Date	
	June 30, 2019	June 30, 2018
Discount Rate	4.74%	5.81%
Expected long-term rate of return on assets (CERBT Strategy 1)	6.25%	6.75%
Index rate for 20-year, tax-exempt municipal bonds ¹ (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination	3.13%	3.62%

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 5.81% to 4.74% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.

12. 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 Strategy¹)</u>	<u>Target Allocation at</u> <u>Measurement Date</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Long-Term Expected</u> <u>Nominal Rate of Return</u>
Equity	59.00%	4.95%	7.15%
Fixed Income	25.00%	1.99%	3.65%
TIPS	5.00%	1.57%	2.82%
Commodities	3.00%	1.88%	4.13%
REITs	8.00%	4.43%	6.68%
Total ²	100.00%		6.31%
Reduction for assumed investment expense ³			-0.10%
Net assumed investment return (rounded to 1/4%)			6.75%

¹ Nominal rates of return are equal to real rates of return plus the assumed inflation rate.

² 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.

³ Assumed investment expenses include investment management fees.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

12. 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)
Balance for fiscal year ending 6/30/2019¹ (Measured at 6/30/2018)	\$ 55,025,084	\$ 9,788,224	45,236,860
Changes for the year:			
Service cost	1,581,615	-	1,581,615
Interest	2,620,194	-	2,620,194
Differences between expected and actual experience ²	133,093	-	133,093
Changes of assumptions	6,834,115	-	6,834,115
Changes of benefit terms	-	-	-
Employee contributions	-	-	-
Employer contributions ³	-	2,656,705	(2,656,705)
Net investment income	-	345,751	(345,751)
Other additions	-	-	-
Benefit payments ³	(2,656,705)	(2,656,705)	-
Administrative expense	-	(4,782)	4,782
Other deductions	-	-	-
Net changes	<u>8,512,312</u>	<u>340,969</u>	<u>8,171,343</u>
Balance for fiscal year ending 6/30/2020¹ (Measured at 6/30/2019)	<u>\$ 63,537,396</u>	<u>\$ 10,129,193</u>	<u>\$ 53,408,203</u>

¹ 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.

² Due to the difference between expected and actual benefit payments during the measurement period ending 6/30/2020.

³ Benefit payments equal \$1,843,285 explicit subsidy payments to retirees and \$813,420 implicit subsidy costs incurred during the measurement period ending 6/30/2020.

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 (3.74 percent) or 1-percentage-point higher (5.74 percent) than the current discount rate:

	1% Decrease (3.74%)	Discount Rate (4.74%)	1% Increase (5.74%)
Plan's Net OPEB Liability	<u>\$ 63,126,631</u>	<u>\$ 53,408,203</u>	<u>\$ 45,572,609</u>

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

12. 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>\$ 44,637,802</u>	<u>\$ 53,408,203</u>	<u>\$ 64,836,843</u>

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

For the fiscal year ended June 30, 2021, the City recognized OPEB expenses in the amount of \$4,338,678. At June 30, 2021, 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	\$ 108,308	\$ (2,559,826)
Change of assumptions	11,633,507	(573,681)
Net difference between projected and actual investment earnings ¹	170,400	-
Contributions between measurement date and reporting date	<u>2,773,481</u>	<u>-</u>
Total	<u>\$ 14,685,696</u>	<u>\$ (3,133,507)</u>

¹ 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.

12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") PLAN (Continued)

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The \$2,656,705 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, 2021 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. 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 4.7 years as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ 2,301,619
2023	2,727,040
2024	1,840,318
2025	1,429,683
2026	480,048
Thereafter	-
	<u>\$ 8,778,708</u>

13. 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, 2021, the amount of these liabilities was \$4,815,456. The amount represents an estimate of \$2,456,372 for reported claims through June 30, 2021 and \$2,359,084 of estimates incurred but not reported claims.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

13. RISK MANAGEMENT AND SELF INSURANCE PROGRAM (Continued)

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
2020	5,611,316	743,134	(2,619,699)	3,734,750
2021	3,734,750	1,947,558	(866,851)	4,815,457

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, 2021, which can be obtained from Independent Cities Risk Management Authority, Sherman Oaks, California.

14. Litigation

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. To the extent the outcome of such litigation has been determined to result in probable financial loss to the City the estimated loss has been accrued in the financial statements.

15. 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, 2021 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 disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

16. 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. The City made its final payment as of June 30, 2021.

City of Huntington Park
Notes to the Basic Financial Statements
June 30, 2021

16. Tax Abatement Arrangement (Continued)

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, 2021, the City abated sales taxes totaling \$1,950,481.

17. Fund Balance Classifications

The detail information of the fund balances at June 30, 2021 is as follows:

	Major Funds					
	General	HUD Home Program Special Revenue	Employees' Retirement Fund	Public Financing Authority	Greenway Linear Park Project	Nonmajor Governmental Funds
Restricted for:						
Public works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,160,252
Community development	-	1,584,541	-	-	-	-
Retirement	-	-	8,853,478	-	-	-
Debt service	-	-	-	5,451,169	-	-
Total restricted	<u>-</u>	<u>1,584,541</u>	<u>8,853,478</u>	<u>5,451,169</u>	<u>-</u>	<u>4,160,252</u>
Assigned to:						
Self insurance	500,000	-	-	-	-	-
Working capital	2,600,000	-	-	-	-	-
Grants	-	-	-	-	-	480,199
Measure M	-	-	-	-	-	1,756,373
Measure R	-	-	-	-	-	519,273
All Other Special Revenue Funds	-	-	-	-	-	870,422
Total assigned	<u>3,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,626,267</u>
Unassigned:	<u>7,460,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,640,684)</u>	<u>(308,297)</u>
Total	<u>\$ 10,560,781</u>	<u>\$ 1,584,541</u>	<u>\$ 8,853,478</u>	<u>\$ 5,451,169</u>	<u>\$ (3,640,684)</u>	<u>\$ 7,478,222</u>

