



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

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT**

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



**FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
City of Huntington Park  
Huntington Park, California

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

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntington Park, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Huntington Park's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Park, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Huntington Park and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Huntington Park's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Huntington Park's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Huntington Park's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the City's Proportionate Share of Net Pension Liability and Related Ratios, the Schedule of Contributions – Pension Plans, the Schedule of Changes in Net Other Postemployment Benefits Plan Liability and Related Ratios, and the Schedules of Contributions Other Postemployment Benefits Plan on pages 82 to 96 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Government Accounting Standards Board, who considers it to be an essential part of the 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huntington Park's basic financial statements. The combining and individual nonmajor governmental funds and internal service funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor governmental funds and internal service funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor governmental funds and internal service funds financial statements 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 issue our report on our consideration of the City of Huntington Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Huntington Park's internal control over financial reporting and compliance.

*Eadie and Payne, LLP*

Riverside, California  
July 1, 2024

City of Huntington Park  
**Statement of Net Position**  
June 30, 2023

|  | Governmental<br>Activities | Business-type<br>Activities | Total         |
|--|----------------------------|-----------------------------|---------------|
| <b>ASSETS</b>                                  |                            |                             |               |
| Cash and investments                           | \$ 67,078,236              | \$ 2,016,426                | \$ 69,094,662 |
| Receivables                                    |                            |                             |               |
| Taxes and intergovernmental                    | 612,234                    | -                           | 612,234       |
| Accounts                                       | 8,661,006                  | 1,850,566                   | 10,511,572    |
| Notes  | 10,233,337                 | -                           | 10,233,337    |
| Leases   | 1,680,623                  | -                           | 1,680,623     |
| Internal balances                              | 200,000                    | (200,000)                   | -             |
| Capital Assets:                                |                            |                             |               |
| Nondepreciable                                 | 25,756,400                 | 6,125,242                   | 31,881,642    |
| Depreciable, net of depreciation               | 57,471,403                 | 11,965,261                  | 69,436,664    |
| Total capital assets                           | 83,227,803                 | 18,090,503                  | 101,318,306   |
| Total assets                                   | 171,693,239                | 21,757,495                  | 193,450,734   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>          |                            |                             |               |
| Pension related deferred outflows of resources | 28,633,167                 | 314,696                     | 28,947,863    |
| OPEB related deferred outflows of resources    | 8,945,015                  | 283,238                     | 9,228,253     |
| Total deferred outflows of resources           | 37,578,182                 | 597,934                     | 38,176,116    |
| <b>LIABILITIES</b>                             |                            |                             |               |
| Accounts payable and accrued expenses          | 4,380,818                  | 439,326                     | 4,820,144     |
| Interest payable                               | 249,490                    | -                           | 249,490       |
| Deposits payable                               | 31,451                     | 902,568                     | 934,019       |
| Unearned revenue                               | 22,043,832                 | -                           | 22,043,832    |
| Noncurrent liabilities:                        |                            |                             |               |
| Due within one year                            | 7,291,050                  | 12,402                      | 7,303,452     |
| Due in more than one year                      | 13,721,797                 | 41,835                      | 13,763,632    |
| Aggregate net pension liabilities (Note 12)    | 73,790,806                 | 1,020,273                   | 74,811,079    |
| Net OPEB liabilities (Note 14)                 | 25,638,561                 | 811,829                     | 26,450,390    |
| Total liabilities                              | 147,147,805                | 3,228,233                   | 150,376,038   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |                            |                             |               |
| Pension related deferred inflows of resources  | 5,645,889                  | 80,671                      | 5,726,560     |
| OPEB related deferred inflows of resources     | 18,288,761                 | 579,102                     | 18,867,863    |
| Leases related deferred inflows of resources   | 1,463,452                  | -                           | 1,463,452     |
| Total deferred inflows of resources            | 25,398,102                 | 659,773                     | 26,057,875    |
| <b>NET POSITION</b>                            |                            |                             |               |
| Net investment in capital assets               | 80,763,467                 | 18,090,503                  | 98,853,970    |
| Restricted for:                                |                            |                             |               |
| Retirement                                     | 14,020,035                 | -                           | 14,020,035    |
| Community development                          | 1,666,169                  | -                           | 1,666,169     |
| Public works                                   | 5,562,467                  | -                           | 5,562,467     |
| Debt Service                                   | 5,730,765                  | -                           | 5,730,765     |
| Total restricted                               | 26,979,436                 | -                           | 26,979,436    |
| Unrestricted                                   | (71,017,389)               | 376,920                     | (70,640,469)  |
| Total net position                             | \$ 36,725,514              | \$ 18,467,423               | \$ 55,192,937 |

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



City of Huntington Park  
**Statement of Activities**  
June 30, 2023

| Functions/Programs              | Expenses      | Program Revenues     |                                    |                                  |
|---------------------------------|---------------|----------------------|------------------------------------|----------------------------------|
|                                 |               | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary government</b>       |               |                      |                                    |                                  |
| <b>Governmental Activities</b>  |               |                      |                                    |                                  |
| General government              | \$ 8,019,833  | \$ 3,530,582         | \$ 126,937                         | \$ -                             |
| Public safety                   | 15,777,182    | 3,070,335            | 305,686                            | -                                |
| Public works                    | 10,550,346    | 178,552              | 3,811,093                          | -                                |
| Community services              | 4,254,561     | 59,660               | 201,195                            | -                                |
| Community development           | 4,217,803     | 1,415,783            | 9,648,833                          | -                                |
| Interest on long-term debt      | 605,394       | -                    | -                                  | -                                |
| Total governmental activities   | 43,425,119    | 8,254,912            | 14,093,744                         | -                                |
| <b>Business-type activities</b> |               |                      |                                    |                                  |
| Water                           | 5,663,307     | 5,038,012            | -                                  | -                                |
| Sewer                           | 213,541       | 271,141              | -                                  | -                                |
| Solid waste                     | 54,527        | 114,233              | -                                  | -                                |
| Total business-type activities  | 5,931,375     | 5,423,386            | -                                  | -                                |
| Total primary government        | \$ 49,356,494 | \$ 13,678,298        | \$ 14,093,744                      | \$ -                             |

**General revenues:**

|  |
|--|
| Taxes:   |
| Property taxes                                       |
| Sales and use  |
| Franchise taxes                                      |
| Utility user taxes                                   |
| Total taxes  |
| 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, 2023

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

| Governmental<br>Activities | Business-type<br>Activities | Total                  |
|----------------------------|-----------------------------|------------------------|
| \$ (4,362,314)             | -                           | \$ (4,362,314)         |
| (12,401,161)               | -                           | (12,401,161)           |
| (6,560,701)                | -                           | (6,560,701)            |
| (3,993,706)                | -                           | (3,993,706)            |
| 6,846,813                  | -                           | 6,846,813              |
| (605,394)                  | -                           | (605,394)              |
| <u>(21,076,463)</u>        | <u>-</u>                    | <u>(21,076,463)</u>    |
| -                          | (625,295)                   | (625,295)              |
| -                          | 57,600                      | 57,600                 |
| -                          | 59,706                      | 59,706                 |
| <u>-</u>                   | <u>(507,989)</u>            | <u>(507,989)</u>       |
| <u>\$ (21,076,463)</u>     | <u>\$ (507,989)</u>         | <u>\$ (21,584,452)</u> |
| 17,976,303                 | -                           | 17,976,303             |
| 23,993,369                 | -                           | 23,993,369             |
| 2,596,333                  | -                           | 2,596,333              |
| 6,020,774                  | -                           | 6,020,774              |
| 50,586,779                 | -                           | 50,586,779             |
| 2,425,777                  | 100,119                     | 2,525,896              |
| (557,378)                  | -                           | (557,378)              |
| 52,455,178                 | 100,119                     | 52,555,297             |
| 31,378,715                 | (407,870)                   | 30,970,845             |
| 7,025,544                  | 18,875,293                  | 25,900,837             |
| (1,678,745)                | -                           | (1,678,745)            |
| 5,346,799                  | 18,875,293                  | 24,222,092             |
| <u>\$ 36,725,514</u>       | <u>\$ 18,467,423</u>        | <u>\$ 55,192,937</u>   |

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

City of Huntington Park  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2023

**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.

**American Rescue Plan Act (ARPA) Fund** – This fund is used to account for ARPA activities and projects.

**City Wide Construction in Progress Fund** – To account for City's CIP projects and activities.

City of Huntington Park  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2023

|   | General Fund         | HUD Home<br>Program Special<br>Revenue | Employees'<br>Retirement Fund |
|---|----------------------|--|-------------------------------|
| <b>ASSETS</b>                             |                      |  |                               |
| Cash and investments                      | \$ 14,408,712        | \$ 1,647,376                           | \$ 13,780,887                 |
| Receivables                               |                      |  |                               |
| Taxes and intergovernmental               | 91,841               | -                                      | 176,885                       |
| Accounts and interest                     | 5,283,225            | 10,793                                 | 74,126                        |
| Loans and interest on loans               | -                    | 10,072,269                             | -                             |
| Lease                                     | 1,680,623            | -                                      | -                             |
| Due from other funds                      | 663,169              | -                                      | -                             |
| Total assets                              | <u>\$ 22,127,570</u> | <u>\$ 11,730,438</u>                   | <u>\$ 14,031,898</u>          |
| <b>LIABILITIES AND FUND BALANCES</b>      |                      |  |                               |
| <b>Liabilities:</b>                       |                      |  |                               |
| Accounts payable                          | \$ 1,919,503         | \$ -                                   | \$ 11,761                     |
| Accrued liabilities                       | 445,160              | -                                      | 102                           |
| Deposits                                  | 31,451               | -                                      | -                             |
| Due to other funds                        | -                    | -                                      | -                             |
| Deferred revenue                          | 72,876               | 10,064,269                             | -                             |
| Total liabilities                         | <u>2,468,990</u>     | <u>10,064,269</u>                      | <u>11,863</u>                 |
| <b>DEFERRED INFLOW OF RESOURCES</b>       |                      |  |                               |
| Deferred inflow on leases                 | 1,463,452            | -                                      | -                             |
| <b>Total Deferred Inflow of Resources</b> | <u>1,463,452</u>     | <u>-</u>                               | <u>-</u>                      |
| <b>Fund balances:</b>                     |                      |  |                               |
| Restricted                                | -                    | 1,666,169                              | 14,020,035                    |
| Assigned                                  | 3,100,000            | -                                      | -                             |
| Unassigned                                | 15,095,128           | -                                      | -                             |
| Total fund balances                       | <u>18,195,128</u>    | <u>1,666,169</u>                       | <u>14,020,035</u>             |
| Total liabilities and fund balances       | <u>\$ 22,127,570</u> | <u>\$ 11,730,438</u>                   | <u>\$ 14,031,898</u>          |

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

City of Huntington Park  
**Balance Sheet (Continued)**  
**Governmental Funds**  
June 30, 2023

|   | American<br>Rescue Plan<br>Act | City Wide<br>Construction in<br>Progress | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------------------|--|-----------------------------------|--------------------------------|
| <b>ASSETS</b>                             |                                |  |                                   |                                |
| Cash and investments                      | \$ 20,350,905                  | \$ -                                     | \$ 15,169,310                     | \$ 65,357,190                  |
| Receivables                               |                                |  |                                   |                                |
| Taxes and intergovernmental               | -                              | -  | 343,508                           | 612,234                        |
| Accounts and interest                     | -                              | -  | 3,278,713                         | 8,646,857                      |
| Loans and interest on loans               | -                              | -  | 161,068                           | 10,233,337                     |
| Lease                                     | -                              | -  | -                                 | 1,680,623                      |
| Due from other funds                      | -                              | -  | -                                 | 663,169                        |
| Total assets                              | <u>\$ 20,350,905</u>           | <u>\$ -</u>                              | <u>\$ 18,952,599</u>              | <u>\$ 87,193,410</u>           |
| <b>LIABILITIES AND FUND BALANCES</b>      |                                |  |                                   |                                |
| <b>Liabilities:</b>                       |                                |  |                                   |                                |
| Accounts payable                          | \$ 105,368                     | \$ 689,569                               | \$ 1,094,457                      | \$ 3,820,658                   |
| Accrued liabilities                       | -                              | -  | 11,525                            | 456,787                        |
| Deposits                                  | -                              | -  | -                                 | 31,451                         |
| Due to other funds                        | -                              | -  | 463,169                           | 463,169                        |
| Deferred revenue                          | 20,245,537                     | -  | 1,825,419                         | 32,208,101                     |
| Total liabilities                         | <u>20,350,905</u>              | <u>689,569</u>                           | <u>3,394,570</u>                  | <u>36,980,166</u>              |
| <b>DEFERRED INFLOW OF RESOURCES</b>       |                                |  |                                   |                                |
| Deferred inflow on leases                 | -                              | -  | -                                 | 1,463,452                      |
| <b>Total Deferred Inflow of Resources</b> | <u>-</u>                       | <u>-</u>                                 | <u>-</u>                          | <u>1,463,452</u>               |
| <b>Fund balances:</b>                     |                                |  |                                   |                                |
| Restricted                                | -                              | -  | 11,293,232                        | 26,979,436                     |
| Assigned                                  | -                              | -  | 4,652,005                         | 7,752,005                      |
| Unassigned                                | -                              | (689,569)                                | (387,208)                         | 14,018,351                     |
| Total fund balances                       | -                              | (689,569)                                | 15,558,029                        | 48,749,792                     |
| Total liabilities and fund balances       | <u>\$ 20,350,905</u>           | <u>\$ -</u>                              | <u>\$ 18,952,599</u>              | <u>\$ 87,193,410</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, 2023

|  |               |
|--|---------------|
| Total fund balance, governmental funds | \$ 48,749,792 |
|--|---------------|

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               | 25,756,400 |
| Depreciable assets, net of accumulated depreciation | 57,158,240 |

|   |           |
|---|-----------|
| Interest expenses are recognized when due, and therefore, interest payable is not recorded in the governmental funds. | (249,490) |
|---|-----------|

|  |            |
|--|------------|
| Deferred revenue related to long-term loans receivable are reported in governmental funds but not in the governmental activities | 10,164,269 |
|--|------------|

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 | (1,255,082)  |
| Long-term debt       | (10,218,288) |
| Lease liabilities    | (108,903)    |

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                        | (73,257,476) |
| Pension related deferred outflows of resources | 28,505,077   |
| Pension related deferred inflows of resources  | (5,616,328)  |

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                        | (25,548,811) |
| OPEB related deferred outflows of resources | 8,913,701    |
| OPEB related deferred inflows of resources  | (18,224,739) |

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

|   |                      |
|---|----------------------|
|   | (8,042,848)          |
| Net Position of Governmental Activities | <u>\$ 36,725,514</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, 2023

|   | General Fund         | HUD Home<br>Program Special<br>Revenue | Employees'<br>Retirement Fund |
|---|----------------------|--|-------------------------------|
| <b>REVENUES</b>                                   |                      |  |                               |
| Taxes   | \$ 35,247,545        | \$ -                                   | \$ 8,281,053                  |
| Licenses and permits                              | 3,363,980            | -                                      | -                             |
| Fines and forfeitures                             | 2,393,979            | -                                      | 17,849                        |
| Use of money and property                         | 631,141              | 19,481                                 | 133,481                       |
| Intergovernmental                                 | 2,233,043            | -                                      | -                             |
| Charges for services                              | 1,267,882            | -                                      | -                             |
| Other revenues                                    | (98,912)             | -                                      | -                             |
| Total revenues                                    | <u>45,038,658</u>    | <u>19,481</u>                          | <u>8,432,383</u>              |
| <b>EXPENDITURES</b>                               |                      |  |                               |
| Current:  |                      |  |                               |
| General government                                | 6,489,478            | -                                      | 3,020,496                     |
| Public safety                                     | 21,037,971           | -                                      | -                             |
| Public works                                      | 3,998,929            | -                                      | -                             |
| Community services                                | 1,813,143            | -                                      | -                             |
| Community development                             | 3,411,751            | -                                      | -                             |
| Debt Service:                                     |                      |  |                               |
| Principal retirement                              | 49,496               | -                                      | 1,950,000                     |
| Interest and fiscal charges                       | 2,649                | -                                      | 447,323                       |
| Capital Outlay                                    | 122,865              | -                                      | -                             |
| Total expenditures                                | <u>36,926,282</u>    | <u>-</u>                               | <u>5,417,819</u>              |
| Excess (deficiency) of revenues over expenditures | <u>8,112,376</u>     | <u>19,481</u>                          | <u>3,014,564</u>              |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                      |  |                               |
| Transfers in                                      | -                    | -                                      | -                             |
| Transfers out                                     | (3,489,776)          | -                                      | -                             |
| Transfers out to fiduciary fund                   | -                    | -                                      | -                             |
| Total other financing sources and uses            | <u>(3,489,776)</u>   | <u>-</u>                               | <u>-</u>                      |
| <b>Net change in fund balances</b>                | <u>4,622,600</u>     | <u>19,481</u>                          | <u>3,014,564</u>              |
| Fund balances - beginning, as previously reported | 13,572,528           | 1,646,688                              | 11,005,471                    |
| Prior-period adjustment                           | -                    | -                                      | -                             |
| Fund balances - beginning, as restated            | <u>13,572,528</u>    | <u>1,646,688</u>                       | <u>11,005,471</u>             |
| Fund balances - ending                            | <u>\$ 18,195,128</u> | <u>\$ 1,666,169</u>                    | <u>\$ 14,020,035</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, 2023

|   | American Rescue<br>Plan Act | City Wide<br>Construction in<br>Progress | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------------------------|--|-----------------------------------|--------------------------------|
| <b>REVENUES</b>                                   |                             |  |                                   |                                |
| Taxes   | \$ -                        | \$ -                                     | \$ 7,058,181                      | 50,586,779                     |
| Licenses and permits                              | -                           | -  | -                                 | 3,363,980                      |
| Fines and forfeitures                             | -                           | -  | 4,095                             | 2,415,923                      |
| Use of money and property                         | -                           | -  | 190,050                           | 974,153                        |
| Intergovernmental                                 | 6,591,286                   | -  | 5,003,434                         | 13,827,763                     |
| Charges for services                              | -                           | -  | 232,974                           | 1,500,856                      |
| Other revenues                                    | -                           | -  | 2,498,831                         | 2,399,919                      |
| Total revenues                                    | <u>6,591,286</u>            | <u>-</u>                                 | <u>14,987,565</u>                 | <u>75,069,373</u>              |
| <b>EXPENDITURES</b>                               |                             |  |                                   |                                |
| Current:  |                             |  |                                   |                                |
| General government                                | 3,548,631                   | -  | 258,001                           | 13,316,606                     |
| Public safety                                     | -                           | -  | 275,066                           | 21,313,037                     |
| Public works                                      | -                           | -  | 4,311,898                         | 8,310,827                      |
| Community services                                | -                           | 88,375                                   | 2,209,905                         | 4,111,423                      |
| Community development                             | -                           | -  | 800,220                           | 4,211,971                      |
| Debt Service:                                     |                             |  |                                   |                                |
| Principal retirement                              | -                           | -  | 893,994                           | 2,893,490                      |
| Interest and fiscal charges                       | -                           | -  | 109,168                           | 559,140                        |
| Capital Outlay                                    | -                           | 12,887,124                               | 172,596                           | 13,182,585                     |
| Total expenditures                                | <u>3,548,631</u>            | <u>12,975,499</u>                        | <u>9,030,848</u>                  | <u>67,899,079</u>              |
| Excess (deficiency) of revenues over expenditures | <u>3,042,655</u>            | <u>(12,975,499)</u>                      | <u>5,956,717</u>                  | <u>7,170,294</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                             |  |                                   |                                |
| Transfers in                                      | -                           | 12,285,930                               | 327,486                           | 12,613,416                     |
| Transfers out                                     | (3,042,655)                 | -  | (6,080,985)                       | (12,613,416)                   |
| Transfers out to fiduciary fund                   | -                           | -  | (557,378)                         | (557,378)                      |
| Total other financing sources and uses            | <u>(3,042,655)</u>          | <u>12,285,930</u>                        | <u>(6,310,877)</u>                | <u>(557,378)</u>               |
| <b>Net change in fund balances</b>                | <u>-</u>                    | <u>(689,569)</u>                         | <u>(354,160)</u>                  | <u>6,612,916</u>               |
| Fund balances - beginning, as previously reported | -                           | -  | 17,590,934                        | 43,815,621                     |
| Prior-period adjustment                           | -                           | -  | (1,678,745)                       | (1,678,745)                    |
| Fund balances - beginning, as restated            | -                           | -  | 15,912,189                        | 42,136,876                     |
| Fund balances - ending                            | <u>\$ -</u>                 | <u>\$ (689,569)</u>                      | <u>\$ 15,558,029</u>              | <u>\$ 48,749,792</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, 2023