18. Prior Period Adjustment

Effective July 1, 2020, the City restated the fund balance of HUD Home Program Special Revenue Fund and Community Development Block Grant Fund in the amount of \$28,756 and \$257,621, primarily to recognize grant revenue that was previously deferred. The net position for governmental activities was also restated in the amount of \$2,086,230 for interest receivable on loans that was not accrued in prior period.

19. Subsequent Events

The City considered subsequent events through November 16, 2023, which is the date these financial statements were available to be issued.

City of Huntington Park
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 24,844,790	\$ 24,844,790	\$ 29,895,047	\$ 5,050,257
Licenses and permits	2,550,600	2,550,600	2,527,500	(23,100)
Fines and forfeitures	1,848,500	1,848,500	1,788,732	(59,768)
Use of money and property	220,300	220,300	100,111	(120,189)
Intergovernmental	12,500	12,500	1,445,568	1,433,068
Charges for services	1,249,950	1,249,950	1,174,867	(75,083)
Other revenues	20,000	20,000	46,965	26,965
Total revenues	<u>30,746,640</u>	<u>30,746,640</u>	<u>36,978,790</u>	<u>6,232,150</u>
EXPENDITURES				
Current:				
General government	7,273,857	7,273,857	4,999,630	2,274,227
Public safety	17,013,281	17,013,281	16,603,508	409,773
Public works	3,456,045	3,456,045	3,558,494	(102,449)
Community services	1,489,645	1,489,645	1,338,512	151,133
Community development	1,777,812	1,777,812	1,913,768	(135,956)
Debt Service:				
Interest and fiscal charges	-	-	16,890	(16,890)
Capital Outlay	<u>296,000</u>	<u>296,000</u>	<u>2,830,342</u>	<u>(2,534,342)</u>
Total expenditures	<u>31,306,640</u>	<u>31,306,640</u>	<u>31,261,144</u>	<u>45,496</u>
Excess (deficiency) of revenues over expenditures	<u>(560,000)</u>	<u>(560,000)</u>	<u>5,717,646</u>	<u>6,277,646</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	560,000	560,000	420,000	(140,000)
Transfers out	-	-	(771,451)	(771,451)
Total other financing sources and uses	<u>560,000</u>	<u>560,000</u>	<u>(351,451)</u>	<u>(911,451)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>5,366,195</u>	<u>\$ 5,366,195</u>
Fund balances - beginning			<u>5,194,632</u>	
Fund balances - ending			<u>\$ 10,560,827</u>	

City of Huntington Park
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – HUD Home Program Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Use of money and property	\$ -	\$ -	\$ 375	\$ 375
Intergovernmental	<u>1,137,460</u>	<u>1,137,460</u>	<u>58,534</u>	<u>(1,078,926)</u>
Total revenues	<u>1,137,460</u>	<u>1,137,460</u>	<u>58,909</u>	<u>(1,078,551)</u>
EXPENDITURES				
Current:				
Community development	<u>1,137,455</u>	<u>1,137,455</u>	<u>38,156</u>	<u>1,099,299</u>
Total expenditures	<u>1,137,455</u>	<u>1,137,455</u>	<u>38,156</u>	<u>1,099,299</u>
Excess (deficiency) of revenues over expenditures	<u>5</u>	<u>5</u>	<u>20,753</u>	<u>20,748</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from exchange of property	<u>-</u>	<u>-</u>	<u>1,485,517</u>	<u>1,485,517</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,485,517</u>	<u>1,485,517</u>
Net change in fund balances	<u>\$ 5</u>	<u>\$ 5</u>	<u>1,506,270</u>	<u>\$ 1,506,265</u>
Fund balances - beginning, as restated			<u>78,271</u>	
Fund balances - ending			<u>\$ 1,584,541</u>	

City of Huntington Park
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Employees’ Retirement Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 6,785,800	\$ 6,785,800	\$ 7,371,161	\$ 585,361
Fines and forfeitures	14,000	14,000	14,592	592
Use of money and property	66,000	66,000	19,540	(46,460)
Total revenues	<u>6,865,800</u>	<u>6,865,800</u>	<u>7,405,293</u>	<u>539,493</u>
EXPENDITURES				
Current:				
General government	6,088,434	6,088,434	3,733,772	2,354,662
Debt Service:				
Principal retirement	-	-	1,700,000	(1,700,000)
Interest and fiscal charges	-	-	656,298	(656,298)
Total expenditures	<u>6,088,434</u>	<u>6,088,434</u>	<u>6,090,070</u>	<u>(1,636)</u>
Excess (deficiency) of revenues over expenditures	<u>777,366</u>	<u>777,366</u>	<u>1,315,223</u>	<u>537,857</u>
Net change in fund balances	<u>\$ 777,366</u>	<u>\$ 777,366</u>	<u>1,315,223</u>	<u>\$ 537,857</u>
Fund balances - beginning			<u>7,538,255</u>	
Fund balances - ending			<u>\$ 8,853,478</u>	