**Net change in fund balances - total governmental funds:** \$ 6,612,916

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       | 13,448,735  |
| Depreciation expense | (3,751,976) |

|   |         |
|---|---------|
| 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: | 265,981 |
|---|---------|

|  |           |
|--|-----------|
| 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. | 3,147,862 |
|--|-----------|

|  |            |
|--|------------|
| 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. | 11,229,944 |
|--|------------|

|  |          |
|--|----------|
| 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. | (46,254) |
|--|----------|

|  |        |
|--|--------|
| 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. | 20,333 |
|--|--------|

|   |           |
|---|-----------|
| 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. | 2,893,490 |
|---|-----------|

|   |             |
|---|-------------|
| 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. | (2,442,316) |
|---|-------------|

|   |                      |
|---|----------------------|
| Change in Net Position of Governmental Activities | <u>\$ 31,378,715</u> |
|---|----------------------|

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

City of Huntington Park  
**PROPRIETARY FUND FINANCIAL STATEMENTS**  
June 30, 2023

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, 2023

|   | Business-Type Activities |                       |  |               | Governmental Activities |
|---|--------------------------|-----------------------|--|---------------|-------------------------|
|   | Water Enterprise Fund    | Sewer Enterprise Fund | Nonmajor Enterprise Fund (Solid Waste) | Total         | Internal Service Funds  |
| <b>ASSETS</b>                                   |                          |                       |  |               |                         |
| Current assets:                                 |                          |                       |  |               |                         |
| Cash and investments                            | \$ 89,962                | \$ 810,080            | \$ 1,116,384                           | \$ 2,016,426  | \$ 1,721,046            |
| Accounts receivable                             | 1,724,805                | 116,826               | 8,935                                  | 1,850,566     | 14,149                  |
| Total current assets                            | 1,814,767                | 926,906               | 1,125,319                              | 3,866,992     | 1,735,195               |
| Non-current assets:                             |                          |                       |  |               |                         |
| Capital Assets:                                 |                          |                       |  |               |                         |
| Nondepreciable                                  | 1,796,788                | 4,328,454             | -                                      | 6,125,242     | -                       |
| Depreciable                                     | 10,482,439               | 1,482,822             | -                                      | 11,965,261    | 313,163                 |
| Total non-current assets                        | 12,279,227               | 5,811,276             | -                                      | 18,090,503    | 313,163                 |
| Total assets                                    | 14,093,994               | 6,738,182             | 1,125,319                              | 21,957,495    | 2,048,358               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                          |                       |  |               |                         |
| Pension related deferred outflows of resources  | 294,376                  | 1,799                 | 18,521                                 | 314,696       | 128,090                 |
| OPEB related deferred outflows of resources     | 252,437                  | 14,292                | 16,509                                 | 283,238       | 31,314                  |
| Total deferred outflows of resources            | 546,813                  | 16,091                | 35,030                                 | 597,934       | 159,404                 |
| <b>LIABILITIES</b>                              |                          |                       |  |               |                         |
| Current Liabilities:                            |                          |                       |  |               |                         |
| Accounts payable                                | 401,816                  | 9,226                 | 25,573                                 | 436,615       | 99,777                  |
| Accrued payroll                                 | 2,711                    | -                     | -                                      | 2,711         | 3,596                   |
| Deposits payable                                | 875,714                  | -                     | 26,854                                 | 902,568       | -                       |
| Due to other funds                              | 200,000                  | -                     | -                                      | 200,000       | -                       |
| Compensated absences payable, due in one year   | 9,160                    | 200                   | 1,099                                  | 10,459        | 510                     |
| Claims payable, due in one year                 | -                        | -                     | -                                      | -             | 3,894,100               |
| Lease liabilities, due in one year              | 1,943                    | -                     | -                                      | 1,943         | -                       |
| Total current liabilities                       | 1,491,344                | 9,426                 | 53,526                                 | 1,554,296     | 3,997,983               |
| Non-current liabilities:                        |                          |                       |  |               |                         |
| Compensated absences, due in more than one year | 36,641                   | 799                   | 4,395                                  | 41,835        | 2,040                   |
| Claims payable, due in more than one year       | -                        | -                     | -                                      | -             | 5,533,924               |
| Aggregate net pension liabilities               | 945,884                  | 22,459                | 51,930                                 | 1,020,273     | 533,330                 |
| Net OPEB liabilities                            | 723,545                  | 40,964                | 47,320                                 | 811,829       | 89,750                  |
| Total non-current liabilities                   | 1,706,070                | 64,222                | 103,645                                | 1,873,937     | 6,159,044               |
| Total liabilities                               | 3,197,414                | 73,648                | 157,171                                | 3,428,233     | 10,157,027              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                          |                       |  |               |                         |
| Pension related deferred inflows of resources   | 75,698                   | -                     | 4,973                                  | 80,671        | 29,561                  |
| OPEB related deferred inflows of resources      | 516,126                  | 29,221                | 33,755                                 | 579,102       | 64,022                  |
| Total deferred inflows of resources             | 591,824                  | 29,221                | 38,728                                 | 659,773       | 93,583                  |
| <b>NET POSITION</b>                             |                          |                       |  |               |                         |
| Net investment in capital assets                | 12,279,227               | 5,811,276             | -                                      | 18,090,503    | 313,163                 |
| Unrestricted                                    | (1,427,658)              | 840,128               | 964,450                                | 376,920       | (8,356,011)             |
| Total net position                              | \$ 10,851,569            | \$ 6,651,404          | \$ 964,450                             | \$ 18,467,423 | \$ (8,042,848)          |

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, 2023

|   | Business-Type Activities |                          |  |                      | Governmental Activities   |
|---|--------------------------|--------------------------|--|----------------------|---------------------------|
|   | Water<br>Enterprise Fund | Sewer<br>Enterprise Fund | Nonmajor<br>Enterprise Fund<br>(Solid Waste) | Total                | Internal Service<br>Funds |
| <b>REVENUES</b>   |                          |                          |  |                      |                           |
| Charges for services                                    | \$ 5,038,012             | \$ 271,141               | \$ 114,233                                   | \$ 5,423,386         | \$ 7,219,166              |
| Miscellaneous operating revenue                         | 65,052                   | -                        | -  | 65,052               | -                         |
| Total operating revenues                                | <u>5,103,064</u>         | <u>271,141</u>           | <u>114,233</u>                               | <u>5,488,438</u>     | <u>7,219,166</u>          |
| <b>OPERATING EXPENSES</b>                               |                          |                          |  |                      |                           |
| Personal services                                       | 130,887                  | (1,094)                  | 50,823                                       | 180,616              | 337,718                   |
| Contractual services                                    | 1,499,124                | 176,874                  | -  | 1,675,998            | 1,339,845                 |
| Purchased water, materials and supplies                 | 3,528,200                | -                        | 3,044  | 3,531,244            | 729,040                   |
| Insurance   | 61,587                   | 667                      | 660  | 62,914               | 7,264,479                 |
| Depreciation  | 443,509                  | 37,094                   | -  | 480,603              | 16,258                    |
| Total Operating Expenses                                | <u>5,663,307</u>         | <u>213,541</u>           | <u>54,527</u>                                | <u>5,931,375</u>     | <u>9,687,340</u>          |
| Operating income (loss)                                 | <u>(560,243)</u>         | <u>57,600</u>            | <u>59,706</u>                                | <u>(442,937)</u>     | <u>(2,468,174)</u>        |
| <b>NON-OPERATING REVENUES</b>                           |                          |                          |  |                      |                           |
| Interest income   | 13,304                   | 9,010                    | 12,753                                       | 35,067               | 25,858                    |
| Total non-operating revenue                             | <u>13,304</u>            | <u>9,010</u>             | <u>12,753</u>                                | <u>35,067</u>        | <u>25,858</u>             |
| <b>Income (loss) before contributions and transfers</b> | <u>(546,939)</u>         | <u>66,610</u>            | <u>72,459</u>                                | <u>(407,870)</u>     | <u>(2,442,316)</u>        |
| Change in net position                                  | <u>(546,939)</u>         | <u>66,610</u>            | <u>72,459</u>                                | <u>(407,870)</u>     | <u>(2,442,316)</u>        |
| <b>NET POSITION</b>                                     |                          |                          |  |                      |                           |
| Beginning of year                                       | 11,398,508               | 6,584,794                | 891,991                                      | 18,875,293           | (5,600,532)               |
| End of year   | <u>\$ 10,851,569</u>     | <u>\$ 6,651,404</u>      | <u>\$ 964,450</u>                            | <u>\$ 18,467,423</u> | <u>\$ (8,042,848)</u>     |

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

City of Huntington Park  
**Statement of Cash Flows**  
**Proprietary Funds**  
June 30, 2023

|   | Business-Type Activities |                       |  |              | Governmental Activities |
|---|--------------------------|-----------------------|--|--------------|-------------------------|
|   | Water Enterprise Fund    | Sewer Enterprise Fund | Nonmajor Enterprise Fund (Solid Waste) | Total        | Internal Service Funds  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                          |                       |  |              |                         |
| Receipts from tenants, customers and users                      | \$ 5,238,404             | \$ 310,661            | \$ 129,052                             | \$ 5,678,117 | \$ 7,205,326            |
| Payments to suppliers   | (5,314,753)              | (234,917)             | 4,220                                  | (5,545,450)  | (6,931,898)             |
| Payments to employees   | (360,777)                | (4,559)               | (62,754)                               | (428,090)    | (419,684)               |
| Net cash provided by (used in) operating activities             | (437,126)                | 71,185                | 70,518                                 | (295,423)    | (146,256)               |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                          |                       |  |              |                         |
| Payment to other funds  | 200,000                  | -                     | -                                      | 200,000      | -                       |
| Net cash provided by (used in) noncapital financing activities  | 200,000                  | -                     | -                                      | 200,000      | -                       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                          |                       |  |              |                         |
| Acquisition of capital assets                                   | (764,675)                | -                     | -                                      | (764,675)    | (277,274)               |
| Net cash (used in) capital and related financing activities     | (764,675)                | -                     | -                                      | (764,675)    | (277,274)               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                          |                       |  |              |                         |
| Interest received   | 13,304                   | 9,010                 | 12,753                                 | 35,067       | 25,858                  |
| Net cash provided by investing activities                       | 13,304                   | 9,010                 | 12,753                                 | 35,067       | 25,858                  |
| Net increase (decrease) in cash and investments                 | (988,497)                | 80,195                | 83,271                                 | (825,031)    | (397,672)               |
| <b>CASH AND INVESTMENTS</b>                                     |                          |                       |  |              |                         |
| Beginning of year   | 1,078,459                | 729,885               | 1,033,113                              | 2,841,457    | 2,118,718               |
| End of year   | \$ 89,962                | \$ 810,080            | \$ 1,116,384                           | \$ 2,016,426 | \$ 1,721,046            |

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

City of Huntington Park  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
June 30, 2023

|   | Business-Type Activities |                       |  |                     | Governmental Activities |
|---|--------------------------|-----------------------|--|---------------------|-------------------------|
|   | Water Enterprise Fund    | Sewer Enterprise Fund | Nonmajor Enterprise Fund (Solid Waste) | Total               | Internal Service Funds  |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                          |                       |  |                     |                         |
| Operating income (loss)   | \$ (560,243)             | \$ 57,600             | \$ 59,706                              | \$ (442,937)        | \$ (2,468,174)          |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities |                          |                       |  |                     |                         |
| Depreciation expense  | 443,509                  | 37,094                | -                                      | 480,603             | 16,258                  |
| (Increase) decrease in  |                          |                       |  |                     |                         |
| Accounts receivable   | 135,340                  | 2,426                 | 14,819                                 | 152,585             | (13,840)                |
| Deferred outflows of resources - pension and OPEB   | (105,385)                | 3,629                 | (7,235)                                | (108,991)           | (50,406)                |
| Increase (decrease) in  |                          |                       |  |                     |                         |
| Accounts payable  | (225,842)                | (20,282)              | 7,924                                  | (238,200)           | (29,558)                |
| Accrued payroll   | (115)                    | (72)                  | (72)                                   | (259)               | 501                     |
| Compensated absences payable  | 381,571                  | 2,716                 | 28,552                                 | 412,839             | (7,367)                 |
| Claims payable  | -                        | -                     | -                                      | -                   | 2,431,024               |
| Aggregate net pension liability   | -                        | -                     | -                                      | -                   | 108,207                 |
| Net OPEB liability  | -                        | -                     | -                                      | -                   | 8,550                   |
| Deferred inflows of resources - pension and OPEB  | (505,961)                | (11,926)              | (33,176)                               | (551,063)           | (141,451)               |
| Total adjustments   | 123,117                  | 13,585                | 10,812                                 | 147,514             | 2,321,918               |
| Net cash provided by (used in) operating activities   | <u>\$ (437,126)</u>      | <u>\$ 71,185</u>      | <u>\$ 70,518</u>                       | <u>\$ (295,423)</u> | <u>\$ (146,256)</u>     |

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

City of Huntington Park  
**Fiduciary Fund Financial Statements**  
June 30, 2023

**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, 2023

|   | Successor Agency<br>Private - Purpose<br>Trust Fund |
|---|---|
| <b>ASSETS</b>                             |   |
| Current assets                            |   |
| Cash and investments                      | \$ 1,196,324  |
| Interest receivable                       | 32  |
| Total assets                              | <u>1,196,356</u>                                    |
| <b>LIABILITIES</b>                        |   |
| Current liabilities                       |   |
| Accrued liabilities                       | 40,693  |
| Bonds payable - due within one year       | <u>4,078,811</u>                                    |
| Total current liabilities                 | <u>4,119,504</u>                                    |
| Noncurrent liabilities                    |   |
| Compensated absences                      | 1,073   |
| Bonds payable - due in more than one year | <u>301,918,449</u>                                  |
| Total noncurrent liabilities              | <u>301,919,522</u>                                  |
| Total liabilities                         | <u>306,039,026</u>                                  |
| <b>NET POSITION</b>                       |   |
| Held in trust                             | <u>\$ (304,842,670)</u>                             |



City of Huntington Park  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
June 30, 2023

|                                       | Successor<br>Agency Private -<br>Purpose Trust<br>Fund |
|---------------------------------------|--|
| <b>ADDITIONS</b>                      |  |
| Redevelopment Property Tax Trust Fund | \$ 1,124,546   |
| Other revenue                         | <u>95</u>  |
| Total additions                       | <u>1,124,641</u>                                       |
| <b>DEDUCTIONS</b>                     |  |
| Personnel expenses                    | 62,230   |
| Other expenses                        | 2,451  |
| Interest and fiscal charges           | <u>19,752,613</u>                                      |
| Total deductions                      | <u>19,817,294</u>                                      |
| Change in net position                | (18,692,653)   |
| <b>NET POSITION</b>                   |  |
| Beginning of year                     | <u>(286,150,017)</u>                                   |
| End of year                           | <u>\$ (304,842,670)</u>                                |

City of Huntington Park  
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June 30, 2023

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City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**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 are 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'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.
- American Rescue Plan Act (ARPA) Fund – This fund is used to account for ARPA activities and projects.
- City Wide Construction in Progress Fund – To account for City's CIP projects and activities.



**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. New Accounting Pronouncement**

*Adopted*

Adopted Statement No. 91, *Conduit Debt Obligations*. GASB Statement No. 91 clarifies the definition of conduit debt and establishes new recognition, measurement, and disclosure requirements. The implementation of this statement had no material impact to the City's financial statements.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. GASB Statement No. 94 establishes standards for public-private and public-public partnerships (PPPs) and availability payment arrangements. A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An availability payment arrangement is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The City determined that they have no PPPs or availability payment arrangements at this time.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. New Accounting Pronouncement (Continued)**

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. GASB Statement No. 96 defines such arrangements as contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. With the implementation of this statement, the City determined that they have no SBITA to report at this time.

**D. 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.

**E. Investments**

The City reports investments at fair value.

**F. 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. 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.

**H. 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.

**I. 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.

**J. Leases**

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. As a lessor, the City recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset.

**K. 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Capital Assets (Continued)**

Provision for depreciation on all capital 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           |

**L. 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, 2023.

**M. 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.

**N. Claims and Judgments**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Subscription-Based Information Technology Arrangements (SBITA)**

A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. To determine whether a contract conveys control of the right to use the underlying IT assets, the City assesses whether it has both of the following: a. The right to obtain the present service capacity from the use of the underlying IT assets as specified in the contract, and b. The right to determine the nature and manner of use of the underlying IT assets as specified in the contract.

The City recognizes a subscription liability and an intangible right-to-use asset (subscription asset), except short-term SBITAs. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. The subscription asset is measured as the sum of the following, a. The amount of the initial measurement of the subscription liability, b. Payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, if applicable, and c. Capitalizable initial implementation costs less any SBITA vendor incentives.

**P. 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.

**Q. 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)

Q. Pension (Continued)

The following timeframes are used for pension reporting:

CalPERS

|                    |                               |
|--------------------|-------------------------------|
| Valuation Date     | June 30, 2021                 |
| Measurement Date   | June 30, 2022                 |
| Measurement Period | July 1, 2021 to June 30, 2022 |

PARS

|                    |                               |
|--------------------|-------------------------------|
| Valuation Date     | June 30, 2022                 |
| Measurement Date   | June 30, 2023                 |
| Measurement Period | July 1, 2022 to June 30, 2023 |

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.

R. 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 14). 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, 2021                 |
| Measurement Date   | June 30, 2022                 |
| Measurement Period | July 1, 2021 to June 30, 2022 |

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R. 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.

**S. Fund Balances / Net Position**

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)**

**S. Fund Balances / Net Position (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.

In the Government-Wide Financial Statements, net position of the City includes the following categories:

*Net investment in capital assets* - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

*Restricted net position* - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* - This resulting category presents the remaining City net position, and this measure of equity is unrestricted, legally or otherwise.