City of Huntington Park
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Greenway Linear Park Project
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Use of money and property	\$ 140	\$ 140	\$ -	\$ (140)
Intergovernmental	<u>3,818,800</u>	<u>3,818,800</u>	<u>52,042</u>	<u>(3,766,758)</u>
Total revenues	<u>3,818,940</u>	<u>3,818,940</u>	<u>52,042</u>	<u>(3,766,898)</u>
EXPENDITURES				
Capital Outlay	<u>785,639</u>	<u>785,639</u>	<u>3,197,491</u>	<u>(2,411,852)</u>
Total expenditures	<u>785,639</u>	<u>785,639</u>	<u>3,197,491</u>	<u>(2,411,852)</u>
Excess (deficiency) of revenues over expenditures	<u>3,033,301</u>	<u>3,033,301</u>	<u>(3,145,449)</u>	<u>(6,178,750)</u>
Net change in fund balances	<u>\$ 3,033,301</u>	<u>\$ 3,033,301</u>	<u>\$ (3,145,449)</u>	<u>\$ (6,178,750)</u>
Fund balances - beginning			<u>(495,235)</u>	
Fund balances - ending			<u><u>\$ (3,640,684)</u></u>	

City of Huntington Park
Required Supplementary Information (Unaudited)
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

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. Management may overexpend appropriations within a department without the approval of City Council. 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.

City of Huntington Park

Required Supplementary Information (Unaudited)

Notes to the Required Supplementary Information (Continued)

For the Year Ended June 30, 2021

Budgetary Information (Continued)

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 Year Ended June 30, 2021

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

Measurement Period	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
City Proportion of the Net Pension Liability	0.19229%	0.18921%	0.23839%	0.18110%	0.17727%	0.16198%
City's Proportionate Share of the Net Pension Liability	\$ 20,922,271	\$ 19,388,784	\$ 22,971,863	\$ 17,959,853	\$ 15,339,011	\$ 11,117,930
City's Covered Payroll	6,071,524	5,784,218	6,113,880	5,905,880	5,437,667	5,946,977
City's Proportionate Share of the Net Pension Liability as a percentage of Its Covered Payroll	<u>344.60%</u>	<u>335.20%</u>	<u>375.73%</u>	<u>304.10%</u>	<u>282.09%</u>	<u>186.95%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Total Pension Liability	<u>77.71%</u>	<u>77.73%</u>	<u>75.53%</u>	<u>74.47%</u>	<u>76.30%</u>	<u>82.07%</u>

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

² 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, 2019 valuation date. This applies for voluntary benefit changes as well as any offers of two years additional service credit to members retiring during a specified time period (aka Golden Handshakes).

Changes of Assumptions: In 2014, the reported amounts were based on 7.5% discount rate. In 2015, the discount rate was increased to 7.65%. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. There was no change in the accounting discount rate from 2018 to 2020.

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 Year Ended June 30, 2021

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

Measurement Period	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
City Proportion of the Net Pension Liability	0.37523%	0.36802%	0.28200%	0.34824%	0.34929%	0.33958%	0.31815%
City's Proportionate Share of the Net Pension Liability	\$ 40,826,221	\$ 37,711,189	\$ 27,173,968	\$ 34,535,894	\$ 30,224,530	\$ 23,308,704	\$ 19,796,754
City's Covered Payroll	5,727,557	5,315,442	5,076,151	5,359,059	5,714,480	6,264,361	6,752,212
City's Proportionate Share of the Net Pension Liability as a percentage of Its Covered Payroll	<u>712.80%</u>	<u>709.46%</u>	<u>535.33%</u>	<u>644.44%</u>	<u>528.91%</u>	<u>372.08%</u>	<u>293.19%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Total Pension Liability	<u>77.71%</u>	<u>77.73%</u>	<u>71.32%</u>	<u>71.16%</u>	<u>72.76%</u>	<u>78.37%</u>	<u>81.35%</u>

¹ 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 2014, the reported amounts were based on 7.5% discount rate. In 2015, the discount rate was increased to 7.65%. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. There was no change in the accounting discount rate from 2018 to 2020.

City of Huntington Park
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2021

Last Ten Fiscal Years Public Agency Retirement System ("PARS")							
Measurement period	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15 ¹
Total pension liability							
Service cost	\$ 106,150	\$ 103,309	\$ 136,232	\$ 120,623	\$ 117,110	\$ 165,935	\$ 161,102
Interest on total pension liability	487,456	471,252	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	(332,109)	(324,243)	(329,493)	(259,670)	(225,066)	(218,726)	(165,163)
Net change in total pension liability	261,497	250,318	38,469	786,145	145,351	369,011	391,818
Total pension liability - beginning	7,556,614	7,306,296	7,267,827	6,481,682	6,336,331	5,967,320	5,575,502
Total pension liability - ending (a)	<u>\$ 7,818,111</u>	<u>\$ 7,556,614</u>	<u>\$ 7,306,296</u>	<u>\$ 7,267,827</u>	<u>\$ 6,481,682</u>	<u>\$ 6,336,331</u>	<u>\$ 5,967,320</u>
Pension fiduciary net position							
Employer contributions	\$ 567,547	\$ 352,965	\$ 370,896	\$ 447,685	\$ 375,491	\$ 293,737	\$ 349,850
Member contributions	37,660	42,423	44,579	53,809	60,951	64,896	77,658
Net investment income	638,128	123,022	172,073	129,343	176,680	32,866	33,452
Benefit payments	(332,109)	(324,243)	(329,493)	(259,670)	(225,066)	(218,726)	(165,163)
Administrative expenses	(10,998)	(10,232)	(9,946)	(9,763)	(9,246)	(12,074)	(8,556)
Net change in plan fiduciary net position	900,228	183,935	248,109	361,404	378,810	160,699	287,241
Plan fiduciary net position - beginning	3,284,430	3,100,495	2,852,386	2,490,982	2,112,172	1,951,473	1,664,232
Plan fiduciary net position - ending (b)	<u>\$ 4,184,658</u>	<u>\$ 3,284,430</u>	<u>\$ 3,100,495</u>	<u>\$ 2,852,386</u>	<u>\$ 2,490,982</u>	<u>\$ 2,112,172</u>	<u>\$ 1,951,473</u>
Plan net pension liability ending (a) - (b)	<u>\$ 3,633,453</u>	<u>\$ 4,272,184</u>	<u>\$ 4,205,801</u>	<u>\$ 4,415,441</u>	<u>\$ 3,990,700</u>	<u>\$ 4,224,159</u>	<u>\$ 4,015,847</u>
Plan fiduciary net position as a percentage of the total pension liability	53.53%	43.46%	42.44%	39.25%	38.43%	33.33%	32.70%
Covered payroll	<u>\$ 3,096,625</u>	<u>\$ 3,013,747</u>	<u>\$ 2,933,087</u>	<u>\$ 3,910,805</u>	<u>\$ 3,796,898</u>	<u>\$ 3,686,309</u>	<u>\$ 4,727,908</u>
Plan net pension liability as a percentage of covered payroll	117.34%	141.76%	143.39%	112.90%	105.10%	114.59%	84.94%

¹ 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 Year Ended June 30, 2021

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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution	\$ 2,049,852	\$ 1,864,188	\$ 1,561,031	\$ 1,246,525	\$ 985,737	\$ 766,341	\$ 538,833	\$ 587,786
Actual employer contribution	(1,957,565)	(1,738,334)	(1,488,026)	(1,250,985)	(985,737)	(766,341)	(538,833)	(587,786)
Contribution deficiency (excess)	\$ 92,287	\$ 125,854	\$ 73,005	\$ (4,460)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,071,524	\$ 5,784,218	\$ 6,113,880	\$ 5,905,880	\$ 5,437,667	\$ 5,946,977	N/A	N/A
Contributions as a percentage of covered payroll	32.24%	30.05%	24.34%	21.18%	18.13%	12.89%	N/A	N/A

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

Notes to Schedule:

Valuation date: June 30, 2019

Change in Benefit Terms: There were no changes in benefit terms.

Changes of Assumptions: In 2014, the reported amounts were based on 7.5% discount rate. In 2015, the discount rate was increased to 7.65%. In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

City of Huntington Park
Required Supplementary Information (Unaudited)
Schedule of Contributions – Pension (Continued)
For the Year Ended June 30, 2021

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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution	\$ 4,023,569	\$ 3,605,667	\$ 3,220,193	\$ 2,881,126	\$ 1,051,257	\$ 1,181,181	\$ 1,702,903	\$ 1,890,283
Actual employer contribution	(3,877,134)	(3,499,955)	(3,073,335)	(2,624,452)	(2,253,388)	(2,188,341)	(1,702,903)	(1,890,283)
Contribution deficiency (excess)	<u>\$ 146,435</u>	<u>\$ 105,712</u>	<u>\$ 146,858</u>	<u>\$ 256,674</u>	<u>\$ (1,202,131)</u>	<u>\$ (1,007,160)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,727,557	\$ 5,315,442	\$ 5,076,151	\$ 5,359,059	\$ 5,714,480	\$ 6,264,361	\$ 6,752,212	\$ 6,816,188
Contributions as a percentage of covered payroll	67.69%	65.85%	60.54%	48.97%	39.43%	34.93%	25.22%	27.73%

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

Notes to Schedule:

Valuation date: June 30, 2019
Change in Benefit Terms: There were no changes in benefit terms.
Changes of Assumptions: In 2014, the reported amounts were based on 7.5% discount rate. In 2015, the discount rate was increased to 7.65%.
In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

City of Huntington Park
Required Supplementary Information (Unaudited)
Schedule of Contributions – Pension (Continued)
For the Year Ended June 30, 2021

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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution	\$ 693,910	\$ 410,046	\$ 515,308	\$ 515,308	\$ 515,308	\$ 507,777	\$ 492,788	\$ 547,518
Actual employer contribution	(567,547)	(352,965)	(370,896)	(447,685)	(375,491)	(293,737)	349,850	(406,288)
Contribution deficiency (excess)	<u>\$ 126,363</u>	<u>\$ 57,081</u>	<u>\$ 144,412</u>	<u>\$ 67,623</u>	<u>\$ 139,817</u>	<u>\$ 214,040</u>	<u>\$ 842,638</u>	<u>\$ 141,230</u>
Covered payroll ^{2, 3}	\$ 3,096,625	\$ 3,013,747	\$ 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	18.33%	11.71%	12.65%	11.45%	9.89%	7.97%	7.40%	8.85%

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

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

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

City of Huntington Park
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2021