**T. 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.

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

The government-wide statement of net position reports \$26,979,436 of restricted net position, of which \$14,020,035 is restricted by voter approval, which was derived from voter approved special tax levies to pay for retirement costs.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**V. 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  |

**W. 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.

**3. OTHER REQUIRED DISCLOSURES**

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

The following funds had a deficit Fund Balance/Net Position at June 30, 2023:

|   |               |
|---|---------------|
| Major Funds                                 |               |
| City Wide Contrctruction in Progress        | \$ (689,569)  |
| Non-major Funds                             |               |
| Asset Forfeiture Fund                       | (87,123)      |
| Art in Public Places Fund                   | (7,268)       |
| Homeland Security Fund                      | (164,912)     |
| Development Block Grant                     | (82,974)      |
| Home ARP Grant                              | (44,931)      |
| Internal Service Funds                      |               |
| Liability Insurance/Workers' Compensation   | (8,532,169)   |
| Fiduciary Fund                              |               |
| Successor Agency Private-Purpose Trust Fund | (304,842,670) |

In the Government-Wide Financial Statements, the City had a deficit unrestricted net position at June 30, 2023 in governmental activities in the amount of \$(71,017,389), of which \$50,803,528 and \$34,982,307 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.

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**3. OTHER REQUIRED DISCLOSURES (Continued)**

**B. Expenditures in Excess of Appropriations**

The following funds had expenditures in excess of appropriations for the year ended June 30, 2023:

| Fund                        | Appropriations | Expenditures  | Excess of<br>Expenditures over<br>Appropriations |
|-----------------------------|----------------|---------------|--|
| Major Funds:                |                |               |  |
| General Fund:               |                |               |  |
| Public Safety               | \$ 16,843,000  | \$ 21,037,971 | \$ (4,194,971)                                   |
| Community development       | 2,045,200      | 3,411,751     | (1,366,551)                                      |
| Principal retirement        | -              | 49,496        | (49,496)   |
| Interest and fiscal charges | -              | 2,649         | (2,649)  |
| Transfers Out               | -              | 3,489,776     | (3,489,776)                                      |
| Employees Retirement Fund:  |                |               |  |
| Principal retirement        | -              | 1,950,000     | (1,950,000)                                      |
| Interest and fiscal charges | -              | 447,323       | (447,323)  |
| American Rescue Plan Act:   |                |               |  |
| General government          | -              | 3,548,631     | (3,548,631)                                      |
| Transfers Out               | -              | 3,042,655     | (3,042,655)                                      |
| City Wide CIP:              |                |               |  |
| Community services          | -              | 88,375        | (88,375)   |
| Capital Outlay              | -              | 12,887,124    | (12,887,124)                                     |

**4. CASH AND INVESTMENTS**

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

|                      | Government-Wide Statement of Net Position |                             |                      | Fiduciary Fund<br>Statement of |                      |
|----------------------|---|-----------------------------|----------------------|--------------------------------|----------------------|
|                      | Governmental<br>Activities                | Business-Type<br>Activities | Total                | Net Position                   | Total                |
| Cash and investments | <u>\$ 67,078,236</u>                      | <u>\$ 2,016,426</u>         | <u>\$ 69,094,662</u> | <u>\$ 1,196,324</u>            | <u>\$ 70,290,986</u> |

Cash and investments consisted of the following at June 30, 2023:

**CASH**

|                   |                   |
|-------------------|-------------------|
| Petty cash        | \$ 1,500          |
| Demand deposits   | 15,666,909        |
| <b>Total cash</b> | <u>15,668,409</u> |

**INVESTMENTS**

|                                   |                      |
|-----------------------------------|----------------------|
| Local Agency Investment Fund      | 54,622,577           |
| <b>Total cash and investments</b> | <u>\$ 70,290,986</u> |

**4. CASH AND INVESTMENTS (Continued)**

**A. Demand Deposits**

The carrying amounts of the City's demand deposits were \$15,666,909 at June 30, 2023. Bank balances at that date were \$18,349,396, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below. The difference between the carrying amount and bank balances represents outstanding checks, deposits in transit, and other reconciling items.

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

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

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

**B. Investments**

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

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

**C. Risk Disclosures**

**Disclosures Related to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

**Disclosures Related to Interest Rate Risk (Continued)**

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<br>Legal<br>Rating | Not<br>Rated  |
|-------------------------------------|---------------|----------------------------|---------------|
| Local Agency Investment Fund (LAIF) | \$ 54,622,577 | N/A                        | \$ 54,622,577 |

**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, 2023, 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.

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

**Investment in State Investment Pool (“LAIF”)**

The City is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). 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 (Level 2). 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, 2023, included a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. As of June 30, 2023, LAIF had invested 2.78% of the pool investment funds in Structured Notes and Asset-Backed Securities.

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

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

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**5. NOTES RECEIVABLE**

At June 30, 2023, the City had \$7,641,163 in various notes receivable as follows:

|  | <u>Notes Receivable</u> | <u>Allowance</u>      | <u>Notes Recievables, net</u> |
|--|-------------------------|-----------------------|-------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                 |                         |                       |                               |
| General Fund:                                  |                         |                       |                               |
| Huntington Park 607, L.P.                      | \$ 1,900,000            | \$ (1,900,000)        | \$ -                          |
| RASA   | 100,000                 | (100,000)             | -                             |
| Total General Fund                             | 2,000,000               | (2,000,000)           | -                             |
| HUD Home Program Special Revenue Fund:         |                         |                       |                               |
| First Time Home Buyer Program                  | 152,750                 | -                     | 152,750                       |
| RASA   | 700,380                 | -                     | 700,380                       |
| Residential Rehab                              | 6,626,965               | -                     | 6,626,965                     |
| Total HUD Home Program                         | 7,480,095               | -                     | 7,480,095                     |
| Community Development Block Grant: (CDBG)      |                         |                       |                               |
| Special Revenue Fund:                          |                         |                       |                               |
| First Time Home Buyer                          | 35,000                  | -                     | 35,000                        |
| Residential Rehab                              | 16,609                  | -                     | 16,609                        |
| Total CDBG                                     | 51,609                  | -                     | 51,609                        |
| HUD Social Security Grant Special Revenue Fund |                         |                       |                               |
| Macro Loan Program                             | 9,459                   | -                     | 9,459                         |
| CalHome Fund                                   |                         |                       |                               |
| CalHome Loan Program                           | 100,000                 | -                     | 100,000                       |
| <b>Total Governmental Activities</b>           | <b>\$ 9,641,163</b>     | <b>\$ (2,000,000)</b> | <b>\$ 7,641,163</b>           |

Interest receivable on the above loans amounted to \$2,592,174.

**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 to provide affordable housing to the residents. The principal outstanding as of June 30, 2023 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, 2023 was \$187,750.

**5. NOTES RECEIVABLE (Continued)**

**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, 2023 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, 2023 was \$100,000 with an offset of allowance for uncollectible notes in the fund financial statements and in the Government-Wide financial statements.

**D. Residential 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>598,351</u>             |
| <b>Total</b>                                    | <b><u>\$ 6,643,574</u></b> |

**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



**5. NOTES RECEIVABLE (Continued)**

**D. Residential Rehab Loans (Continued)**

**Oldtimers Housing Development Corporation Notes (Continued):**

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. 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, 2023.

| Loan | Date of Loan Agreement | Principal Amount | Interest Rate | Payment Period                | Outstanding Balance, June 30, 2023 |
|------|------------------------|------------------|---------------|-------------------------------|------------------------------------|
| 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   | 1,316,200                          |
|      |                        |                  |               |                               | <u>\$ 2,600,289</u>                |

**Huntington Park Pacific Associates Note:**

On December 12, 2016, OHDC transferred the loan entered on January 22, 2008 with the original principal amount of \$2,040,715 and interest rate of 3% to Huntington Park Pacific Associates. At June 30, 2023, 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 with interest rate of 3% 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, 2023, the outstanding balance of the loan was in the amount of \$1,500,000.

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**6. Lease Receivable**

As of June 30, 2023, Huntington Park, CA had 5 active leases. The leases have receipts that range from \$24,000 to \$540,420 and interest rates that range from 0.6447% to 4.6800%. As of June 30, 2023, the total combined value of the lease receivable is \$1,666,644, and the combined value of the deferred inflow of resources is \$1,463,452.

The future minimum lease payments receivable are as follows:

| Fiscal Year | Governmental Activities |                   |                     |
|-------------|-------------------------|-------------------|---------------------|
|             | Principal Payments      | Interest Payments | Total Payments      |
| 2024        | \$ 569,523              | \$ 61,338         | \$ 630,861          |
| 2025        | 566,940                 | 37,269            | 604,209             |
| 2026        | 530,181                 | 12,358            | 542,539             |
| TOTALS      | <u>\$ 1,666,644</u>     | <u>\$ 110,965</u> | <u>\$ 1,777,609</u> |

Interest receivable on the above leases amounted to \$13,981.

**7. INTERFUND BALANCES**

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

At June 30, 2023, the following funds owed \$663,170 to the General Fund:

|                               |           | DUE FROM<br>OTHER FUNDS |
|-------------------------------|-----------|-------------------------|
|                               |           | <u>General Fund</u>     |
| <b>DUE TO OTHER FUNDS</b>     |           |                         |
| Special Revenue Funds         | \$        | 458,154                 |
| Projects Special Revenue Fund |           | 932                     |
| Water Enterprise Fund         |           | 200,000                 |
| Public Safety Grants          |           | 4,083                   |
|                               | <u>\$</u> | <u>663,169</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.

At June 30, 2023, the interfund balance reported in the Government-Wide Financial Statements was \$200,000 from business-type activities to governmental activities.

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**7. INTERFUND BALANCES**

**B. Transfers In/Out**

At June 30, 2023, the City had the following transfers reported in the fund financial statements:

| Transfers Out                      | Transfers In          |                               |                      |
|------------------------------------|-----------------------|-------------------------------|----------------------|
|                                    | City Wide CIP<br>Fund | Nonmajor Governmental<br>Fund | Total                |
| <b>Major Governmental Funds:</b>   |                       |                               |                      |
| General Fund                       | \$ 3,162,290          | \$ 327,486                    | \$ 3,489,776         |
| American Rescue Plan Act           | 3,042,655             | -                             | 3,042,655            |
| <b>Nonmajor Governmental Funds</b> |                       |                               |                      |
| State Gasoline Tax Fund            | 1,495,347             | -                             | 1,495,347            |
| Measure R Fund                     | 223,845               | -                             | 223,845              |
| CFP Crosswalks Fund                | 1,400,297             | -                             | 1,400,297            |
| Federal CDBG Fund                  | 2,961,496             | -                             | 2,961,496            |
| Total                              | <u>\$ 12,285,930</u>  | <u>\$ 327,486</u>             | <u>\$ 12,613,416</u> |

The transfer from the General Fund to Nonmajor Governmental Funds was made to fund construction projects for crosswalks and art in public places in the Nonmajor Governmental Funds. The transfers to City- Wide CIP Fund were for the purpose of transferring CIP projects to the new fund that tracks the City's CIP projects beginning in fiscal year 2023.

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**8. CAPITAL ASSETS**

**A. Governmental Activities**

A summary of changes in the capital assets for the governmental activities for the year ended June 30, 2023 is as follows:

|  | Balance<br>July 1, 2022 | Additions            | Deletions             | Reclassification | Balance<br>June 30, 2023 |
|--|-------------------------|----------------------|-----------------------|------------------|--------------------------|
| <b>NON DEPRECIABLE ASSETS:</b>                     |                         |                      |                       |                  |                          |
| Land   | \$ 5,959,656            | \$ -                 | \$ -                  | \$ -             | \$ 5,959,656             |
| Intangible asset-easement                          | -                       | -                    | -                     | -                | -                        |
| Construction in progress                           | 17,143,159              | 12,819,395           | -                     | (10,165,810)     | 19,796,744               |
| Total nondepreciable assets                        | 23,102,815              | 12,819,395           | -                     | (10,165,810)     | 25,756,400               |
| <b>DEPRECIABLE ASSETS:</b>                         |                         |                      |                       |                  |                          |
| Building and improvements                          | 26,758,257              | 89,318               | -                     | 765,440          | 27,613,015               |
| Vehicles   | 6,246,828               | 481,628              | -                     | -                | 6,728,456                |
| Property and equipment                             | 8,995,865               | 335,668              | -                     | -                | 9,331,533                |
| Infrastructure                                     |                         |                      |                       |                  |                          |
| Pavement systems                                   | 41,949,306              | -                    | -                     | 8,182,302        | 50,131,608               |
| Sidewalk, curb, and gutter system                  | 24,518,458              | -                    | -                     | 1,218,068        | 25,736,526               |
| Traffic signals                                    | 7,286,630               | -                    | -                     | -                | 7,286,630                |
| Street lights                                      | 17,310,602              | -                    | -                     | -                | 17,310,602               |
| Right-to-use assets                                |                         |                      |                       |                  |                          |
| Lease right-to-use assets                          | 192,680                 | -                    | -                     | -                | 192,680                  |
| Total capital assets, being depreciated            | 133,258,626             | 906,614              | -                     | 10,165,810       | 144,331,050              |
| <b>LESS ACCUMULATED DEPRECIATION:</b>              |                         |                      |                       |                  |                          |
| Building and improvements                          | (12,825,787)            | -                    | (777,735)             | -                | (13,603,522)             |
| Vehicles   | (5,872,343)             | -                    | (140,977)             | -                | (6,013,320)              |
| Property and equipment                             | (6,940,651)             | -                    | (564,304)             | -                | (7,504,955)              |
| Infrastructure                                     |                         |                      |                       |                  |                          |
| Pavement systems                                   | (22,614,769)            | -                    | (936,378)             | -                | (23,551,147)             |
| Sidewalk, curb, and gutter system                  | (16,144,155)            | -                    | (533,718)             | -                | (16,677,873)             |
| Traffic signals                                    | (5,351,583)             | -                    | (163,311)             | -                | (5,514,894)              |
| Street lights                                      | (13,307,845)            | -                    | (602,658)             | -                | (13,910,503)             |
| Right-to-use assets                                |                         |                      |                       |                  |                          |
| Lease right-to-use assets                          | (34,280)                | -                    | (49,153)              | -                | (83,433)                 |
| Total accumulated depreciation                     | (83,091,413)            | -                    | (3,768,234)           | -                | (86,859,647)             |
| Total depreciable assets, net                      | 50,167,213              | 906,614              | (3,768,234)           | 10,165,810       | 57,471,403               |
| <b>Governmental activities capital assets, net</b> | <b>\$ 73,270,028</b>    | <b>\$ 13,726,009</b> | <b>\$ (3,768,234)</b> | <b>\$ -</b>      | <b>\$ 83,227,803</b>     |

Depreciation expense was charged to functions and programs of governmental activities for the fiscal year ended June 30, 2023 as follows:

|                       |                     |
|-----------------------|---------------------|
| General Government    | \$ 1,159,284        |
| Public Safety         | 2,239,519           |
| Public Works          | 220,461             |
| Community Services    | 143,138             |
| Community Development | 5,832               |
|                       | <u>\$ 3,768,234</u> |

See Note 9 regarding the Measure L (Street Improvement) Bonds and lease liabilities related to the above capital assets.

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**8. 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, 2023 is as follows:

|   |                         | Business-Type Activities |                     |                  |                          |  |
|---|-------------------------|--------------------------|---------------------|------------------|--------------------------|--|
|   | Balance<br>July 1, 2022 | Additions                | Deletions           | Reclassification | Balance<br>June 30, 2023 |  |
| <b>NONDEPRECIABLE ASSETS:</b>                       |                         |                          |                     |                  |                          |  |
| Land  | \$ 4,139,404            | \$ -                     | \$ -                | \$ -             | \$ 4,139,404             |  |
| Construction in progress                            | 1,266,526               | 764,676                  | -                   | (45,364)         | 1,985,838                |  |
| Total nondepreciable assets                         | 5,405,930               | 764,676                  | -                   | (45,364)         | 6,125,242                |  |
| <b>DEPRECIABLE ASSETS:</b>                          |                         |                          |                     |                  |                          |  |
| Building and improvements                           | 2,880,596               |                          | -                   | 45,364           | 2,925,960                |  |
| Vehicles  | 55,378                  | -                        | -                   | -                | 55,378                   |  |
| Property and equipment                              | 294,240                 | -                        | -                   | -                | 294,240                  |  |
| Infrastructure                                      |                         |                          |                     |                  |                          |  |
| Water improvements                                  | 23,944,716              | -                        | -                   | -                | 23,944,716               |  |
| Sewer & storm drain                                 | 5,029,258               | -                        | -                   | -                | 5,029,258                |  |
| Right-to-use assets                                 | 3,857                   | -                        | -                   | -                | 3,857                    |  |
| Total depreciable assets                            | 32,208,045              | -                        | -                   | 45,364           | 32,253,409               |  |
| <b>LESS ACCUMULATED DEPRECIATION:</b>               |                         |                          |                     |                  |                          |  |
| Building and improvements                           | (417,797)               | -                        | (97,532)            | -                | (515,329)                |  |
| Vehicles  | (55,378)                | -                        | -                   | -                | (55,378)                 |  |
| Property and equipment                              | (265,316)               | -                        | (3,104)             | -                | (268,420)                |  |
| Infrastructure                                      |                         |                          |                     |                  |                          |  |
| Water improvements                                  | (15,548,366)            | -                        | (344,217)           | -                | (15,892,583)             |  |
| Sewer & storm drain                                 | (3,519,732)             | -                        | (34,785)            | -                | (3,554,517)              |  |
| Right-to-use assets                                 | (954)                   | -                        | (967)               | -                | (1,921)                  |  |
| Total accumulated depreciation                      | (19,807,543)            | -                        | (480,605)           | -                | (20,288,148)             |  |
| Total depreciable assets, net                       | 12,400,502              | -                        | (480,605)           | 45,364           | 11,965,261               |  |
| <b>Business-type activities capital assets, net</b> | <b>\$ 17,806,432</b>    | <b>\$ 764,676</b>        | <b>\$ (480,605)</b> | <b>\$ -</b>      | <b>\$ 18,090,503</b>     |  |

Depreciation expense charged to business-type activities is as follows:

|                    |                   |
|--------------------|-------------------|
| Water Improvements | \$ 443,511        |
| Sewer Maintenance  | 37,094            |
|                    | <u>\$ 480,605</u> |

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**9. LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the City for the year ended June 30, 2023 is as follows:

|  | Balance<br>July 1, 2022 | Additions   | Deletions             | Balance<br>June 30, 2023 | Due within<br>One Year | Due in more<br>than One Year |
|--|-------------------------|-------------|-----------------------|--------------------------|------------------------|------------------------------|
| <b>GOVERNMENTAL ACTIVITIES:</b>          |                         |             |                       |                          |                        |                              |
| Developer Notes                          | \$ 1,062,855            | \$ -        | \$ -                  | \$ 1,062,855             | \$ 31,886              | \$ 1,030,969                 |
| 2005 Pension Obligation Refunding Bonds  | 8,750,000               | -           | (1,950,000)           | 6,800,000                | 2,100,000              | 4,700,000                    |
| Measure L Street Light Improvement Bonds | 3,249,426               | -           | (893,993)             | 2,355,433                | 969,992                | 1,385,441                    |
| Lease Liability                          | 158,400                 | -           | (49,497)              | 108,903                  | 43,546                 | 65,357                       |
| <b>Governmental Activities</b>           |                         |             |                       |                          |                        |                              |
| <b>Long-term liabilities</b>             | <u>13,220,681</u>       | <u>-</u>    | <u>(2,893,490)</u>    | <u>10,327,191</u>        | <u>3,145,424</u>       | <u>7,181,767</u>             |
| <b>BUSINESS-TYPE ACTIVITIES</b>          |                         |             |                       |                          |                        |                              |
| Lease Liability                          | 2,903                   | -           | (960)                 | 1,943                    | 1,943                  | -                            |
| <b>Business-type activities</b>          |                         |             |                       |                          |                        |                              |
| <b>Long-term liabilities</b>             | <u>2,903</u>            | <u>-</u>    | <u>(960)</u>          | <u>1,943</u>             | <u>1,943</u>           | <u>-</u>                     |
| <b>Total Long Term Liabilities</b>       | <u>\$ 13,223,584</u>    | <u>\$ -</u> | <u>\$ (2,894,450)</u> | <u>\$ 10,329,134</u>     | <u>\$ 3,147,367</u>    | <u>\$ 7,181,767</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, 2023, the outstanding balance was \$1,062,855.