Other Postemployment Benefits

	Fiscal Year Ended ¹			
	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability				
Service cost	\$ 1,581,615	\$ 978,189	\$ 723,417	\$ 777,583
Interest	2,620,194	3,029,867	3,040,969	2,910,846
Difference between expected and actual experience	133,093	(4,079,010)	-	-
Changes of assumptions	6,834,115	5,226,744	6,581,904	(2,470,150)
Changes of benefit terms	-	-	-	-
Benefit payments	<u>(2,656,705)</u>	<u>(2,603,368)</u>	<u>(2,316,884)</u>	<u>(2,113,948)</u>
Net change in total OPEB liability	8,512,312	2,552,422	8,029,406	(895,669)
Total OPEB Liability - beginning of year	55,025,084	52,472,662	44,443,256	45,338,925
Total OPEB Liability - end of year	<u>\$ 63,537,396</u>	<u>\$ 55,025,084</u>	<u>\$ 52,472,662</u>	<u>\$ 44,443,256</u>
Plan Fiduciary Net Position (FNP)				
Employee contributions	\$ -	\$ -	\$ -	\$ -
Employer contributions	2,656,705	2,603,368	2,316,884	2,113,948
Net investment income	345,751	568,949	680,772	817,256
Other additions	-	-	8,815	-
Benefit payments	(2,656,705)	(2,603,368)	(2,316,884)	(2,113,948)
Administrative expense	(4,782)	(1,975)	(4,559)	(3,973)
Other deductions	<u>-</u>	<u>-</u>	<u>(11,316)</u>	<u>-</u>
Net change in plan fiduciary net position	340,969	566,974	673,712	813,283
Plan Fiduciary Net Position - beginning of year	9,788,224	9,221,250	8,547,538	7,734,255
Plan Fiduciary Net Position - end of year	<u>\$ 10,129,193</u>	<u>\$ 9,788,224</u>	<u>\$ 9,221,250</u>	<u>\$ 8,547,538</u>
Net OPEB Liability - end of year	<u>\$ 53,408,203</u>	<u>\$ 45,236,860</u>	<u>\$ 43,251,412</u>	<u>\$ 35,895,718</u>
FNP as a percentage of Total OPEB Liability	15.9%	17.8%	17.6%	19.2%
OPEB-eligible payroll for the measurement period	\$ 11,028,309	\$ 11,387,092	\$ 11,275,910	\$ 10,272,874
Net OPEB Liability as a % of eligible payroll	484.3%	397.3%	383.6%	349.4%

¹ 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 Year Ended June 30, 2021

Last Ten Fiscal Years
Other Postemployment Benefits Plan

	2020-21	2019-20	2018-19	2017-18	2016-17 ¹
Actuarially determined contribution	\$ 3,983,798	\$ 3,773,119	\$ 3,496,772	\$ 3,172,404	\$ 5,245,000
Actual employer contribution	(2,773,481)	(2,656,705)	(2,603,368)	(1,925,170)	(2,113,948)
Contribution deficiency (excess)	\$ 1,210,317	\$ 1,116,414	\$ 893,404	\$ 1,247,234	\$ 3,131,052
Covered payroll	\$ 11,342,558	\$ 11,028,309	\$ 11,491,533	\$ 10,581,060	N/A
Contributions as a percentage of covered payroll	24.45%	24.09%	22.65%	18.19%	N/A

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable.

Notes to Schedule:

Valuation Timing	June 30, 2019
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Asset valuation method	Varies
Investment rate of return	6.25%
Inflation	2.25%
Payroll growth	2.75%
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.

City of Huntington Park
Supplementary Information (Unaudited)
Nonmajor Governmental Funds

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.

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.

City of Huntington Park
Supplementary Information (Unaudited)
Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued):

Office of Traffic & Safety – To account for grant monies passed through from the California Office of Traffic Safety.

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.

Homeland Security Fund – To account for reimbursable grant funding provided by Los Angeles County.

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 Block 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 (Unaudited)
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Projects Special Revenue Fund	Public Safety Grants	Park Grants	Recycle Grants
ASSETS				
Cash and investments	\$ 224,686	\$ 429,331	\$ 304	\$ 130,027
Receivables				
Taxes and intergovernmental	-	-	-	-
Accounts and interest	24	45	-	13
Loans	-	-	-	-
Total assets	<u>\$ 224,710</u>	<u>\$ 429,376</u>	<u>\$ 304</u>	<u>\$ 130,040</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 72,125	\$ 5,588	\$ -	\$ 9,585
Accrued liabilities	-	-	-	-
Due to other funds	-	64,044	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>72,125</u>	<u>69,632</u>	<u>-</u>	<u>9,585</u>
Fund balances:				
Restricted	-	-	-	-
Assigned	152,585	359,744	304	120,455
Unassigned	-	-	-	-
Total fund balances	<u>152,585</u>	<u>359,744</u>	<u>304</u>	<u>120,455</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 224,710</u>	<u>\$ 429,376</u>	<u>\$ 304</u>	<u>\$ 130,040</u>

City of Huntington Park
Supplementary Information (Unaudited)
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Special Events	Measure M	Sales Tax Transit Proposition A	Sales Tax Transit Proposition C
ASSETS				
Cash and investments	\$ 108,862	\$ 2,082,612	\$ 542,066	\$ 909,936
Receivables				
Taxes and intergovernmental	-	-	-	-
Accounts and interest	14	217	39,018	89
Loans	-	-	-	-
Total assets	<u>\$ 108,876</u>	<u>\$ 2,082,829</u>	<u>\$ 581,084</u>	<u>\$ 910,025</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 326,456	\$ 135,015	\$ 101,007
Accrued liabilities	-	-	2,523	3,585
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>326,456</u>	<u>137,538</u>	<u>104,592</u>
Fund balances:				
Restricted	-	-	443,546	805,433
Assigned	108,876	1,756,373	-	-
Unassigned	-	-	-	-
Total fund balances	<u>108,876</u>	<u>1,756,373</u>	<u>443,546</u>	<u>805,433</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 108,876</u>	<u>\$ 2,082,829</u>	<u>\$ 581,084</u>	<u>\$ 910,025</u>

City of Huntington Park
Supplementary Information (Unaudited)
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds			
	State Gasoline Tax Fund	Measure R	Office of Traffic & Safety	Air Quality Improvement Trust
ASSETS				
Cash and investments	\$ 2,126,581	\$ 805,551	\$ 95,739	\$ 303,467
Receivables				
Taxes and intergovernmental	-	-	-	-
Accounts and interest	201,510	135	5	19,785
Loans	-	-	-	-
Total assets	<u>\$ 2,328,091</u>	<u>\$ 805,686</u>	<u>\$ 95,744</u>	<u>\$ 323,252</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 247,971	\$ 285,055	\$ -	\$ -
Accrued liabilities	26,770	1,358	2,326	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>274,741</u>	<u>286,413</u>	<u>2,326</u>	<u>-</u>
Fund balances:				
Restricted	2,053,350	-	-	-
Assigned	-	519,273	93,418	323,252
Unassigned	-	-	-	-
Total fund balances	<u>2,053,350</u>	<u>519,273</u>	<u>93,418</u>	<u>323,252</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,328,091</u>	<u>\$ 805,686</u>	<u>\$ 95,744</u>	<u>\$ 323,252</u>

City of Huntington Park
Supplementary Information (Unaudited)
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				
	Asset Forfeiture Fund	Homeland Security Fund	Parking System Fund	Art in Public Places Fund	Community Development Block Grant
ASSETS					
Cash and investments	\$ 39,723	\$ -	\$ 7	\$ 165,651	\$ -
Receivables					
Taxes and intergovernmental	-	-	-	-	495,671
Accounts and interest	40	-	-	13	-
Loans	-	-	-	-	63,609
Total assets	<u>\$ 39,763</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 165,664</u>	<u>\$ 559,280</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 33,723	\$ 29,916	\$ -	\$ -	\$ 221,236
Accrued liabilities	-	-	-	-	843
Due to other funds	-	-	-	-	615,583
Unearned revenue	-	-	-	-	-
Total liabilities	<u>33,723</u>	<u>29,916</u>	<u>-</u>	<u>-</u>	<u>837,662</u>
Fund balances:					
Restricted	-	-	-	-	-
Assigned	6,040	-	7	165,664	-
Unassigned	-	(29,916)	-	-	(278,382)
Total fund balances	<u>6,040</u>	<u>(29,916)</u>	<u>7</u>	<u>165,664</u>	<u>(278,382)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,763</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 165,664</u>	<u>\$ 559,280</u>

City of Huntington Park
Supplementary Information (Unaudited)
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				
	HUD Social Security Block Grant	Lead-Based Paint Hazard Control Program Lead Base	Transportation Development Act/Bike Path	Street Lighting Landscape Assessments	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 10,817	\$ -	\$ -	\$ 1,013,960	\$ 8,989,321
Receivables					
Taxes and intergovernmental	-	-	-	33,999	529,670
Accounts and interest	-	-	-	247	261,155
Loans	9,459	-	-	-	73,068
Total assets	<u>\$ 20,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,048,206</u>	<u>\$ 9,853,214</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 186,162	\$ 1,653,839
Accrued liabilities	-	-	-	4,121	41,526
Due to other funds	-	-	-	-	679,627
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,283</u>	<u>2,374,992</u>
Fund balances:					
Restricted	-	-	-	857,923	4,160,252
Assigned	20,276	-	-	-	3,626,267
Unassigned	-	-	-	-	(308,297)
Total fund balances	<u>20,276</u>	<u>-</u>	<u>-</u>	<u>857,923</u>	<u>7,478,222</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,048,206</u>	<u>\$ 9,853,214</u>

City of Huntington Park
Supplementary Information (Unaudited)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds			
	Projects Special Revenue Fund	Public Safety Grants	Park Grants	Recycle Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	684	861	304	216
Intergovernmental	1,542,597	184,890	-	22,122
Charges for services	321,198	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,864,479</u>	<u>185,751</u>	<u>304</u>	<u>22,338</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	30,518	-	-
Public works	-	-	-	-
Community services	-	-	-	-
Community development	-	-	-	33,069
Debt Service				
Principal Retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital Outlay	1,589,956	151,741	-	-
Total expenditures	<u>1,589,956</u>	<u>182,259</u>	<u>-</u>	<u>33,069</u>
Excess (deficiency) of revenues over expenditures	<u>274,523</u>	<u>3,492</u>	<u>304</u>	<u>(10,731)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	432,061	4,235	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>432,061</u>	<u>4,235</u>	<u>-</u>	<u>-</u>
Net change in fund balances	706,584	7,727	304	(10,731)
FUND BALANCES				
Beginning of year	(553,999)	352,017	-	131,186
Prior period adjustment	-	-	-	-
End of year	<u>\$ 152,585</u>	<u>\$ 359,744</u>	<u>\$ 304</u>	<u>\$ 120,455</u>

City of Huntington Park
Supplementary Information (Unaudited)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2021