**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%.

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**9. LONG-TERM LIABILITIES (Continued)**

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, 2023, the outstanding balance of the POB was \$6,800,000. Annual debt service requirements to maturity are as follows:

Pension Obligation Refunding Bonds

| Year Ending<br>June 30 | Principal           | Interest          | Total               |
|------------------------|---------------------|-------------------|---------------------|
| 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           |
| <b>Total</b>           | <b>\$ 6,800,000</b> | <b>\$ 607,364</b> | <b>\$ 7,407,364</b> |

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

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

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

The installment sale agreement is subject to optional prepayment, with premiums, commencing August 1, 2026. At June 30, 2023, the outstanding balance of the Certificates was \$2,355,433. Annual debt service requirements to maturity are as follows:

Measure L - Street Improvement Bonds

| Year Ending<br>June 30 | Principal           | Interest          | Total               |
|------------------------|---------------------|-------------------|---------------------|
| 2024                   | \$ 969,992          | \$ 76,313         | \$ 1,046,305        |
| 2025                   | 1,050,708           | 40,679            | 1,091,387           |
| 2026                   | 334,733             | 6,025             | 340,758             |
| <b>Total</b>           | <b>\$ 2,355,433</b> | <b>\$ 123,017</b> | <b>\$ 2,478,450</b> |

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**9. LONG-TERM LIABILITIES (Continued)**

**Lease Liabilities**

As of June 30, 2023, Huntington Park, CA had 6 active leases. The leases have payments that range from \$1,369 to \$22,771 and interest rates that range from 0.6447% to 2.5367%. As of June 30, 2023, the total combined value of the lease liability is \$108,903. The combined value of the right to use asset, as of June 30, 2023, was \$196,537 with accumulated amortization of \$85,354.

The future minimum lease payments payable as of June 30, 2023 are as follows:

| Fiscal Year   | Governmental Activities |                   |                   |
|---------------|-------------------------|-------------------|-------------------|
|               | Principal Payments      | Interest Payments | Total Payments    |
| 2024          | \$ 45,489               | \$ 1,943          | \$ 47,432         |
| 2025          | 26,496                  | 1,297             | 27,793            |
| 2026          | 21,924                  | 729               | 22,653            |
| 2027          | 14,994                  | 178               | 15,172            |
| <b>TOTALS</b> | <b>\$ 108,903</b>       | <b>\$ 4,147</b>   | <b>\$ 113,050</b> |

**10. SUCCESSOR AGENCY LONG-TERM LIABILITIES**

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

|  | Balance<br>July 1, 2022 | Additions            | Deletions             | Balance<br>June 30, 2023 | Due within<br>One Year | Due in more<br>than One Year |
|--|-------------------------|----------------------|-----------------------|--------------------------|------------------------|------------------------------|
| Pass Through Agreements                    | \$ 282,922,503          | \$ 19,581,644        | \$ -                  | \$ 302,504,147           | \$ 3,187,803           | \$ 299,316,344               |
| Revenue Refunding, 2004A Series A Bonds    | 3,095,000               | -                    | (3,095,000)           | -                        | -                      | -                            |
| All Points Loan                            | 1,971,729               | -                    | (458,880)             | 1,512,849                | 480,871                | 1,031,978                    |
| 2018 Taxable Tax Allocation Refunding Note | 2,376,287               | -                    | (396,023)             | 1,980,264                | 410,137                | 1,570,127                    |
| <b>Total long-term liabilities</b>         | <b>\$ 290,365,519</b>   | <b>\$ 19,581,644</b> | <b>\$ (3,949,903)</b> | <b>\$ 305,997,260</b>    | <b>\$ 4,078,811</b>    | <b>\$ 301,918,449</b>        |

**Pass through Agreements with the County of Los Angeles - \$302,504,147**

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, 2023, \$19,581,644 accrued interest was added to the outstanding balance. As of June 30, 2023, these deferrals amounted to \$302,504,147.



City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**10. 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, 2023, the bonds are fully paid off.

**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, 2023, the outstanding balance of the bonds was \$1,512,849. The annual debt service requirements on the Bonds are as follows:

| Year Ending<br>June 30, | Principal           | Interest          | Total               |
|-------------------------|---------------------|-------------------|---------------------|
| 2024                    | \$ 480,871          | \$ 58,380         | \$ 539,251          |
| 2025                    | 503,915             | 35,921            | 539,836             |
| 2026                    | 528,063             | 12,357            | 540,420             |
| <b>Total</b>            | <b>\$ 1,512,849</b> | <b>\$ 106,658</b> | <b>\$ 1,619,507</b> |

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**10. 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, 2023, the outstanding balance is \$ 1,980,264. The annual debt service requirements on the Bonds are as follows:

2018 Taxable Tax Allocation

| Year Ending<br>June 30, | Principal           | Interest          | Total               |
|-------------------------|---------------------|-------------------|---------------------|
| 2024                    | \$ 410,137          | \$ 77,926         | \$ 488,063          |
| 2025                    | 424,742             | 60,754            | 485,496             |
| 2026                    | 439,856             | 42,970            | 482,826             |
| 2027                    | 455,496             | 24,554            | 480,050             |
| 2028                    | 250,033             | 5,188             | 255,221             |
| <b>Total</b>            | <b>\$ 1,980,264</b> | <b>\$ 211,392</b> | <b>\$ 2,191,656</b> |

**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, 2023

**11. 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 \$1,257,632 and \$52,294, respectively at June 30, 2023. 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.

**12. PENSION PLANS**

At June 30, 2023, net pension liabilities and related deferred outflows of resources and deferred inflows of resources are as follows:

|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>NET PENSION LIABILITIES:</b>             |                            |                             |                      |
| CalPERS Miscellaneous                       | \$ 23,602,715              | \$ 709,929                  | \$ 24,312,644        |
| CalPERS Safety                              | 46,414,963                 | -                           | 46,414,963           |
| PARS  | 3,773,128                  | 310,344                     | 4,083,472            |
| <b>Total net pension liabilities</b>        | <u>73,790,806</u>          | <u>1,020,273</u>            | <u>74,811,079</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>      |                            |                             |                      |
| CalPERS Miscellaneous                       | \$ 9,636,054               | \$ 289,836                  | \$ 9,925,890         |
| CalPERS Safety                              | 18,694,865                 | -                           | 18,694,865           |
| PARS  | 302,248                    | 24,860                      | 327,108              |
| <b>Total deferred outflows of resources</b> | <u>\$ 28,633,167</u>       | <u>\$ 314,696</u>           | <u>\$ 28,947,863</u> |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>       |                            |                             |                      |
| CalPERS Miscellaneous                       | \$ 2,682,036               | \$ 80,671                   | \$ 2,762,707         |
| CalPERS Safety                              | 2,963,853                  | -                           | 2,963,853            |
| PARS  | -                          | -                           | -                    |
| <b>Total deferred inflows of resources</b>  | <u>\$ 5,645,889</u>        | <u>\$ 80,671</u>            | <u>\$ 5,726,560</u>  |

**12. 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, 2020, the following employees were covered by the benefit terms:

|                                      | Plans         |          |           |            |          |           |
|--------------------------------------|---------------|----------|-----------|------------|----------|-----------|
|                                      | Miscellaneous |          |           | Safety     |          |           |
|                                      | Tier I        | Tier II  | PEPRA     | Tier I     | Tier II  | PEPRA     |
| Active Employees                     | 39            | 6        | 46        | 33         | 3        | 19        |
| Transferred and terminated employees | 104           | 1        | 32        | 36         | -        | 10        |
| Retired Employees and Beneficiaries  | 210           | -        | 2         | 156        | -        | -         |
| Total                                | <u>353</u>    | <u>7</u> | <u>80</u> | <u>225</u> | <u>3</u> | <u>29</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.

**12. 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.

## 12. 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, 2023, 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 | 7.000%        | 7.000%  | 7.250% | 9.000%  | 9.000%  | 13.750% |
| Employer contribution rate | 11.610%       | 9.790%  | 7.760% | 25.640% | 23.680% | 13.660% |

#### 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, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 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         | 6.90%   |
| Inflation                         | 2.30%   |
| Salary Increases                  | Varies by entry age and service   |
| Mortality Rate Table <sup>1</sup> | Derived using CalPERS' Membership Data for all funds  |
| Post-Retirement Benefit Increase  | Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

<sup>1</sup> The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**12. 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)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90 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 6.90 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 6.90 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.

**12. 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.

| Asset class                    | Assumed Asset Allocation | Real Return Years 1 - 10 <sup>1,2</sup> |
|--------------------------------|--------------------------|---|
| Global equity - cap-weighted   | 30%                      | 4.45%                                   |
| Global equity non-cap-weighted | 12%                      | 3.84%                                   |
| Private Equity                 | 13%                      | 7.28%                                   |
| Treasury                       | 5%                       | 0.27%                                   |
| Mortgage-backed Securities     | 5%                       | 0.50%                                   |
| Investment Grade Corporates    | 10%                      | 1.56%                                   |
| High Yield                     | 5%                       | 2.27%                                   |
| Emerging Market Debt           | 5%                       | 2.48%                                   |
| Private Debt                   | 5%                       | 3.57%                                   |
| Real Assets                    | 15%                      | 3.21%                                   |
| Leverage                       | -5%                      | -0.59%                                  |
| Total                          | 100%                     |   |

1 An expected inflation of 2.30% used for this period.

2 Figures are based on the 2021-22 Asset Liability Management study.



**12. 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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

|                    | Plan's Net Pension Liability/(Asset) |                                |                            |
|--------------------|--------------------------------------|--------------------------------|----------------------------|
|                    | Discount Rate -1%<br>5.90%           | Current Discount Rate<br>6.90% | Discount Rate +1%<br>7.90% |
| Miscellaneous Plan | \$ 35,694,929                        | \$ 24,312,643                  | \$ 14,947,847              |
| Safety Plan        | \$ 65,504,664                        | \$ 46,414,963                  | \$ 30,813,446              |

**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             |                                    |  |
|---|--------------------------------|------------------------------------|--|
|   | Total Pension Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Pension Liability/(Asset)<br>(c) = (a) - (b) |
| Balance at June 30, 2021 (Valuation Date)   | \$ 78,722,391                  | \$ 65,595,082                      | \$ 13,127,309                                    |
| Balance at June 30, 2022 (Measurement Date) | 83,498,019                     | 59,185,376                         | 24,312,643                                       |
| Net Changes during 2021-2022                | \$ 4,775,628                   | \$ (6,409,706)                     | \$ 11,185,334                                    |

**12. 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, 2021 (Valuation Date)   | \$ 130,089,821          | \$ 101,679,433              | \$ 28,410,388                 |
| Balance at June 30, 2022 (Measurement Date) | 138,232,563             | 91,817,600                  | 46,414,963                    |
| Net Changes during 2021-2022                | \$ 8,142,742            | \$ (9,861,833)              | \$ 18,004,575                 |

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, 2021). 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, 2022). 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, 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-2022).

(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.

**12. 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, 2021                | 0.69135%             | 0.80953%         |
| June 30, 2022                | <u>0.51959%</u>      | <u>0.67546%</u>  |
| Change - Increase (Decrease) | <u>-0.17176%</u>     | <u>-0.13407%</u> |

For the year ending June 30, 2023, the City recognized pension expense in the amounts of \$3,254,207 and \$1,362,345 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 2021-2022 measurement period is 3.7 years.

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**12. 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, 2022, the measurement date, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

| Miscellaneous Plan  |                                   |                                  |
|---|-----------------------------------|----------------------------------|
|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Contribution made after the measurement date                                    | \$ 2,399,577                      | \$ -                             |
| Differences between expected and actual experience                              | 488,246                           | (327,006)                        |
| Change of assumptions   | 2,491,338                         | -                                |
| Differences between City contributions and proportionate share of contributions | -                                 | (1,090,157)                      |
| Change in employer's proportion   | 93,299                            | (1,345,544)                      |
| Differences between projected and actual investment earnings                    | 4,453,430                         | -                                |
| Total   | <u>\$ 9,925,890</u>               | <u>\$ (2,762,707)</u>            |
| Safety Plan   |                                   |                                  |
|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Contribution made after the measurement date                                    | \$ 4,393,970                      | \$ -                             |
| Difference between expected and actual experience                               | 1,920,947                         | (504,030)                        |
| Change of assumptions   | 4,680,034                         | -                                |
| Change in employer's proportion   | 370,342                           | (111,576)                        |
| Difference between City contributions and proportionate share of contributions  | -                                 | (2,348,247)                      |
| Differences between projected and actual investment earnings                    | 7,329,572                         | -                                |
| Total   | <u>\$ 18,694,865</u>              | <u>\$ (2,963,853)</u>            |

**12. 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)**

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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

| Measurement Period<br>Ended June 30 | Deferred Outflows<br>(Inflows) of Resources |                      |
|-------------------------------------|---|----------------------|
|                                     | Miscellaneous                               | Safety               |
| 2024                                | \$ 852,520                                  | \$ 3,068,237         |
| 2025                                | 762,025                                     | 2,426,872            |
| 2026                                | 425,191                                     | 1,370,800            |
| 2027                                | 2,723,870                                   | 4,471,133            |
|                                     | <u>\$ 4,763,606</u>                         | <u>\$ 11,337,042</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.

**12. 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, 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.

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

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2022, the valuation date, the following employees were covered by the benefit terms:

|                                     |            |
|-------------------------------------|------------|
| Active Employees                    | 28         |
| Terminated Employees                | 35         |
| Retired Employees and Beneficiaries | <u>41</u>  |
| Total                               | <u>104</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.

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**12. PENSION PLANS (Continued)**  
**B. Retirement Enhancement Plan (Continued)**

**General Information about the Pension Plan (Continued)**

**Net Pension Liability**

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement date June 30, 2023, the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2023 total pension liabilities were based on the following actuarial methods and assumptions:

|                                   |   |
|-----------------------------------|---|
| Valuation Timing                  | Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.  |
| Actuarial Cost Method             | Entry Age Normal  |
| Amortization Method               |   |
| Level percent or level dollar     | Level dollar  |
| Closed, open, or layered periods  | Closed  |
| Amortization period at 06/30/2022 | 8 years   |
| Amortization growth rate          | 0.00%   |
| Actuarial Assumptions:            |   |
| Inflation                         | 2.30%   |
| Salary Increases                  | Increases are based on years of service, ranges from 10.40% to 3.50% for 0 to 30 or more years of service, respectively.  |
| Investment return                 | 6.50%   |
| Payroll growth                    | 2.80%   |
| Cost of living adjustment         | 2.00%   |
| Withdrawal                        | Consistent with the Non-Industrial rates used to value CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2021.   |
| Mortality                         | Pre-retirement: Consistent with the Non-Industrial rates used to value CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2021.<br><br>Post-retirement: Consistent with the Non-Industrial rates used to value CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2021. |
| Retirement                        | The retirement rates are consistent with those used to value 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 10.9% at age 55 to 100% at age 75+.  |
| Maximum benefits and salary       | Salary used in the calculation of final average compensation is subject to the limitations of IRC 401(a)(17). The limit is assumed to increase 2.30% per annum.   |
| Family composition                | 70% of active members are assumed to have a qualified spouse or registered domestic partner. Females are assumed to be three years younger than their males spouses.  |
| Form of Payment                   | Single Life Annuity   |



**12. 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 6.50 percent. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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

| Asset Class                              | Index                        | Target Allocation | Long-Term Expected<br>Arithmetic Real Rate of<br>Return | Long-Term Expected<br>Geometric Real Rate of<br>Return |
|--|------------------------------|-------------------|---|--|
| US Cash                                  | BAML 3-Month T-Bills         | 10.24%            | 0.51%   | 0.49%  |
| US Core Fixed Income                     | Bloomberg Barclays Aggregate | 44.48%            | 2.07%   | 1.93%  |
| US Broad Equity Market                   | Russell 3000 TR              | 34.74%            | 5.56%   | 3.90%  |
| Foreign Developed Equity                 | MSCI EAFE NR                 | 5.61%             | 6.89%   | 5.07%  |
| Emerging Market Equities                 | MSCI EM NR                   | 3.43%             | 9.58%   | 6.18%  |
| US REITs                                 | FTSE Nareit All Equity REIT  | 1.50%             | 6.96%   | 4.74%  |
|  |                              | <u>100.00%</u>    |   |  |
| Assumed Inflation - Mean                 |                              |                   | 2.32%   | 2.35%  |
| Assumed Inflation - Standard Deviation   |                              |                   | 1.42%   | 1.42%  |
| Portfolio Real Mean Return               |                              |                   | 3.72%   | 3.32%  |
| Portfolio Nominal Mean Return            |                              |                   | 6.04%   | 5.73%  |
| Portfolio Standard Deviation             |                              |                   |   | 8.34%  |
| <b>Long-Term Expected Rate of Return</b> |                              |                   |   | <b>6.50%</b>   |

**12. 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 | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
|  | (a)                     | (b)                         | (c) = (a) - (b)               |
| Balance as of June 30, 2022                    | \$ 8,100,945            | \$ 3,845,918                | \$ 4,255,027                  |
| Changes for the year:                          |                         |                             |                               |
| Service cost                                   | 73,636                  | -                           | 73,636                        |
| Interest on the total pension liability        | 517,957                 | -                           | 517,957                       |
| Effect of plan changes                         | -                       | -                           | -                             |
| Effect of economic/demographic gains or losses | -                       | -                           | -                             |
| Effect of assumptions changes or inputs        | -                       | -                           | -                             |
| Benefit payments                               | (418,608)               | (418,608)                   | -                             |
| Employer contributions                         | -                       | 505,628                     | (505,628)                     |
| Member contributions                           | -                       | 32,946                      | (32,946)                      |
| Net investment income                          | -                       | 235,896                     | (235,896)                     |
| Administrative expense                         | -                       | (11,322)                    | 11,322                        |
| Balance as of June 30, 2023                    | <u>\$ 8,273,930</u>     | <u>\$ 4,190,458</u>         | <u>\$ 4,083,472</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 | \$ 9,382,568        | \$ 8,273,930          | \$ 7,357,617        |
| Fiduciary net position  | 4,190,458           | 4,190,458             | 4,190,458           |
| Net pension liability   | <u>\$ 5,192,110</u> | <u>\$ 4,083,472</u>   | <u>\$ 3,167,159</u> |

**12. 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, 2023, the City incurred pension expense in the amount of \$ 452,623. As of measurement date of June 30, 2023, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience   | \$ 775                            | \$ -                             |
| Changes of assumptions                              | 3,582                             | -                                |
| Net difference between projected and actual earning | 322,751                           | -                                |
| Total   | <u>\$ 327,108</u>                 | <u>\$ -</u>                      |

The amounts above are net of outflows and inflows recognized in the 2022-2023 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<br>Ending June 30 | Deferred<br>Outflows/(Inflows)<br>of Resources |
|--------------------------------------|--|
| 2024                                 | \$ 93,748                                      |
| 2025                                 | 73,299   |
| 2026                                 | 156,549  |
| 2027                                 | <u>3,512</u>                                   |
|                                      | <u>\$ 327,108</u>                              |

**13. 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.

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

**Plan Description**

In addition to the retirement plan described in Note 12, the City of Huntington Park Retiree Healthcare Plan ("CHPRHP") contributes to the California Employers' Retiree Benefit Trust Fund (" CERBTf") to fund the City's health and other post-employment benefit costs for its retirees, their spouses, and their qualified dependents. CHPRHP provides a monthly contribution towards medical insurance premiums which costs up to a fixed dollar cap that varies based on coverage election and employment status. This fund is administered by the CalPERS. CalPERS issues a publicly available financial report through their website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Employees Covered by Benefit Terms**

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

|                                     |            |
|-------------------------------------|------------|
| Active employees selecting coverage | 112        |
| Active employees waiving coverage   | 22         |
| Retirees electing coverage          | <u>178</u> |
| Total                               | <u>312</u> |

14. 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, 2022, was \$26,450,390. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

**Actuarial Methods and Assumptions Used to Determine Total OPEB Liability**

The total OPEB liability as of June 30, 2022 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               | 6.25%   |
| Long-term investment return | 6.25%   |
| Inflation rate              | 2.25%   |
| Payroll growth              | 3.00%   |
| Mortality                   | Based on assumptions for Public Agency Miscellaneous and Police members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020, |
| Healthcare trend rates      | 6.7% for FY2022, 6.8% for FY2023, and 7.6% for FY2024, then gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.  |

**14. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") PLAN (Continued)**  
**Change of Assumptions**

The following economic assumptions changed between measurement dates June 30, 2021 and June 30, 2022:

|  | Measurement Date     |                      |
|--|----------------------|----------------------|
|  | <u>June 30, 2022</u> | <u>June 30, 2021</u> |
| Discount Rate  | 6.25%                | 6.25%                |
| Expected long-term rate of return on assets (CERBT Strategy 1)   | 6.25%                | 6.25%                |
| Index rate for 20-year, tax-exempt municipal bonds <sup>1</sup> (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination | 3.69%                | 1.92%                |

**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 remained 6.25% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.

**14. 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><br><u>(CERBT Strategy1)</u>                     | <u>Target Allocation at</u><br><u>Measurement Date</u> | <u>Long-Term</u><br><u>Expected Real</u><br><u>Rate of Return</u> | <u>Long-Term Expected</u><br><u>Nominal Rate of Return<sup>1</sup></u> |
|--|--|---|--|
| Global public equity   | 49.00%   | 4.50%   | 6.80%  |
| Long US fixed income   | 23.00%   | 1.40%   | 3.70%  |
| Global REITs   | 20.00%   | 3.70%   | 6.00%  |
| TIPS   | 5.00%  | 0.50%   | 2.80%  |
| Commodities  | 3.00%  | 1.10%   | 3.40%  |
| Total <sup>2</sup>   | 100.00%  |   | 6.00%  |
| Adjustment for inflation assumption <sup>3</sup>                   |  |   | 0.20%  |
| Adjusted total expected return                                     |  |   | 6.20%  |
| Reduction for assumed investment expense <sup>4</sup>              |  |   | 0.00%  |
| Net long-term expected investment return (rounded to nearest 1/4%) |  |   | 6.25%  |

<sup>1</sup> Nominal rates of return are equal to real rates of return plus the assumed inflation rate of 2.30% and are net of investment expenses.

<sup>2</sup> Portfolio total expected return is not equal to the weighted average of asset class geometric returns shown above.

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**14. 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<br>Liability | Plan Fiduciary<br>Net Position | Net OPEB<br>Liability/(Asset) |
|   | (a)                     | (b)                            | (c) = (a) - (b)               |
| <b>Balance for fiscal year ending 6/30/2022</b><br><b>(Measured at 6/30/2021)</b> | \$ 36,839,867           | \$ 12,909,250                  | \$ 23,930,617                 |
| <b>Changes for the year:</b>  |                         |                                |                               |
| Service cost  | 699,463                 | -                              | 699,463                       |
| Interest  | 2,254,254               | -                              | 2,254,254                     |
| Differences between expected and actual experience <sup>2</sup>                   | 777,734                 | -                              | 777,734                       |
| Changes of assumptions  | -                       | -                              | -                             |
| Changes of benefit terms  | -                       | -                              | -                             |
| Employee contributions  | -                       | -                              | -                             |
| Employer contributions <sup>3</sup>   | -                       | 2,942,524                      | (2,942,524)                   |
| Net loss  | -                       | (1,727,577)                    | 1,727,577                     |
| Other additions   | -                       | -                              | -                             |
| Benefit payments <sup>3</sup>   | (2,942,524)             | (2,942,524)                    | -                             |
| Administrative expense  | -                       | (3,269)                        | 3,269                         |
| Other deductions  | -                       | -                              | -                             |
| <b>Net changes</b>  | <b>788,927</b>          | <b>(1,730,846)</b>             | <b>2,519,773</b>              |
| <b>Balance for fiscal year ending 6/30/2023</b><br><b>(Measured at 6/30/2022)</b> | <b>\$ 37,628,794</b>    | <b>\$ 11,178,404</b>           | <b>\$ 26,450,390</b>          |

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

<sup>2</sup> Due to the difference between expected and actual benefit payments during the measurement period ending 6/30/2022.

<sup>3</sup> Benefit payments equal \$2,015,356 explicit subsidy payments to retirees and \$927,168 implicit subsidy costs incurred during the measurement period ending 6/30/2022.

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

The following table presents the net 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 (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current discount rate:

|                           | 1% Decrease<br>(5.25%) | Discount Rate<br>(6.25%) | 1% Increase<br>(7.25%) |
|---------------------------|------------------------|--------------------------|------------------------|
| Plan's Net OPEB Liability | <u>\$ 30,859,355</u>   | <u>\$ 26,450,390</u>     | <u>\$ 22,767,671</u>   |



City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**14. 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<br>Healthcare Cost<br>Trend Rates | 1% Increase          |
|---------------------------|----------------------|---|----------------------|
| Plan's Net OPEB Liability | <u>\$ 22,137,446</u> | <u>\$ 26,450,390</u>                      | <u>\$ 31,703,587</u> |

**OPEB Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2023, the City recognized OPEB income in the amount of \$190,360. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and actual liability                             | \$ 690,830                        | \$ 11,399,442                    |
| Change of assumptions  | 4,614,925                         | 7,468,421                        |
| Net difference between projected and actual investment earnings <sup>1</sup> | 853,912                           | -                                |
| Contributions between measurement date and reporting date <sup>2</sup>       | 3,068,586                         | NA                               |
| Total  | <u>\$ 9,228,253</u>               | <u>\$ 18,867,863</u>             |

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

<sup>2</sup> Under GASB75 paragraph 44, employer contributions made after the June 30, 2022 Measurement Date and on or before the June 30, 2023 Reporting Date must be disclosed as Deferred Outflows of Resources. If the contribution amount is not available at the time of this report, "TBD" is shown temporarily. The final amount should include employer trust contributions plus any unreimbursed benefits paid from general assets (both explicit and implicit subsidies). \$3,068,586 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as are duction of the net OPEB liability for the fiscal year ending June 30, 2023.

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

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

The \$3,068,586 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, 2023 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. 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<br>Ended June 30 | Deferred<br>Outflows/(Inflows)<br>of Resources |
|-------------------------------------|--|
| 2024                                | \$ (3,227,340)                                 |
| 2025                                | (3,637,976)                                    |
| 2026                                | (4,587,609)                                    |
| 2027                                | (1,304,790)                                    |
| 2028                                | 49,519   |
| Thereafter                          | -  |
|                                     | <u>\$ (12,708,196)</u>                         |

**15. 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, 2023, the amount of these liabilities was \$9,428,024. The amount represents an estimate of \$6,025,945 for reported claims through June 30, 2023 and \$3,402,079 of estimates incurred but not reported claims.

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**15. RISK MANAGEMENT AND SELF INSURANCE PROGRAM (Continued)**

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

| Year<br>Ending<br>June 30, | Claims<br>Payable<br>July 1 | Claims Incurred<br>during the<br>Fiscal Year | Claims<br>Payments | Year<br>Ended<br>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)        | 3,734,751                |
| 2021                       | 3,734,750                   | 1,947,558                                    | (866,851)          | 4,815,457                |
| 2022                       | 4,815,457                   | 2,858,680                                    | (677,137)          | 6,997,000                |
| 2023                       | 6,997,000                   | 12,081,875                                   | (9,650,851)        | 9,428,024                |

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, 2023, which can be obtained from Independent Cities Risk Management Authority, Sherman Oaks, California.

**16. Litigation**

The City 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.

**17. 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, 2023 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.

City of Huntington Park  
**Notes to the Basic Financial Statements**  
June 30, 2023

**18. Fund Balance Classifications**

The detail information of the fund balances at June 30, 2023 is as follows:

|                                 | Major Funds   |                  |                 |                 |               |               |
|---------------------------------|---------------|------------------|-----------------|-----------------|---------------|---------------|
|                                 |               | HUD Home Program | Employees'      | City Wide       | Nonmajor      |               |
|                                 | General       | Special Revenue  | Retirement Fund | Construction in | Governmental  | Total         |
|                                 |               |                  |                 | Progress        | Funds         |               |
| Restricted for:                 |               |                  |                 |                 |               |               |
| Community development           | \$ -          | \$ 1,666,169     | \$ -            | \$ -            |               | \$ 1,666,169  |
| Retirement                      | -             | -                | 14,020,035      | -               | -             | 14,020,035    |
| Public works                    | -             | -                | -               | -               | 5,562,467     | 5,562,467     |
| Debt service                    | -             | -                | -               | -               | 5,730,765     | 5,730,765     |
| Construction in progress        | -             | -                | -               | -               | -             | -             |
| Total restricted                | -             | 1,666,169        | 14,020,035      | -               | 11,293,232    | 26,979,436    |
| Assigned to:                    |               |                  |                 |                 |               |               |
| Self insurance                  | 500,000       | -                | -               | -               | -             | 500,000       |
| Working capital                 | 2,600,000     | -                | -               | -               | -             | 2,600,000     |
| Grants                          | -             | -                | -               | -               | 644,352       | 644,352       |
| Measure M                       | -             | -                | -               | -               | 3,821,465     | 3,821,465     |
| All Other Special Revenue Funds | -             | -                | -               | -               | 186,188       | 186,188       |
| Total assigned                  | 3,100,000     | -                | -               | -               | 4,652,005     | 7,752,005     |
| Unassigned:                     | 15,095,128    | -                | -               | (689,569)       | (387,208)     | 14,018,351    |
| Total                           | \$ 18,195,128 | \$ 1,666,169     | \$ 14,020,035   | \$ (689,569)    | \$ 15,558,029 | \$ 48,749,792 |

**19. Prior Period Adjustment**

Effective July 1, 2022, the City restated the fund balance of the Successor Agency and the Public Financing Authority in the amount of \$1,678,745, primarily to correct the transfers made in prior years.

**20. Subsequent Events**

The City considered subsequent events through July 1, 2024, which is the date these financial statements were available to be issued.

City of Huntington Park  
**Required Supplementary Information**  
**Budgetary Comparison Schedule – General Fund**  
For the Year Ended June 30, 2023

|   | Original<br>Budget    | Final<br>Budget       | Actual               | Variance with<br>Final Budget |
|---|-----------------------|-----------------------|----------------------|-------------------------------|
| <b>REVENUES</b>                                   |                       |                       |                      |                               |
| Taxes   | \$ 29,867,600         | \$ 29,867,600         | \$ 35,247,545        | \$ 5,379,945                  |
| Licenses and permits                              | 2,926,200             | 2,926,200             | 3,363,980            | 437,780                       |
| Fines and forfeitures                             | 2,031,800             | 2,031,800             | 2,393,979            | 362,179                       |
| Use of money and property                         | 210,100               | 210,100               | 631,141              | 421,041                       |
| Intergovernmental                                 | 452,100               | 452,100               | 2,233,043            | 1,780,943                     |
| Charges for services                              | 1,173,700             | 1,173,700             | 1,267,882            | 94,182                        |
| Other revenues                                    | 10,500                | 10,500                | (98,912)             | (109,412)                     |
| Total revenues                                    | <u>36,672,000</u>     | <u>36,672,000</u>     | <u>45,038,658</u>    | <u>8,366,658</u>              |
| <b>EXPENDITURES</b>                               |                       |                       |                      |                               |
| Current:  |                       |                       |                      |                               |
| General government                                | 15,110,000            | 15,110,000            | 6,489,478            | 8,620,522                     |
| Public safety                                     | 16,843,000            | 16,843,000            | 21,037,971           | (4,194,971)                   |
| Public works                                      | 4,466,000             | 4,466,000             | 3,998,929            | 467,071                       |
| Community services                                | 1,997,300             | 1,997,300             | 1,813,143            | 184,157                       |
| Community development                             | 2,045,200             | 2,045,200             | 3,411,751            | (1,366,551)                   |
| Debt Service:                                     |                       |                       |                      |                               |
| Principal retirement                              | -                     | -                     | 49,496               | (49,496)                      |
| Interest and fiscal charges                       | -                     | -                     | 2,649                | (2,649)                       |
| Capital Outlay                                    | <u>2,297,700</u>      | <u>2,297,700</u>      | <u>122,865</u>       | <u>2,174,835</u>              |
| Total expenditures                                | <u>42,759,200</u>     | <u>42,759,200</u>     | <u>36,926,282</u>    | <u>5,832,918</u>              |
| Excess (deficiency) of revenues over expenditures | <u>(6,087,200)</u>    | <u>(6,087,200)</u>    | <u>8,112,376</u>     | <u>14,199,576</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                       |                       |                      |                               |
| Transfers out                                     | -                     | -                     | (3,489,776)          | (3,489,776)                   |
| Total other financing sources and uses            | -                     | -                     | (3,489,776)          | (3,489,776)                   |
| <b>Net change in fund balances</b>                | <u>\$ (6,087,200)</u> | <u>\$ (6,087,200)</u> | <u>4,622,600</u>     | <u>\$ 10,709,800</u>          |
| Fund balances - beginning                         |                       |                       | 13,572,528           |                               |
| Fund balances - ending                            |                       |                       | <u>\$ 18,195,128</u> |                               |

City of Huntington Park  
**Required Supplementary Information**  
**Budgetary Comparison Schedule – HUD Home Program Special Revenue Fund**  
For the Year Ended June 30, 2023

|   | Original Budget | Final Budget    | Actual              | Variance with<br>Final Budget |
|---|-----------------|-----------------|---------------------|-------------------------------|
| <b>REVENUES</b>                                   |                 |                 |                     |                               |
| Use of money and property                         | \$ -            | \$ -            | \$ 19,481           | \$ 19,481                     |
| Intergovernmental                                 | 63,200          | 63,200          | -                   | (63,200)                      |
| Total revenues                                    | <u>63,200</u>   | <u>63,200</u>   | <u>19,481</u>       | <u>(43,719)</u>               |
| <b>EXPENDITURES</b>                               |                 |                 |                     |                               |
| Current:  |                 |                 |                     |                               |
| Community development                             | 61,400          | 61,400          | -                   | 61,400                        |
| Total expenditures                                | <u>61,400</u>   | <u>61,400</u>   | <u>-</u>            | <u>61,400</u>                 |
| Excess (deficiency) of revenues over expenditures | <u>1,800</u>    | <u>1,800</u>    | <u>19,481</u>       | <u>17,681</u>                 |
| <b>Net change in fund balances</b>                | <u>\$ 1,800</u> | <u>\$ 1,800</u> | <u>19,481</u>       | <u>\$ 17,681</u>              |
| Fund balances - beginning                         |                 |                 | 1,646,688           |                               |
| Fund balances - ending                            |                 |                 | <u>\$ 1,666,169</u> |                               |

City of Huntington Park  
**Required Supplementary Information**  
**Budgetary Comparison Schedule – Employees’ Retirement Fund**  
For the Year Ended June 30, 2023

|   | Original Budget     | Final Budget        | Actual               | Variance with Final Budget |
|---|---------------------|---------------------|----------------------|----------------------------|
| <b>REVENUES</b>                                   |                     |                     |                      |                            |
| Taxes   | \$ 8,924,600        | \$ 8,924,600        | \$ 8,281,053         | \$ (643,547)               |
| Fines and forfeitures                             | 12,900              | 12,900              | 17,849               | 4,949                      |
| Use of money and property                         | 10,500              | 10,500              | 133,481              | 122,981                    |
| Total revenues                                    | <u>8,948,000</u>    | <u>8,948,000</u>    | <u>8,432,383</u>     | <u>(515,617)</u>           |
| <b>EXPENDITURES</b>                               |                     |                     |                      |                            |
| Current:  |                     |                     |                      |                            |
| General government                                | 9,224,100           | 9,224,100           | 3,020,496            | 6,203,604                  |
| Debt Service:                                     |                     |                     |                      |                            |
| Principal retirement                              | -                   | -                   | 1,950,000            | (1,950,000)                |
| Interest and fiscal charges                       | -                   | -                   | 447,323              | (447,323)                  |
| Total expenditures                                | <u>9,224,100</u>    | <u>9,224,100</u>    | <u>5,417,819</u>     | <u>3,806,281</u>           |
| Excess (deficiency) of revenues over expenditures | <u>(276,100)</u>    | <u>(276,100)</u>    | <u>3,014,564</u>     | <u>3,290,664</u>           |
| <b>Net change in fund balances</b>                | <u>\$ (276,100)</u> | <u>\$ (276,100)</u> | <u>3,014,564</u>     | <u>\$ 3,290,664</u>        |
| Fund balances - beginning                         |                     |                     | 11,005,471           |                            |
| Fund balances - ending                            |                     |                     | <u>\$ 14,020,035</u> |                            |