	Special Revenue Funds			
	Special Events	Measure M	Sales Tax Transit Proposition A	Sales Tax Transit Proposition C
REVENUES				
Taxes	\$ -	\$ 842,860	\$ 1,194,129	\$ 990,487
Fines and forfeitures	-	-	-	-
Use of money and property	122	4,069	1,149	1,638
Intergovernmental	-	-	101,442	-
Charges for services	-	-	20,903	-
Other revenues	-	-	-	-
Total revenues	<u>122</u>	<u>846,929</u>	<u>1,317,623</u>	<u>992,125</u>
EXPENDITURES				
Current:				
General government	-	46,800	-	78,692
Public safety	-	-	-	-
Public works	-	-	-	344,995
Community services	-	-	1,302,844	438,875
Community development	-	-	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital Outlay	-	493,782	-	-
Total expenditures	<u>-</u>	<u>540,582</u>	<u>1,302,844</u>	<u>862,562</u>
Excess (deficiency) of revenues over expenditures	<u>122</u>	<u>306,347</u>	<u>14,779</u>	<u>129,563</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	122	306,347	14,779	129,563
FUND BALANCES				
Beginning of year	108,754	1,450,026	428,767	675,870
Prior period adjustment	-	-	-	-
End of year	<u>\$ 108,876</u>	<u>\$ 1,756,373</u>	<u>\$ 443,546</u>	<u>\$ 805,433</u>

City of Huntington Park
Supplementary Information (Unaudited)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2021

	Special Revenue Funds			
	State Gasoline Tax Fund	Measure R	Office of Traffic & Safety	Air Quality Improvement Trust
REVENUES				
Taxes	\$ -	\$ 743,895	\$ -	\$ -
Fines and forfeitures	-	-	2,509	-
Use of money and property	7,647	2,646	175	421
Intergovernmental	2,396,157	-	20,969	58,755
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>2,403,804</u>	<u>746,541</u>	<u>23,653</u>	<u>59,176</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	31,532	-
Public works	3,169,183	1,001,249	-	-
Community services	-	-	-	-
Community development	-	-	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital Outlay	111,221	476,900	-	14,389
Total expenditures	<u>3,280,404</u>	<u>1,478,149</u>	<u>31,532</u>	<u>14,389</u>
Excess (deficiency) of revenues over expenditures	<u>(876,600)</u>	<u>(731,608)</u>	<u>(7,879)</u>	<u>44,787</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	81,902
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,902</u>
Net change in fund balances	(876,600)	(731,608)	(7,879)	126,689
FUND BALANCES				
Beginning of year	2,929,950	1,250,881	101,297	196,563
Prior period adjustment	-	-	-	-
End of year	<u>\$ 2,053,350</u>	<u>\$ 519,273</u>	<u>\$ 93,418</u>	<u>\$ 323,252</u>

City of Huntington Park
Supplementary Information (Unaudited)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2021

	Special Revenue Funds				
	Asset Forfeiture Fund	Homeland Security Fund	Parking System Fund	Art in Public Places Fund	Community Development Block Grant
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 94,445	\$ -
Fines and forfeitures	-	-	-	-	-
Use of money and property	408	-	7	231	251
Intergovernmental	33,305	-	-	-	819,406
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	58,832
Total revenues	<u>33,713</u>	<u>-</u>	<u>7</u>	<u>94,676</u>	<u>878,489</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	872
Public safety	58,648	29,916	-	-	-
Public works	-	-	-	-	-
Community services	-	-	-	-	-
Community development	-	-	-	53,072	591,586
Debt Service					
Principal Retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital Outlay	227,690	-	-	-	143,131
Total expenditures	<u>286,338</u>	<u>29,916</u>	<u>-</u>	<u>53,072</u>	<u>735,589</u>
Excess (deficiency) of revenues over expenditures	<u>(252,625)</u>	<u>(29,916)</u>	<u>7</u>	<u>41,604</u>	<u>142,900</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	62,432	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>62,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(190,193)	(29,916)	7	41,604	142,900
FUND BALANCES					
Beginning of year	196,233	-	-	124,060	(678,903)
Prior period adjustment	-	-	-	-	257,621
End of year	<u>\$ 6,040</u>	<u>\$ (29,916)</u>	<u>\$ 7</u>	<u>\$ 165,664</u>	<u>\$ (278,382)</u>

City of Huntington Park
Supplementary Information (Unaudited)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2021

	Special Revenue Funds				
	HUD Social Security Block Grant	Lead-Based Paint Hazard Control Program Lead Base	Transportation Development Act/Bike Path	Street Lighting Landscape Assessments	Total-Other Governmental Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 1,866,557	\$ 5,732,373
Fines and forfeitures	-	-	-	-	2,509
Use of money and property	19	-	2	3,459	24,309
Intergovernmental	-	-	-	-	5,179,643
Charges for services	-	-	-	-	342,101
Other revenues	-	-	-	-	58,832
Total revenues	19	-	2	1,870,016	11,339,767
EXPENDITURES					
Current:					
General government	-	-	-	295	126,659
Public safety	-	-	-	-	150,614
Public works	-	-	-	1,003,336	5,518,763
Community services	-	-	-	-	1,741,719
Community development	-	1,692	-	-	679,419
Debt Service					
Principal Retirement	-	-	-	755,172	755,172
Interest and fiscal charges	-	-	-	167,190	167,190
Capital Outlay	-	-	99,982	64,210	3,373,002
Total expenditures	-	1,692	99,982	1,990,203	12,512,538
Excess (deficiency) of revenues over expenditures	19	(1,692)	(99,980)	(120,187)	(1,172,771)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,692	106,067	-	688,389
Transfers out	-	-	-	(150,000)	(150,000)
Total other financing sources and uses	-	1,692	106,067	(150,000)	538,389
Net change in fund balances	19	-	6,087	(270,187)	(634,382)
FUND BALANCES					
Beginning of year	20,257	-	(6,087)	1,128,110	7,854,983
Prior period adjustment	-	-	-	-	257,621
End of year	\$ 20,276	\$ -	\$ -	\$ 857,923	\$ 7,478,222

City of Huntington Park
Supplementary Information (Unaudited)
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 Post Employment Benefits (OPEB) Fund – To account for the funds and expenses related to the City's other post employment benefits.