City of Huntington Park  
**Required Supplementary Information**  
**Budgetary Comparison Schedule – American Rescue Plan Act**  
For the Year Ended June 30, 2023

|   | Original Budget | Final Budget | Actual       | Variance with Final Budget |
|---|-----------------|--------------|--------------|----------------------------|
| <b>REVENUES</b>                                   |                 |              |              |                            |
| Intergovernmental                                 | \$ -            | \$ -         | \$ 6,591,286 | \$ 6,591,286               |
| Total revenues                                    | -               | -            | 6,591,286    | 6,591,286                  |
| <b>EXPENDITURES</b>                               |                 |              |              |                            |
| Current:  |                 |              |              |                            |
| General government                                | -               | -            | 3,548,631    | (3,548,631)                |
| Total expenditures                                | -               | -            | 3,548,631    | (3,548,631)                |
| Excess (deficiency) of revenues over expenditures | -               | -            | 3,042,655    | 3,042,655                  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                 |              |              |                            |
| Transfers out                                     | -               | -            | (3,042,655)  | (3,042,655)                |
| Total other financing sources and uses            | -               | -            | (3,042,655)  | (3,042,655)                |
| <b>Net change in fund balances</b>                | \$ -            | \$ -         | \$ -         | \$ -                       |
| Fund balances - beginning                         |                 |              | -            |                            |
| Fund balances - ending                            |                 |              | \$ -         |                            |



City of Huntington Park  
**Required Supplementary Information**  
**Budgetary Comparison Schedule – City-wide Construction in Progress**  
For the Year Ended June 30, 2023

|   | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>       | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|---------------------|-----------------------------------|
| <b>EXPENDITURES</b>                               |                        |                     |                     |                                   |
| Current:  |                        |                     |                     |                                   |
| Community services                                | \$ -                   | \$ -                | \$ 88,375           | \$ (88,375)                       |
| Capital Outlay                                    | -                      | -                   | 12,887,124          | (12,887,124)                      |
| Total expenditures                                | -                      | -                   | 12,975,499          | (12,975,499)                      |
| Excess (deficiency) of revenues over expenditures | -                      | -                   | (12,975,499)        | (12,975,499)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                        |                     |                     |                                   |
| Transfers in                                      | -                      | -                   | 12,285,930          | 12,285,930                        |
| Total other financing sources and uses            | -                      | -                   | 12,285,930          | 12,285,930                        |
| <b>Net change in fund balances</b>                | <u>\$ -</u>            | <u>\$ -</u>         | <u>\$ (689,569)</u> | <u>\$ (689,569)</u>               |
| Fund balances - beginning                         |                        |                     | -                   |                                   |
| Fund balances - ending                            |                        |                     | <u>\$ (689,569)</u> |                                   |

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

**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**

**Notes to the Required Supplementary Information (Continued)**

For the Year Ended June 30, 2023

**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**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios**  
For the Year Ended June 30, 2023

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

| Measurement Period  | 2021-22        | 2020-21        | 2019-20        | 2018-19        | 2017-18        | 2016-17        | 2015-16        | 2014-15        |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| City Proportion of the Net Pension Liability  | 0.51959%       | 0.69135%       | 0.49602%       | 0.48418%       | 0.60954%       | 0.45560%       | 0.44155%       | 0.40526%       |
| City's Proportionate Share of the Net Pension Liability   | \$ 24,312,644  | \$ 13,127,309  | \$ 20,922,271  | \$ 19,388,784  | \$ 22,971,863  | \$ 17,959,853  | \$ 15,339,011  | \$ 11,117,930  |
| City's Covered Payroll  | 5,687,858      | 5,929,067      | 6,071,524      | 5,784,218      | 6,113,880      | 5,905,880      | 5,437,667      | 5,437,667      |
| City's Proportionate Share of the Net Pension Liability<br>as a percentage of Its Covered Payroll | <u>427.45%</u> | <u>221.41%</u> | <u>344.60%</u> | <u>335.20%</u> | <u>375.73%</u> | <u>304.10%</u> | <u>282.09%</u> | <u>204.46%</u> |
| Plan's Fiduciary Net Position<br>as a percentage of the Total Pension Liability                   | <u>72.64%</u>  | <u>83.32%</u>  | <u>72.64%</u>  | <u>73.98%</u>  | <u>75.49%</u>  | <u>74.47%</u>  | <u>76.30%</u>  | <u>82.06%</u>  |

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

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

**Notes to Schedules:**

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 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 2021. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

City of Huntington Park  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios**  
For the Year Ended June 30, 2023

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

| Measurement Period   | 2021-22        | 2020-21        | 2019-20        | 2018-19        | 2017-18        | 2016-17        | 2015-16        | 2014-15        | 2013-14 <sup>1</sup> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| City Proportion of the Net Pension Liability   | 0.67546%       | 0.80953%       | 0.61279%       | 0.60410%       | 0.46312%       | 0.57799%       | 0.58357%       | 0.56568%       | 0.31815%             |
| City's Proportionate Share of the Net Pension Liability  | \$ 46,414,963  | \$ 28,410,388  | \$ 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   | 5,384,993      | 5,661,857      | 5,727,557      | 5,315,442      | 5,076,151      | 5,359,059      | 5,714,480      | 6,264,361      | 6,954,779            |
| City's Proportionate Share of the Net Pension Liability<br>as a percentage of Its Covered Payroll          | <u>861.93%</u> | <u>501.79%</u> | <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>284.65%</u>       |
| Plan's Proportionate Share of the Fiduciary Net Position<br>as a percentage of the Total Pension Liability | <u>75.53%</u>  | <u>78.16%</u>  | <u>68.38%</u>  | <u>70.04%</u>  | <u>71.35%</u>  | <u>71.16%</u>  | <u>72.76%</u>  | <u>78.37%</u>  | <u>81.35%</u>        |

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

**Notes to Schedules:**

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

**Changes of Assumptions:** In 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 2021. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

City of Huntington Park  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
For the Year Ended June 30, 2023

|   | Last Ten Fiscal Years                    |                     |                     |                     |                     |                     |                     |                     |                      |
|---|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
|   | Public Agency Retirement System ("PARS") |                     |                     |                     |                     |                     |                     |                     |                      |
| Measurement period  | 2022-23                                  | 2021-22             | 2020-21             | 2019-20             | 2018-19             | 2017-18             | 2016-17             | 2015-16             | 2014-15 <sup>1</sup> |
| <b>Total pension liability</b>  |  |                     |                     |                     |                     |                     |                     |                     |                      |
| Service cost  | \$ 73,636                                | \$ 71,630           | \$ 106,150          | \$ 103,309          | \$ 136,232          | \$ 120,623          | \$ 117,110          | \$ 165,935          | \$ 161,102           |
| Interest on total pension liability   | 517,957                                  | 500,647             | 487,456             | 471,252             | 470,724             | 453,226             | 443,997             | 421,802             | 395,879              |
| Effect of economic/demographic gains or losses                                    | -  | 16,282              | -                   | -                   | (173,437)           | -                   | (190,690)           | -                   | -                    |
| Effect of assumption changes or inputs  | -  | 75,216              | -                   | -                   | (65,557)            | 471,966             | -                   | -                   | -                    |
| Benefit payments, including refunds of employee contributions                     | (418,608)                                | (380,941)           | (332,109)           | (324,243)           | (329,493)           | (259,670)           | (225,066)           | (218,726)           | (165,163)            |
| <b>Net change in total pension liability</b>                                      | 172,985                                  | 282,834             | 261,497             | 250,318             | 38,469              | 786,145             | 145,351             | 369,011             | 391,818              |
| <b>Total pension liability - beginning</b>  | <u>8,100,945</u>                         | <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>    | <u>5,575,502</u>     |
| <b>Total pension liability - ending (a)</b>                                       | <u>\$ 8,273,930</u>                      | <u>\$ 8,100,945</u> | <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>  |
| <b>Pension fiduciary net position</b>   |  |                     |                     |                     |                     |                     |                     |                     |                      |
| Employer contributions  | \$ 505,628                               | \$ 508,988          | \$ 567,547          | \$ 352,965          | \$ 370,896          | \$ 447,685          | \$ 375,491          | \$ 293,737          | \$ 349,850           |
| Member contributions  | 32,946                                   | 33,166              | 37,660              | 42,423              | 44,579              | 53,809              | 60,951              | 64,896              | 77,658               |
| Net investment income   | 235,896                                  | (488,398)           | 638,128             | 123,022             | 172,073             | 129,343             | 176,680             | 32,866              | 33,452               |
| Benefit payments  | (418,608)                                | (380,941)           | (332,109)           | (324,243)           | (329,493)           | (259,670)           | (225,066)           | (218,726)           | (165,163)            |
| Administrative expenses   | (11,322)                                 | (11,555)            | (10,998)            | (10,232)            | (9,946)             | (9,763)             | (9,246)             | (12,074)            | (8,556)              |
| <b>Net change in plan fiduciary net position</b>                                  | 344,540                                  | (338,740)           | 900,228             | 183,935             | 248,109             | 361,404             | 378,810             | 160,699             | 287,241              |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>3,845,918</u>                         | <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>    | <u>1,664,232</u>     |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u>\$ 4,190,458</u>                      | <u>\$ 3,845,918</u> | <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>  |
| <b>Plan net pension liability ending (a) - (b)</b>                                | <u>\$ 4,083,472</u>                      | <u>\$ 4,255,027</u> | <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>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 50.65%                                   | 47.47%              | 53.53%              | 43.46%              | 42.44%              | 39.25%              | 38.43%              | 33.33%              | 32.70%               |
| <b>Covered payroll</b>  | <u>\$ 2,196,868</u>                      | <u>\$ 2,137,031</u> | <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>  |
| <b>Plan net pension liability as a percentage of covered payroll</b>              | 185.88%                                  | 199.11%             | 117.34%             | 141.76%             | 143.39%             | 112.90%             | 105.10%             | 114.59%             | 84.94%               |

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

**Notes to Schedule:**

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

City of Huntington Park  
**Required Supplementary Information**  
**Schedule of Contributions - Pension**  
For the Year Ended June 30, 2023

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

|  | 2022-23          | 2021-22           | 2020-21          | 2019-20           | 2018-19          | 2017-18           | 2016-17      | 2015-16      | 2014-15     | 2013-14     |
|--|------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------|--------------|-------------|-------------|
| Actuarially determined contribution              | \$ 2,412,246     | \$ 2,314,566      | \$ 2,049,852     | \$ 1,864,188      | \$ 1,561,031     | \$ 1,246,525      | \$ 985,737   | \$ 766,341   | \$ 538,833  | \$ 587,786  |
| Actual employer contribution                     | (2,399,577)      | (2,182,464)       | (1,957,565)      | (1,738,334)       | (1,488,026)      | (1,250,985)       | (985,737)    | (766,341)    | (538,833)   | (587,786)   |
| Contribution deficiency (excess)                 | <u>\$ 12,669</u> | <u>\$ 132,102</u> | <u>\$ 92,287</u> | <u>\$ 125,854</u> | <u>\$ 73,005</u> | <u>\$ (4,460)</u> | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll                                  | \$ 5,687,858     | \$ 5,929,067      | \$ 6,071,524     | \$ 5,784,218      | \$ 6,113,880     | \$ 5,905,880      | \$ 5,437,667 | \$ 5,437,667 | N/A         | N/A         |
| Contributions as a percentage of covered payroll | 42.19%           | 36.81%            | 32.24%           | 30.05%            | 24.34%           | 21.18%            | 18.13%       | 14.09%       | N/A         | N/A         |

**Notes to Schedule:**

Valuation date:

June 30, 2021

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%.

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

City of Huntington Park  
**Required Supplementary Information**  
**Schedule of Contributions – Pension (Continued)**  
For the Year Ended June 30, 2023

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

|  | 2022-23      | 2021-22      | 2020-21      | 2019-20      | 2018-19      | 2017-18      | 2016-17        | 2015-16        | 2014-15      | 2013-14      |
|--|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|--------------|--------------|
| Actuarially determined contribution              | \$ 4,811,001 | \$ 4,538,623 | \$ 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                     | (4,393,970)  | (4,195,452)  | (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)                 | \$ 417,031   | \$ 343,171   | \$ 146,435   | \$ 105,712   | \$ 146,858   | \$ 256,674   | \$ (1,202,131) | \$ (1,007,160) | \$ -         | \$ -         |
| Covered payroll                                  | \$ 5,384,993 | \$ 5,661,857 | \$ 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 | 81.60%       | 74.10%       | 67.69%       | 65.85%       | 60.54%       | 48.97%       | 39.43%         | 34.93%         | 25.22%       | 27.73%       |

**Notes to Schedule:**

Valuation date:

June 30, 2021

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%.

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.



City of Huntington Park  
**Required Supplementary Information**  
**Schedule of Contributions – Pension (Continued)**  
For the Year Ended June 30, 2023

|  | Last Ten Fiscal Years                    |              |                   |                  |                   |                  |                   |                   |                   |                   |
|--|--|--------------|-------------------|------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|  | Public Agency Retirement System ("PARS") |              |                   |                  |                   |                  |                   |                   |                   |                   |
|  | 2022-23                                  | 2021-22      | 2020-21           | 2019-20          | 2018-19           | 2017-18          | 2016-17           | 2015-16           | 2014-15           | 2013-14           |
| Actuarially determined contribution              | \$ 505,628                               | \$ 508,988   | \$ 693,910        | \$ 410,046       | \$ 515,308        | \$ 515,308       | \$ 515,308        | \$ 507,777        | \$ 492,788        | \$ 547,518        |
| Actual employer contribution                     | (505,628)                                | (508,988)    | (567,547)         | (352,965)        | (370,896)         | (447,685)        | (375,491)         | (293,737)         | 349,850           | (406,288)         |
| Contribution deficiency (excess)                 | <u>\$ -</u>                              | <u>\$ -</u>  | <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 <sup>1,2,3</sup>                 | \$ 2,196,868                             | \$ 2,137,031 | \$ 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 | 23.02%                                   | 23.82%       | 18.33%            | 11.71%           | 12.65%            | 11.45%           | 9.89%             | 7.97%             | 7.40%             | 8.85%             |

<sup>1</sup> Covered payroll revised based on compensation reports provided for the June 30, 2016 funding actuarial valuation.

<sup>2</sup> Covered payroll based on compensation reports provided for the June 30, 2019 funding actuarial valuation.

<sup>3</sup> Covered payroll based on compensation reports provided for the June 30, 2022 funding actuarial valuation.

City of Huntington Park  
**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
For the Year Ended June 30, 2023

|  | Fiscal Year Ended <sup>1</sup> |                      |                      |                      |                      |                      |
|--|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 6/30/2023                      | 6/30/2022            | 6/30/2021            | 6/30/2020            | 6/30/2019            | 6/30/2018            |
| <b>Total OPEB Liability</b>                            |                                |                      |                      |                      |                      |                      |
| Service cost   | \$ 699,463                     | \$ 1,994,301         | \$ 1,581,615         | \$ 978,189           | \$ 723,417           | \$ 777,583           |
| Interest   | 2,254,254                      | 2,488,824            | 2,620,194            | 3,029,867            | 3,040,969            | 2,910,846            |
| Difference between expected and actual experience      | 777,734                        | (16,506,458)         | 133,093              | (4,079,010)          | -                    | -                    |
| Changes of assumptions                                 | -                              | (11,900,717)         | 6,834,115            | 5,226,744            | 6,581,904            | (2,470,150)          |
| Changes of benefit terms                               | -                              | -                    | -                    | -                    | -                    | -                    |
| Benefit payments                                       | (2,942,524)                    | (2,773,479)          | (2,656,705)          | (2,603,368)          | (2,316,884)          | (2,113,948)          |
| <b>Net change in total OPEB liability</b>              | <b>788,927</b>                 | <b>(26,697,529)</b>  | <b>8,512,312</b>     | <b>2,552,422</b>     | <b>8,029,406</b>     | <b>(895,669)</b>     |
| <b>Total OPEB Liability - beginning of year</b>        | <b>36,839,867</b>              | <b>63,537,396</b>    | <b>55,025,084</b>    | <b>52,472,662</b>    | <b>44,443,256</b>    | <b>45,338,925</b>    |
| <b>Total OPEB Liability - end of year</b>              | <b>\$ 37,628,794</b>           | <b>\$ 36,839,867</b> | <b>\$ 63,537,396</b> | <b>\$ 55,025,084</b> | <b>\$ 52,472,662</b> | <b>\$ 44,443,256</b> |
| <b>Plan Fiduciary Net Position (FNP)</b>               |                                |                      |                      |                      |                      |                      |
| Employee contributions                                 | \$ -                           | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Employer contributions                                 | 2,942,524                      | 2,773,479            | 2,656,705            | 2,603,368            | 2,316,884            | 2,113,948            |
| Net investment income (loss)                           | (1,727,577)                    | 2,783,889            | 345,751              | 568,949              | 680,772              | 817,256              |
| Other additions  | -                              | -                    | -                    | -                    | 8,815                | -                    |
| Benefit payments                                       | (2,942,524)                    | (2,773,479)          | (2,656,705)          | (2,603,368)          | (2,316,884)          | (2,113,948)          |
| Administrative expense                                 | (3,269)                        | (3,832)              | (4,782)              | (1,975)              | (4,559)              | (3,973)              |
| Other deductions                                       | -                              | -                    | -                    | -                    | (11,316)             | -                    |
| <b>Net change in plan fiduciary net position</b>       | <b>(1,730,846)</b>             | <b>2,780,057</b>     | <b>340,969</b>       | <b>566,974</b>       | <b>673,712</b>       | <b>813,283</b>       |
| <b>Plan Fiduciary Net Position - beginning of year</b> | <b>12,909,250</b>              | <b>10,129,193</b>    | <b>9,788,224</b>     | <b>9,221,250</b>     | <b>8,547,538</b>     | <b>7,734,255</b>     |
| <b>Plan Fiduciary Net Position - end of year</b>       | <b>\$ 11,178,404</b>           | <b>\$ 12,909,250</b> | <b>\$ 10,129,193</b> | <b>\$ 9,788,224</b>  | <b>\$ 9,221,250</b>  | <b>\$ 8,547,538</b>  |
| <b>Net OPEB Liability - end of year</b>                | <b>\$ 26,450,390</b>           | <b>\$ 23,930,617</b> | <b>\$ 53,408,203</b> | <b>\$ 45,236,860</b> | <b>\$ 43,251,412</b> | <b>\$ 35,895,718</b> |
| FNP as a percentage of Total OPEB Liability            | 29.7%                          | 35.0%                | 15.9%                | 17.8%                | 17.6%                | 19.2%                |
| OPEB-eligible payroll for the measurement period       | \$ 12,415,307                  | \$ 11,342,558        | \$ 11,028,309        | \$ 11,387,092        | \$ 11,275,910        | \$ 10,272,874        |
| Net OPEB Liability as a % of eligible payroll          | 213.0%                         | 211.0%               | 484.3%               | 397.3%               | 383.6%               | 349.4%               |

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

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

City of Huntington Park  
**Required Supplementary Information**  
**Schedule of Contributions – OPEB Plan**  
For the Year Ended June 30, 2023

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

|  | 2022-23             | 2021-22             | 2020-21             | 2019-20             | 2018-19           | 2017-18             | 2016-17 <sup>1</sup> |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|----------------------|
| Actuarially determined contribution              | \$ 2,859,281        | \$ 2,557,597        | \$ 3,983,798        | \$ 3,773,119        | \$ 3,496,772      | \$ 3,172,404        | \$ 5,245,000         |
| Actual employer contribution                     | (3,068,586)         | (2,942,524)         | (2,773,481)         | (2,656,705)         | (2,603,368)       | (1,925,170)         | (2,113,948)          |
| Contribution deficiency (excess)                 | <u>\$ (209,305)</u> | <u>\$ (384,927)</u> | <u>\$ 1,210,317</u> | <u>\$ 1,116,414</u> | <u>\$ 893,404</u> | <u>\$ 1,247,234</u> | <u>\$ 3,131,052</u>  |
| Covered payroll                                  | TBD                 | \$ 12,415,307       | \$ 11,342,558       | \$ 11,028,309       | \$ 11,491,533     | \$ 10,581,060       | N/A                  |
| Contributions as a percentage of covered payroll | TBD                 | 23.70%              | 24.45%              | 24.09%              | 22.65%            | 18.19%              | N/A                  |

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

**Notes to Schedule:**

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                 | 2.50%  |
| Payroll growth            | 3.00%  |
| Retirement age            | Based on assumptions for Public Agency Miscellaneous and Police Members published in the December 2017 CalPERS Experience Study. |

|           |   |
|-----------|---|
| Mortality | Based on assumptions for Public Agency Miscellaneous and Police Members published in the 2021 CalPERS Experimental Study. These tables include generational mortality improvement using 80% of scale MP-2020. |
|-----------|---|

City of Huntington Park  
**Supplementary Information**  
**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**  
**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.