City of Huntington Park
Supplementary Information (Unaudited)
Combining Statement of Net Position
All Internal Service Funds
June 30, 2021

	Fleet Maintenance	Vehicle and Equipment Replacement	Liability, Insurance/Workers' Compensation	OPEB	Total
ASSETS					
Current assets:					
Cash and investments	\$ 204,756	\$ -	\$ 1,428,184	\$ 367,017	\$ 1,999,957
Accounts receivable	-	-	18	-	18
Total current assets	204,756	-	1,428,202	367,017	1,999,975
Non-current assets:					
Capital Assets:					
Nondepreciable	-	-	-	-	-
Depreciable	22,196	-	-	-	22,196
Total non-current assets	22,196	-	-	-	22,196
Total assets	226,952	-	1,428,202	367,017	2,022,171
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows of resources	36,681	-	16,358	-	53,039
OPEB related deferred outflows of resources	24,916	-	24,916	-	49,832
Total deferred outflows of resources	61,597	-	41,274	-	102,871
LIABILITIES					
Current Liabilities:					
Accounts payable	69,743	-	55,456	8,800	133,999
Accrued payroll	10,209	-	2,783	-	12,992
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Compensated absences payable, due in one year	966	-	919	-	1,885
Claims payable, due in one year	-	-	548,000	-	548,000
Total current liabilities	80,918	-	607,158	8,800	696,876
Non-current liabilities:					
Compensated absences, due in more than one year	3,863	-	3,676	-	7,539
Claims payable, due in more than one year	-	-	4,267,456	-	4,267,456
Aggregate net pension liabilities	385,549	-	81,397	-	466,946
Net OPEB liabilities	90,612	-	90,612	-	181,224
Total non-current liabilities	480,024	-	4,443,141	-	4,923,165
Total liabilities	560,942	-	5,050,299	8,800	5,620,041
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred inflows of resources	44,393	-	12,131	-	56,524
OPEB related deferred inflows of resources	5,316	-	5,316	-	10,632
Total deferred inflows of resources	49,709	-	17,447	-	67,156
NET POSITION					
Invested in capital assets	22,196	-	-	-	22,196
Unrestricted	(344,298)	-	(3,598,270)	358,217	(3,584,351)
Total net position	\$ (322,102)	\$ -	\$ (3,598,270)	\$ 358,217	\$ (3,562,155)

City of Huntington Park
Supplementary Information (Unaudited)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Internal Service Funds
For the Year Ended June 30, 2021

	Fleet Maintenance	Vehicle and Equipment Replacement	Liability, Insurance/Workers' Compensation	OPEB	Total
REVENUES					
Charges for services	\$ 361,219	\$ 18,100	\$ 2,698,753	\$ 1,894,341	\$ 4,972,413
Miscellaneous operating revenue	-	1	-	-	1
Total operating revenues	<u>361,219</u>	<u>18,101</u>	<u>2,698,753</u>	<u>1,894,341</u>	<u>4,972,414</u>
OPERATING EXPENSES					
Personal services	198,260	-	64,999	1,229,961	1,493,220
Contractual services	9,808	-	16,282	13,666	39,756
Purchased water, materials and supplies	417,795	-	-	-	417,795
Insurance	-	-	3,922,649	650,714	4,573,363
Depreciation	10,622	-	-	-	10,622
Total Operating Expenses	<u>636,485</u>	<u>-</u>	<u>4,003,930</u>	<u>1,894,341</u>	<u>6,534,756</u>
Operating income (loss)	<u>(275,266)</u>	<u>18,101</u>	<u>(1,305,177)</u>	<u>-</u>	<u>(1,562,342)</u>
NON-OPERATING REVENUES					
Interest income	168	-	1,801	107	2,076
Total non-operating revenue	<u>168</u>	<u>-</u>	<u>1,801</u>	<u>107</u>	<u>2,076</u>
Income (loss) before contributions and transfers	<u>(275,098)</u>	<u>18,101</u>	<u>(1,303,376)</u>	<u>107</u>	<u>(1,560,266)</u>
TRANSFERS					
Transfers in	-	83,062	-	-	83,062
Transfers out	-	-	-	-	-
Total transfers	<u>-</u>	<u>83,062</u>	<u>-</u>	<u>-</u>	<u>83,062</u>
Change in net position	<u>(275,098)</u>	<u>101,163</u>	<u>(1,303,376)</u>	<u>107</u>	<u>(1,477,204)</u>
NET POSITION					
Beginning of year	(43,145)	(101,163)	(2,294,894)	358,110	(2,081,092)
Prior period adjustment	(3,859)	-	-	-	(3,859)
End of year	<u>\$ (322,102)</u>	<u>\$ -</u>	<u>\$ (3,598,270)</u>	<u>\$ 358,217</u>	<u>\$ (3,562,155)</u>