**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.

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

**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.

**Home ARP Fund** – Funds to finance a non-congregate shelter for the 4 qualifying populations.

**CalHome Fund** – To account for the owner-occupied rehabilitation program and first time homebuyer program.

City of Huntington Park  
**Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2023

|  | <b>Special Revenue Funds</b>             |                                     |                    |                       |
|--|--|-------------------------------------|--------------------|-----------------------|
|  | <b>Projects Special<br/>Revenue Fund</b> | <b>Public<br/>Safety<br/>Grants</b> | <b>Park Grants</b> | <b>Recycle Grants</b> |
| <b>ASSETS</b>  |  |                                     |                    |                       |
| Cash and investments   | \$ 226,003                               | \$ 440,796                          | \$ -               | \$ 205,125            |
| Receivables  |  |                                     |                    |                       |
| Taxes and intergovernmental  | 192,775                                  | -                                   | -                  | -                     |
| Accounts and interest  | 1,642                                    | 2,090                               | -                  | 1,411                 |
| Loans  | -  | -                                   | -                  | -                     |
| Total assets   | <u>\$ 420,420</u>                        | <u>\$ 442,886</u>                   | <u>\$ -</u>        | <u>\$ 206,536</u>     |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |  |                                     |                    |                       |
| Liabilities:   |  |                                     |                    |                       |
| Accounts payable   | \$ 414,827                               | \$ 987                              | \$ -               | \$ -                  |
| Accrued liabilities  | -  | -                                   | -                  | -                     |
| Due to other funds   | 932                                      | 4,083                               | -                  | -                     |
| Unearned revenue   | -  | -                                   | -                  | -                     |
| Total liabilities  | <u>415,759</u>                           | <u>5,070</u>                        | <u>-</u>           | <u>-</u>              |
| Fund balances:   |  |                                     |                    |                       |
| Restricted   | -  | -                                   | -                  | -                     |
| Assigned   | 4,661                                    | 437,816                             | -                  | 206,536               |
| Unassigned   | -  | -                                   | -                  | -                     |
| Total fund balances  | <u>4,661</u>                             | <u>437,816</u>                      | <u>-</u>           | <u>206,536</u>        |
| Total liabilities, deferred inflows of<br>resources, and fund balances   | <u>\$ 420,420</u>                        | <u>\$ 442,886</u>                   | <u>\$ -</u>        | <u>\$ 206,536</u>     |

City of Huntington Park  
**Supplementary Information**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
June 30, 2023

|  | <b>Special Revenue Funds</b> |                     |  |  |
|--|------------------------------|---------------------|--|--|
|  | <b>Special Events</b>        | <b>Measure M</b>    | <b>Sales Tax Transit Proposition A</b> | <b>Sales Tax Transit Proposition C</b> |
| <b>ASSETS</b>  |                              |                     |  |  |
| Cash and investments   | \$ 160,358                   | \$ 3,720,229        | \$ 892,714                             | \$ 1,627,772                           |
| Receivables  |                              |                     |  |  |
| Taxes and intergovernmental  | -                            | -                   | -                                      | 97,005                                 |
| Accounts and interest  | 749                          | 101,236             | 5,113                                  | 8,503                                  |
| Loans  | -                            | -                   | -                                      | -                                      |
| Total assets   | <u>\$ 161,107</u>            | <u>\$ 3,821,465</u> | <u>\$ 897,827</u>                      | <u>\$ 1,733,280</u>                    |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> |                              |                     |  |  |
| Liabilities:   |                              |                     |  |  |
| Accounts payable   | \$ -                         | \$ -                | \$ 38,496                              | \$ 53,481                              |
| Accrued liabilities  | -                            | -                   | 367                                    | 665                                    |
| Due to other funds   | -                            | -                   | -                                      | -                                      |
| Unearned revenue   | -                            | -                   | -                                      | -                                      |
| Total liabilities  | <u>-</u>                     | <u>-</u>            | <u>38,863</u>                          | <u>54,146</u>                          |
| Fund balances:   |                              |                     |  |  |
| Restricted   | -                            | -                   | 858,964                                | 1,679,134                              |
| Assigned   | 161,107                      | 3,821,465           | -                                      | -                                      |
| Unassigned   | -                            | -                   | -                                      | -                                      |
| Total fund balances  | <u>161,107</u>               | <u>3,821,465</u>    | <u>858,964</u>                         | <u>1,679,134</u>                       |
| Total liabilities, deferred inflows of resources, and fund balances  | <u>\$ 161,107</u>            | <u>\$ 3,821,465</u> | <u>\$ 897,827</u>                      | <u>\$ 1,733,280</u>                    |

City of Huntington Park  
**Supplementary Information**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
For the Year Ended June 30, 2023

|  | Special Revenue Funds      |                     |                               |                                     |
|--|----------------------------|---------------------|-------------------------------|-------------------------------------|
|  | State Gasoline<br>Tax Fund | Measure R           | Office of Traffic<br>& Safety | Air Quality<br>Improvement<br>Trust |
| <b>ASSETS</b>  |                            |                     |                               |                                     |
| Cash and investments   | \$ 997,691                 | \$ 2,659,826        | \$ 109,331                    | \$ 375,457                          |
| Receivables  |                            |                     |                               |                                     |
| Taxes and intergovernmental  | -                          | -                   | -                             | -                                   |
| Accounts and interest  | 351,493                    | 106,329             | 1,141                         | 10,991                              |
| Loans  | -                          | -                   | -                             | -                                   |
| Total assets   | <u>\$ 1,349,184</u>        | <u>\$ 2,766,155</u> | <u>\$ 110,472</u>             | <u>\$ 386,448</u>                   |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                            |                     |                               |                                     |
| Liabilities:   |                            |                     |                               |                                     |
| Accounts payable   | \$ 142,194                 | \$ 68,189           | \$ -                          | \$ -                                |
| Accrued liabilities  | 7,240                      | 102                 | 779                           | -                                   |
| Due to other funds   | -                          | -                   | -                             | -                                   |
| Unearned revenue   | -                          | 1,725,419           | -                             | -                                   |
| Total liabilities  | <u>149,434</u>             | <u>1,793,710</u>    | <u>779</u>                    | <u>-</u>                            |
| Fund balances:   |                            |                     |                               |                                     |
| Restricted   | 1,199,750                  | 972,445             | 109,693                       | 386,448                             |
| Assigned   | -                          | -                   | -                             | -                                   |
| Unassigned   | -                          | -                   | -                             | -                                   |
| Total fund balances  | <u>1,199,750</u>           | <u>972,445</u>      | <u>109,693</u>                | <u>386,448</u>                      |
| Total liabilities, deferred inflows of<br>resources, and fund balances   | <u>\$ 1,349,184</u>        | <u>\$ 2,766,155</u> | <u>\$ 110,472</u>             | <u>\$ 386,448</u>                   |



City of Huntington Park  
**Supplementary Information**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
For the Year Ended June 30, 2023

|  | <b>Special Revenue Funds</b>     |                                   |                                |                                      |
|--|----------------------------------|-----------------------------------|--------------------------------|--------------------------------------|
|  | <b>Asset Forfeiture<br/>Fund</b> | <b>Homeland<br/>Security Fund</b> | <b>Parking System<br/>Fund</b> | <b>Art in Public<br/>Places Fund</b> |
| <b>ASSETS</b>  |                                  |                                   |                                |                                      |
| Cash and investments   | \$ 12,000                        | \$ -                              | \$ -                           | \$ -                                 |
| Receivables  |                                  |                                   |                                |                                      |
| Taxes and intergovernmental  | -                                | -                                 | -                              | -                                    |
| Accounts and interest  | -                                | -                                 | -                              | 732                                  |
| Loans  | -                                | -                                 | -                              | -                                    |
| Total assets   | <u>\$ 12,000</u>                 | <u>\$ -</u>                       | <u>\$ -</u>                    | <u>\$ 732</u>                        |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                                  |                                   |                                |                                      |
| Liabilities:   |                                  |                                   |                                |                                      |
| Accounts payable   | \$ -                             | \$ -                              | \$ -                           | \$ 2,035                             |
| Accrued liabilities  | -                                | -                                 | -                              | -                                    |
| Due to other funds   | 99,123                           | 164,912                           | -                              | 5,965                                |
| Unearned revenue   | -                                | -                                 | -                              | -                                    |
| Total liabilities  | <u>99,123</u>                    | <u>164,912</u>                    | <u>-</u>                       | <u>8,000</u>                         |
| Fund balances:   |                                  |                                   |                                |                                      |
| Restricted   | -                                | -                                 | -                              | -                                    |
| Assigned   | -                                | -                                 | -                              | -                                    |
| Unassigned   | (87,123)                         | (164,912)                         | -                              | (7,268)                              |
| Total fund balances  | <u>(87,123)</u>                  | <u>(164,912)</u>                  | <u>-</u>                       | <u>(7,268)</u>                       |
| Total liabilities, deferred inflows of<br>resources, and fund balances   | <u>\$ 12,000</u>                 | <u>\$ -</u>                       | <u>\$ -</u>                    | <u>\$ 732</u>                        |

City of Huntington Park  
**Supplementary Information**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
For the Year Ended June 30, 2023

|  | Special Revenue Funds                   |                                       |   |                               |
|--|---|---------------------------------------|---|-------------------------------|
|  | Community<br>Development<br>Block Grant | HUD Social<br>Security Block<br>Grant | Street Lighting<br>Landscape<br>Assessments | Public Financing<br>Authority |
| <b>ASSETS</b>  |   |                                       |   |                               |
| Cash and investments   | \$ 132,675                              | \$ 10,887                             | \$ 27,492                                   | \$ 3,245,424                  |
| Receivables  |   |                                       |   |                               |
| Taxes and intergovernmental  | -                                       | -                                     | 53,728                                      | -                             |
| Accounts and interest  | -                                       | 74                                    | 3,308                                       | 2,485,341                     |
| Loans  | 51,609                                  | 9,459                                 | -   | -                             |
| Total assets   | <u>\$ 184,284</u>                       | <u>\$ 20,420</u>                      | <u>\$ 84,528</u>                            | <u>\$ 5,730,765</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |   |                                       |   |                               |
| Liabilities:   |   |                                       |   |                               |
| Accounts payable   | \$ 265,804                              | \$ -                                  | \$ 53,107                                   | \$ -                          |
| Accrued liabilities  | 1,454                                   | -                                     | 918   | -                             |
| Due to other funds   | -                                       | -                                     | -   | -                             |
| Unearned revenue   | -                                       | -                                     | -   | -                             |
| Total liabilities  | <u>267,258</u>                          | <u>-</u>                              | <u>54,025</u>                               | <u>-</u>                      |
| Fund balances:   |   |                                       |   |                               |
| Restricted   | -                                       | -                                     | 30,503                                      | 5,730,765                     |
| Assigned   | -                                       | 20,420                                | -   | -                             |
| Unassigned   | (82,974)                                | -                                     | -   | -                             |
| Total fund balances  | <u>(82,974)</u>                         | <u>20,420</u>                         | <u>30,503</u>                               | <u>5,730,765</u>              |
| Total liabilities, deferred inflows<br>of resources, and fund balances   | <u>\$ 184,284</u>                       | <u>\$ 20,420</u>                      | <u>\$ 84,528</u>                            | <u>\$ 5,730,765</u>           |

City of Huntington Park  
**Supplementary Information**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
For the Year Ended June 30, 2023

|  | Special Revenue Funds           |                   |                   | Total Nonmajor<br>Governmental<br>Funds |
|--|---------------------------------|-------------------|-------------------|---|
|  | Greenway Linear<br>Park Project | Home ARP<br>Grant | CalHome           |   |
| <b>ASSETS</b>  |                                 |                   |                   |   |
| Cash and investments   | \$ 325,530                      | \$ -              | \$ -              | \$ 15,169,310                           |
| Receivables  |                                 |                   |                   |   |
| Taxes and intergovernmental  | -                               | -                 | -                 | 343,508                                 |
| Accounts and interest  | -                               | -                 | 198,560           | 3,278,713                               |
| Loans  | -                               | -                 | 100,000           | 161,068                                 |
| Total assets   | <u>\$ 325,530</u>               | <u>\$ -</u>       | <u>\$ 298,560</u> | <u>\$ 18,952,599</u>                    |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                                 |                   |                   |   |
| Liabilities:   |                                 |                   |                   |   |
| Accounts payable   | \$ -                            | \$ 44,931         | \$ 10,406         | \$ 1,094,457                            |
| Accrued liabilities  | -                               | -                 | -                 | 11,525                                  |
| Due to other funds   | -                               | -                 | 188,154           | 463,169                                 |
| Unearned revenue   | -                               | -                 | 100,000           | 1,825,419                               |
| Total liabilities  | <u>-</u>                        | <u>44,931</u>     | <u>298,560</u>    | <u>3,394,570</u>                        |
| Fund balances:   |                                 |                   |                   |   |
| Restricted   | 325,530                         | -                 | -                 | 11,293,232                              |
| Assigned   | -                               | -                 | -                 | 4,652,005                               |
| Unassigned   | -                               | (44,931)          | -                 | (387,208)                               |
| Total fund balances  | <u>325,530</u>                  | <u>(44,931)</u>   | <u>-</u>          | <u>15,558,029</u>                       |
| Total liabilities, deferred inflows<br>of resources, and fund balances   | <u>\$ 325,530</u>               | <u>\$ -</u>       | <u>\$ 298,560</u> | <u>\$ 18,952,599</u>                    |

City of Huntington Park  
**Supplementary Information**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
For the Year Ended June 30, 2023

|   | Special Revenue Funds            |                         |              |                   |
|---|----------------------------------|-------------------------|--------------|-------------------|
|   | Projects Special<br>Revenue Fund | Public Safety<br>Grants | Park Grants  | Recycle Grants    |
| <b>REVENUES</b>                                   |                                  |                         |              |                   |
| Taxes   | \$ -                             | \$ -                    | \$ -         | \$ -              |
| Fines and forfeitures                             | -                                | -                       | -            | -                 |
| Use of money and property                         | 2,482                            | 3,773                   | -            | 2,545             |
| Intergovernmental                                 | 1,252,589                        | 169,981                 | -            | 22,270            |
| Charges for services                              | -                                | -                       | -            | -                 |
| Other revenues                                    | 513                              | -                       | -            | -                 |
| Total revenues                                    | <u>1,255,584</u>                 | <u>173,754</u>          | <u>-</u>     | <u>24,815</u>     |
| <b>EXPENDITURES</b>                               |                                  |                         |              |                   |
| Current:  |                                  |                         |              |                   |
| General government                                | 88                               | 53                      | 304          | -                 |
| Public safety                                     | -                                | -                       | -            | -                 |
| Public works                                      | -                                | -                       | -            | 7,000             |
| Community services                                | -                                | -                       | -            | -                 |
| Community development                             | 192,775                          | -                       | -            | 17,347            |
| Debt Service                                      |                                  |                         |              |                   |
| Principal Retirement                              | -                                | -                       | -            | -                 |
| Interest and fiscal charges                       | -                                | -                       | -            | -                 |
| Capital Outlay                                    | -                                | 38,553                  | -            | -                 |
| Total expenditures                                | <u>192,863</u>                   | <u>38,606</u>           | <u>304</u>   | <u>24,347</u>     |
| Excess (deficiency) of revenues over expenditures | <u>1,062,721</u>                 | <u>135,148</u>          | <u>(304)</u> | <u>468</u>        |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                                  |                         |              |                   |
| Transfers in                                      | 152,424                          | 6,316                   | -            | -                 |
| Transfers out                                     | (1,400,297)                      | -                       | -            | -                 |
| Total other financing sources and uses            | <u>(1,247,873)</u>               | <u>6,316</u>            | <u>-</u>     | <u>-</u>          |
| Net change in fund balances                       | (185,152)                        | 141,464                 | (304)        | 468               |
| <b>FUND BALANCES</b>                              |                                  |                         |              |                   |
| Beginning of year                                 | 189,813                          | 296,352                 | 304          | 206,068           |
| Prior period adjustment                           | -                                | -                       | -            | -                 |
| End of year                                       | <u>\$ 4,661</u>                  | <u>\$ 437,816</u>       | <u>\$ -</u>  | <u>\$ 206,536</u> |

City of Huntington Park  
**Supplementary Information**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds (Continued)**  
For the Year Ended June 30, 2023

|   | Special Revenue Funds |              |                                       |                                       |
|---|-----------------------|--------------|---------------------------------------|---------------------------------------|
|   | Special Events        | Measure M    | Sales Tax<br>Transit<br>Proposition A | Sales Tax<br>Transit<br>Proposition C |
| <b>REVENUES</b>                                   |                       |              |                                       |                                       |
| Taxes   | \$ -                  | \$ 1,089,866 | \$ 1,549,141                          | \$ 1,284,968                          |
| Fines and forfeitures                             | -                     | -            | -                                     | -                                     |
| Use of money and property                         | 1,351                 | 34,174       | 9,229                                 | 15,345                                |
| Intergovernmental                                 | -                     | -            | 65,792                                | -                                     |
| Charges for services                              | -                     | -            | 27,852                                | -                                     |
| Other revenues                                    | 50,257                | -            | -                                     | -                                     |
| Total revenues                                    | 51,608                | 1,124,040    | 1,652,014                             | 1,300,313                             |
| <b>EXPENDITURES</b>                               |                       |              |                                       |                                       |
| Current:  |                       |              |                                       |                                       |
| General government                                | -                     | 46,800       | 3,759                                 | 63,193                                |
| Public safety                                     | -                     | -            | -                                     | -                                     |
| Public works                                      | -                     | -            | 762                                   | 256,226                               |
| Community services                                | -                     | -            | 1,422,571                             | 473,597                               |
| Community development                             | -                     | -            | -                                     | -                                     |
| Debt Service                                      |                       |              |                                       |                                       |
| Principal Retirement                              | -                     | -            | -                                     | -                                     |
| Interest and fiscal charges                       | -                     | -            | -                                     | -                                     |
| Capital Outlay                                    | -                     | 20,636       | -                                     | -                                     |
| Total expenditures                                | -                     | 67,436       | 1,427,092                             | 793,016                               |
| Excess (deficiency) of revenues over expenditures | 51,608                | 1,056,604    | 224,922                               | 507,297                               |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                       |              |                                       |                                       |
| Transfers in                                      | -                     | -            | -                                     | -                                     |
| Transfers out                                     | -                     | -            | -                                     | -                                     |
| Total other financing sources and uses            | -                     | -            | -                                     | -                                     |
| Net change in fund balances                       | 51,608                | 1,056,604    | 224,922                               | 507,297                               |
| <b>FUND BALANCES</b>                              |                       |              |                                       |                                       |
| Beginning of year                                 | 109,499               | 2,764,861    | 634,042                               | 1,171,837                             |
| Prior period adjustment                           | -                     | -            | -                                     | -                                     |
| End of year                                       | \$ 161,107            | \$ 3,821,465 | \$ 858,964                            | \$ 1,679,134                          |

City of Huntington Park  
**Supplementary Information**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds (Continued)**  
For the Year Ended June 30, 2023

|   | Special Revenue Funds      |                   |                               |                                     |
|---|----------------------------|-------------------|-------------------------------|-------------------------------------|
|   | State Gasoline<br>Tax Fund | Measure R         | Office of Traffic<br>& Safety | Air Quality<br>Improvement<br>Trust |
| <b>REVENUES</b>                                   |                            |                   |                               |                                     |
| Taxes   | \$ -                       | \$ 1,119,473      | \$ -                          | \$ -                                |
| Fines and forfeitures                             | -                          | -                 | 4,095                         | -                                   |
| Use of money and property                         | 31,408                     | 8,894             | 1,180                         | 4,640                               |
| Intergovernmental                                 | 2,594,295                  | -                 | 35,103                        | 8,420                               |
| Charges for services                              | -                          | 205,122           | -                             | -                                   |
| Other revenues                                    | -                          | -                 | -                             | -                                   |
| Total revenues                                    | <u>2,625,703</u>           | <u>1,333,489</u>  | <u>40,378</u>                 | <u>13,060</u>                       |
| <b>EXPENDITURES</b>                               |                            |                   |                               |                                     |
| Current:  |                            |                   |                               |                                     |
| General government                                | 532                        | 2,625             | -                             | -                                   |
| Public safety                                     | -                          | -                 | 25,819                        | -                                   |
| Public works                                      | 1,962,864                  | 773,995           | -                             | -                                   |
| Community services                                | -                          | -                 | -                             | -                                   |
| Community development                             | -                          | -                 | -                             | -                                   |
| Debt Service                                      |                            |                   |                               |                                     |
| Principal Retirement                              | -                          | -                 | -                             | -                                   |
| Interest and fiscal charges                       | -                          | -                 | -                             | -                                   |
| Capital Outlay                                    | -                          | -                 | -                             | -                                   |
| Total expenditures                                | <u>1,963,396</u>           | <u>776,620</u>    | <u>25,819</u>                 | <u>-</u>                            |
| Excess (deficiency) of revenues over expenditures | <u>662,307</u>             | <u>556,869</u>    | <u>14,559</u>                 | <u>13,060</u>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                            |                   |                               |                                     |
| Transfers in                                      | -                          | -                 | -                             | -                                   |
| Transfers out                                     | (1,495,347)                | (223,845)         | -                             | -                                   |
| Total other financing sources and uses            | <u>(1,495,347)</u>         | <u>(223,845)</u>  | <u>-</u>                      | <u>-</u>                            |
| Net change in fund balances                       | (833,040)                  | 333,024           | 14,559                        | 13,060                              |
| <b>FUND BALANCES</b>                              |                            |                   |                               |                                     |
| Beginning of year                                 | 2,032,790                  | 639,421           | 95,134                        | 373,388                             |
| Prior period adjustment                           | -                          | -                 | -                             | -                                   |
| End of year                                       | <u>\$ 1,199,750</u>        | <u>\$ 972,445</u> | <u>\$ 109,693</u>             | <u>\$ 386,448</u>                   |

City of Huntington Park  
**Supplementary Information**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds (Continued)**  
For the Year Ended June 30, 2023

|   | Special Revenue Funds    |                           |                        |                              |
|---|--------------------------|---------------------------|------------------------|------------------------------|
|   | Asset Forfeiture<br>Fund | Homeland<br>Security Fund | Parking System<br>Fund | Art in Public<br>Places Fund |
| <b>REVENUES</b>                                   |                          |                           |                        |                              |
| Taxes   | \$ -                     | \$ -                      | \$ -                   | \$ 20,252                    |
| Fines and forfeitures                             | -                        | -                         | -                      | -                            |
| Use of money and property                         | -                        | -                         | -                      | 1,322                        |
| Intergovernmental                                 | -                        | 19,185                    | -                      | -                            |
| Charges for services                              | -                        | -                         | -                      | -                            |
| Other revenues                                    | -                        | -                         | -                      | -                            |
| Total revenues                                    | -                        | 19,185                    | -                      | 21,574                       |
| <b>EXPENDITURES</b>                               |                          |                           |                        |                              |
| Current:  |                          |                           |                        |                              |
| General government                                | -                        | -                         | -                      | -                            |
| Public safety                                     | 65,150                   | 184,097                   | -                      | -                            |
| Public works                                      | -                        | -                         | -                      | -                            |
| Community services                                | -                        | -                         | -                      | 31,022                       |
| Community development                             | -                        | -                         | 8                      | 40,528                       |
| Debt Service                                      |                          |                           |                        |                              |
| Principal Retirement                              | -                        | -                         | -                      | -                            |
| Interest and fiscal charges                       | -                        | -                         | -                      | -                            |
| Capital Outlay                                    | -                        | -                         | -                      | 80,730                       |
| Total expenditures                                | 65,150                   | 184,097                   | 8                      | 152,280                      |
| Excess (deficiency) of revenues over expenditures | (65,150)                 | (164,912)                 | (8)                    | (130,706)                    |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                          |                           |                        |                              |
| Transfers in                                      | -                        | -                         | -                      | 168,746                      |
| Transfers out                                     | -                        | -                         | -                      | -                            |
| Total other financing sources and uses            | -                        | -                         | -                      | 168,746                      |
| Net change in fund balances                       | (65,150)                 | (164,912)                 | (8)                    | 38,040                       |
| <b>FUND BALANCES</b>                              |                          |                           |                        |                              |
| Beginning of year                                 | (21,973)                 | -                         | 8                      | (45,308)                     |
| Prior period adjustment                           | -                        | -                         | -                      | -                            |
| End of year                                       | <u>\$ (87,123)</u>       | <u>\$ (164,912)</u>       | <u>\$ -</u>            | <u>\$ (7,268)</u>            |

City of Huntington Park  
**Supplementary Information**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds (Continued)**  
For the Year Ended June 30, 2023

|   | Special Revenue Funds                   |                                       |   |                               |
|---|---|---------------------------------------|---|-------------------------------|
|   | Community<br>Development<br>Block Grant | HUD Social<br>Security Block<br>Grant | Street Lighting<br>Landscape<br>Assessments | Public Financing<br>Authority |
| <b>REVENUES</b>                                   |   |                                       |   |                               |
| Taxes   | \$ -                                    | \$ -                                  | \$ 1,994,481                                | \$ -                          |
| Fines and forfeitures                             | -                                       | -                                     | -   | -                             |
| Use of money and property                         | -                                       | 133                                   | 6,117                                       | 67,457                        |
| Intergovernmental                                 | 220,397                                 | -                                     | -   | -                             |
| Charges for services                              | -                                       | -                                     | -   | -                             |
| Other revenues                                    | -                                       | -                                     | -   | 2,448,061                     |
| Total revenues                                    | <u>220,397</u>                          | <u>133</u>                            | <u>2,000,598</u>                            | <u>2,515,518</u>              |
| <b>EXPENDITURES</b>                               |   |                                       |   |                               |
| Current:  |   |                                       |   |                               |
| General government                                | 40,000                                  | -                                     | 1,293                                       | 794                           |
| Public safety                                     | -                                       | -                                     | -   | -                             |
| Public works                                      | -                                       | -                                     | 1,311,051                                   | -                             |
| Community services                                | 281,930                                 | -                                     | 785   | -                             |
| Community development                             | 404,631                                 | -                                     | -   | -                             |
| Debt Service                                      |   |                                       |   |                               |
| Principal Retirement                              | -                                       | -                                     | 893,994                                     | -                             |
| Interest and fiscal charges                       | -                                       | -                                     | 109,168                                     | -                             |
| Capital Outlay                                    | -                                       | -                                     | 32,677                                      | -                             |
| Total expenditures                                | <u>726,561</u>                          | <u>-</u>                              | <u>2,348,968</u>                            | <u>794</u>                    |
| Excess (deficiency) of revenues over expenditures | <u>(506,164)</u>                        | <u>133</u>                            | <u>(348,370)</u>                            | <u>2,514,724</u>              |
| <b>OTHER FINANCING SOURCES (USES)</b>             |   |                                       |   |                               |
| Transfers in                                      | -                                       | -                                     | -   | -                             |
| Transfers out                                     | (2,961,496)                             | -                                     | -   | (557,378)                     |
| Total other financing sources and uses            | <u>(2,961,496)</u>                      | <u>-</u>                              | <u>-</u>                                    | <u>(557,378)</u>              |
| Net change in fund balances                       | (3,467,660)                             | 133                                   | (348,370)                                   | 1,957,346                     |
| <b>FUND BALANCES</b>                              |   |                                       |   |                               |
| Beginning of year                                 | 3,384,686                               | 20,287                                | 378,873                                     | 5,452,164                     |
| Prior period adjustment                           | 0                                       | -                                     | -   | (1,678,745)                   |
| End of year                                       | <u>\$ (82,974)</u>                      | <u>\$ 20,420</u>                      | <u>\$ 30,503</u>                            | <u>\$ 5,730,765</u>           |



City of Huntington Park  
**Supplementary Information**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds (Continued)**  
For the Year Ended June 30, 2023

|   | Special Revenue Funds              |                    |                |                                      |
|---|------------------------------------|--------------------|----------------|--------------------------------------|
|   | Greenway<br>Linear Park<br>Project | Home ARP<br>Grant  | CalHome        | Total-Other<br>Governmental<br>Funds |
| <b>REVENUES</b>                                   |                                    |                    |                |                                      |
| Taxes   | \$ -                               | \$ -               | \$ -           | \$ 7,058,181                         |
| Fines and forfeitures                             | -                                  | -                  | -              | 4,095                                |
| Use of money and property                         | -                                  | -                  | -              | 190,050                              |
| Intergovernmental                                 | 416,842                            | -                  | 198,560        | 5,003,434                            |
| Charges for services                              | -                                  | -                  | -              | 232,974                              |
| Other revenues                                    | -                                  | -                  | -              | 2,498,831                            |
| Total revenues                                    | <u>416,842</u>                     | <u>-</u>           | <u>198,560</u> | <u>14,987,565</u>                    |
| <b>EXPENDITURES</b>                               |                                    |                    |                |                                      |
| Current:  |                                    |                    |                |                                      |
| General government                                | -                                  | -                  | 98,560         | 258,001                              |
| Public safety                                     | -                                  | -                  | -              | 275,066                              |
| Public works                                      | -                                  | -                  | -              | 4,311,898                            |
| Community services                                | -                                  | -                  | -              | 2,209,905                            |
| Community development                             | -                                  | 44,931             | 100,000        | 800,220                              |
| Debt Service                                      |                                    |                    |                |                                      |
| Principal Retirement                              | -                                  | -                  | -              | 893,994                              |
| Interest and fiscal charges                       | -                                  | -                  | -              | 109,168                              |
| Capital Outlay                                    | -                                  | -                  | -              | 172,596                              |
| Total expenditures                                | <u>-</u>                           | <u>44,931</u>      | <u>198,560</u> | <u>9,030,848</u>                     |
| Excess (deficiency) of revenues over expenditures | <u>416,842</u>                     | <u>(44,931)</u>    | <u>-</u>       | <u>5,956,717</u>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                                    |                    |                |                                      |
| Transfers in                                      | -                                  | -                  | -              | 327,486                              |
| Transfers out                                     | -                                  | -                  | -              | (6,638,363)                          |
| Total other financing sources and uses            | <u>-</u>                           | <u>-</u>           | <u>-</u>       | <u>(6,310,877)</u>                   |
| Net change in fund balances                       | 416,842                            | (44,931)           | -              | (354,160)                            |
| <b>FUND BALANCES</b>                              |                                    |                    |                |                                      |
| Beginning of year                                 | (91,312)                           | -                  | -              | 17,590,934                           |
| Prior period adjustment                           | -                                  | -                  | -              | (1,678,745)                          |
| End of year                                       | <u>\$ 325,530</u>                  | <u>\$ (44,931)</u> | <u>\$ -</u>    | <u>\$ 15,558,029</u>                 |

City of Huntington Park  
**Supplementary Information**  
**Internal Service Funds**

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

**Internal Service Funds include:**

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

**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**  
**Combining Statement of Net Position**  
**All Internal Service Funds**  
June 30, 2023

|   | <b>Fleet<br/>Maintenance</b> | <b>Liability,<br/>Insurance/Workers'<br/>Compensation</b> | <b>OPEB</b>       | <b>Total</b>          |
|---|------------------------------|---|-------------------|-----------------------|
| <b>ASSETS</b>                                   |                              |   |                   |                       |
| Current assets:                                 |                              |   |                   |                       |
| Cash and investments                            | \$ 489,709                   | \$ 1,040,325  | \$ 191,012        | \$ 1,721,046          |
| Accounts receivable                             | 3,354                        | 8,345   | 2,450             | 14,149                |
| Total current assets                            | <u>493,063</u>               | <u>1,048,670</u>  | <u>193,462</u>    | <u>1,735,195</u>      |
| Non-current assets:                             |                              |   |                   |                       |
| Capital Assets:                                 |                              |   |                   |                       |
| Depreciable                                     | 313,163                      | -   | -                 | 313,163               |
| Total non-current assets                        | <u>313,163</u>               | <u>-</u>  | <u>-</u>          | <u>313,163</u>        |
| Total assets                                    | <u>806,226</u>               | <u>1,048,670</u>  | <u>193,462</u>    | <u>2,048,358</u>      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                              |   |                   |                       |
| Pension related deferred outflows of resources  | 94,223                       | 33,867  | -                 | 128,090               |
| OPEB related deferred outflows of resources     | 15,657                       | 15,657  | -                 | 31,314                |
| Total deferred outflows of resources            | <u>109,880</u>               | <u>49,524</u>   | <u>-</u>          | <u>159,404</u>        |
| <b>LIABILITIES</b>                              |                              |   |                   |                       |
| Current Liabilities:                            |                              |   |                   |                       |
| Accounts payable                                | 79,545                       | 20,232  | -                 | 99,777                |
| Accrued payroll                                 | 2,829                        | 767   | -                 | 3,596                 |
| Compensated absences payable, due in one year   | 266                          | 244   | -                 | 510                   |
| Claims payable, due in one year                 | -                            | 3,894,100   | -                 | 3,894,100             |
| Total current liabilities                       | <u>82,640</u>                | <u>3,915,343</u>  | <u>-</u>          | <u>3,997,983</u>      |
| Non-current liabilities:                        |                              |   |                   |                       |
| Compensated absences, due in more than one year | 1,063                        | 977   | -                 | 2,040                 |
| Claims payable, due in more than one year       | -                            | 5,533,924   | -                 | 5,533,924             |
| Aggregate net pension liabilities               | 439,214                      | 94,116  | -                 | 533,330               |
| Net OPEB liabilities                            | 44,875                       | 44,875  | -                 | 89,750                |
| Total non-current liabilities                   | <u>485,152</u>               | <u>5,673,892</u>  | <u>-</u>          | <u>6,159,044</u>      |
| Total liabilities                               | <u>567,792</u>               | <u>9,589,235</u>  | <u>-</u>          | <u>10,157,027</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                              |   |                   |                       |
| Pension related deferred inflows of resources   | 20,444                       | 9,117   | -                 | 29,561                |
| OPEB related deferred inflows of resources      | 32,011                       | 32,011  | -                 | 64,022                |
| Total deferred inflows of resources             | <u>52,455</u>                | <u>41,128</u>   | <u>-</u>          | <u>93,583</u>         |
| <b>NET POSITION</b>                             |                              |   |                   |                       |
| Invested in capital assets                      | 313,163                      | -   | -                 | 313,163               |
| Unrestricted                                    | (17,304)                     | (8,532,169)   | 193,462           | (8,356,011)           |
| Total net position                              | <u>\$ 295,859</u>            | <u>\$ (8,532,169)</u>                                     | <u>\$ 193,462</u> | <u>\$ (8,042,848)</u> |

City of Huntington Park  
**Supplementary Information**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Internal Service Funds**  
For the Year Ended June 30, 2023

|   | <u>Fleet Maintenance</u> | <u>Liability,<br/>Insurance/Workers'<br/>Compensation</u> | <u>OPEB</u>       | <u>Total</u>          |
|---|--------------------------|---|-------------------|-----------------------|
| <b>REVENUES</b>   |                          |   |                   |                       |
| Charges for services                                    | \$ 1,352,339             | \$ 4,077,033  | \$ 1,789,794      | \$ 7,219,166          |
| Miscellaneous operating revenue                         | -                        | -   | -                 | -                     |
| Total operating revenues                                | <u>1,352,339</u>         | <u>4,077,033</u>  | <u>1,789,794</u>  | <u>7,219,166</u>      |
| <b>OPERATING EXPENSES</b>                               |                          |   |                   |                       |
| Personal services                                       | 268,943                  | 68,775  | -                 | 337,718               |
| Contractual services                                    | 24,339                   | 1,308,118   | 7,388             | 1,339,845             |
| Purchased water, materials and supplies                 | 729,040                  | -   | -                 | 729,040               |
| Insurance   | -                        | 5,312,727   | 1,951,752         | 7,264,479             |
| Depreciation  | 16,258                   | -   | -                 | 16,258                |
| Total Operating Expenses                                | <u>1,038,580</u>         | <u>6,689,620</u>  | <u>1,959,140</u>  | <u>9,687,340</u>      |
| Operating income (loss)                                 | <u>313,759</u>           | <u>(2,612,587)</u>  | <u>(169,346)</u>  | <u>(2,468,174)</u>    |
| <b>NON-OPERATING REVENUES</b>                           |                          |   |                   |                       |
| Interest income   | 6,192                    | 15,134  | 4,532             | 25,858                |
| Total non-operating revenue                             | <u>6,192</u>             | <u>15,134</u>   | <u>4,532</u>      | <u>25,858</u>         |
| <b>Income (loss) before contributions and transfers</b> | <u>319,951</u>           | <u>(2,597,453)</u>  | <u>(164,814)</u>  | <u>(2,442,316)</u>    |
| Change in net position                                  | <u>319,951</u>           | <u>(2,597,453)</u>  | <u>(164,814)</u>  | <u>(2,442,316)</u>    |
| <b>NET POSITION</b>                                     |                          |   |                   |                       |
| Beginning of year                                       | (24,092)                 | (5,934,716)   | 358,276           | (5,600,532)           |
| End of year   | <u>\$ 295,859</u>        | <u>\$ (8,532,169)</u>                                     | <u>\$ 193,462</u> | <u>\$ (8,042,848)</u> |