

**City Council Agenda
Regular Meeting - 6:00 p.m.**

Wednesday, November 20, 2024

Council Chambers

825 Imperial Beach Boulevard

Imperial Beach, CA 91932

THE CITY COUNCIL ALSO SITS AS THE IMPERIAL BEACH PLANNING COMMISSION, PUBLIC FINANCING AUTHORITY, HOUSING AUTHORITY, AND IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY.

Public Comments: Members of the public can participate in-person at the City Council meeting to provide public comments. Members of the public can also submit written comments prior to the City Council meeting via e-mail at: comments@imperialbeachca.gov. Written comments received by noon on the day of the City Council meeting, that are within the subject matter jurisdiction of the City of Imperial Beach, will be provided to the City Council and be made available to the public at the City Council meeting. They will be part of the official record of the meeting, but they will not be read aloud at the meeting. Members of the public who wish to watch City Council meetings, are encouraged to stream from the City website's at:

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1. **CALL TO ORDER**
2. **ROLL CALL**
3. **PLEDGE OF ALLEGIANCE**
4. **REIMBURSEMENT DISCLOSURES/REPORTS ON ASSIGNMENTS AND COMMITTEES**
 All City Council assignments are available for review in the City Clerk’s Office.
5. **COMMUNICATIONS FROM CITY STAFF**
6. **PUBLIC COMMENT**
 Each person wishing to address the City Council regarding items not on the posted agenda may do so at this time. In accordance with State law, Council may not take action on an item not scheduled on the agenda. If appropriate, the item will be referred to the City Manager or placed on a future agenda.
7. **PRESENTATIONS**
 - 7.a **PRESENTATION ON THE PURE WATER SAN DIEGO PROGRAM BY SARAH BROWNER, PROGRAM MANAGER WITH THE CITY OF SAN DIEGO. (0840-90)***
 *No Staff Report.
8. **CONSENT CALENDAR**
 All matters listed under Consent Calendar are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items, unless the item is removed from the Consent Calendar by action of the City Council. A Councilmember or member of the public may make a comment on any item on the Consent Calendar.

Recommendation:
 To approve Consent Calendar Item Nos. 8.a through 8.e.
 - 8.a **APPROVAL OF CITY COUNCIL MEETING MINUTES.** 5
Recommendation:
 That the City Council approves the Regular Meeting Minutes of November 6, 2024.
 - 8.b **RATIFICATION OF WARRANT REGISTER FOR THE PERIOD FROM OCTOBER 26, 2024 TO NOVEMBER 8, 2024. (0300-25)** 20
Recommendation:
 Staff is seeking that the City Council ratify and file the Warrant Register Report.
 - 8.c **RESOLUTION 2024-084 CONTINUING THE PROCLAMATION OF A STATE OF LOCAL EMERGENCY RELATING TO IMPACTS FROM CROSS-BORDER POLLUTION IN THE TIJUANA RIVER. (0150-40 & 0210-26)** 34
Recommendation:
 Adopt Resolution No. 2024-084 to maintain a state of local emergency related to the cross-border pollution impacts from the Tijuana River and authorize the City Manager, Mayor, and Council members to work with local, State, Federal, and Mexican authorities to advance binational projects to improve conditions in the Tijuana River.

- 8.d **SECOND READING & ADOPTION OF ORD. NO. 2024-1251 AMENDING TITLE 19 TO UPDATE THE CITY'S ZONING ORDINANCE FOR BY-RIGHT HOUSING DEVELOPMENT APPROVAL TO MEET STATE LAW & APPROVING THE LCP AMENDMENT & EXEMPTION PER CEQA GUIDELINES SECTION 15061(b)(3).(0660-95)** 39

Recommendation:

That the City Council conduct the second reading by title only, waiving further reading, and adopt Ordinance No. 2024-1251 by title only approving the proposed amendment, Local Coastal Program Amendment (LCPA-23-0001) of Title 19 (Zoning) to allow by-right housing development approval consistent with Program 9 of the City's Housing Element to meet State Law and to update the City's density bonus ordinance to reflect changes in State Law; and finding and certifying that the proposed zoning amendment (Ordinance 2024-1251) is consistent with the Coastal Act; and finding an exemption pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3) (the common sense exemption).

- 8.e **RESOLUTION NO. 2024-086 ADDING THE FY25 FIRE STATION HVAC PROJECT TO THE CAPITAL IMPROVEMENT PROGRAM; APPROPRIATE \$195,000 TO THE PROJECT BUDGET; AND AWARD A CONTRACT TO TRANE TECHNOLOGIES FOR CONSTRUCTION OF THE PROJECT. (0910-40)** 50

Recommendation:

Adopt Resolution No. 2024-086 to: (1) add the FY25 Fire Station HVAC Project (F25101) to the Imperial Beach Capital Improvement Program; (2) authorize the appropriation of \$195,000 to the Project budget; and (3) award a Public Works contract for a not to exceed amount of \$195,000 to Trane Technologies to construct the Project.

9. ORDINANCES/INTRODUCTION & FIRST READING

None.

10. PUBLIC HEARINGS

None.

11. REPORTS

- 11.a **PRESENTATION AND FINANCIAL REPORT BY VW AIR COOLED FIESTA EN LA PLAYA CAR SHOW EVENT. (1040-10)** 53

Recommendation:

The recommendation is that the City Council accepts and files the presentation and financial report from the event organizer and provides further direction to staff.

11.b REVIEW OF FISCAL YEAR 2023-24 AUDITED FINANCIAL STATEMENTS AND RELATED DOCUMENTS AND RESOLUTION NO. 2024-085 AUTHORIZING THE ALLOCATION OF FUND BALANCE AND AUTHORIZING NECESSARY ASSIGNMENTS, TRANSFERS, AND BUDGET AMENDMENTS. (0412-50 & 0310-90)

Recommendation:

- 1. City Council and Board(s) receive and file the Fiscal Year 2023-24 City of Imperial Beach Audited Financial Statements and related documents.
- 2. Adopt Resolution No. 2024-085 Authorizing the allocation of fund balance and authorizing necessary assignments, transfers, and budget amendments.

12. I.B. REDEVELOPMENT AGENCY SUCCESSOR AGENCY REPORTS

None.

13. ITEMS PULLED FROM THE CONSENT CALENDAR (IF ANY)

14. CITY COUNCIL FUTURE AGENDA REQUESTS

15. ADJOURN REGULAR MEETING



November 20, 2024

ITEM TITLE: APPROVAL OF CITY COUNCIL MEETING MINUTES.

ORIGINATING DEPARTMENT:

City Clerk

RECOMMENDATION:

That the City Council approves the Regular Meeting Minutes of November 6, 2024.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT: No Fiscal impact associated with this item.

ATTACHMENTS:

ATT 1 - 11-06-24 Regular Meeting Minutes_DRAFT

**CITY OF IMPERIAL BEACH
CITY COUNCIL
REGULAR MEETING MINUTES**

**November 6, 2024, 6:00 p.m.
Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932**

Present: Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury,
Councilmember Fisher, Councilmember Leyba-Gonzalez,

Staff: City Manager Foltz, Chief Administrative Officer Cortez-Martinez, City
Attorney Lyon, City Clerk Kelly, Public Works Director Larios,
Community Development Director Openshaw, Associate Planner Pua

**The City Council also sits as the Imperial Beach Planning Commission, Public Financing
Authority, and Imperial Beach Redevelopment Agency Successor Agency.**

1. CALL TO ORDER

Mayor Aguirre called the Regular Meeting to order at 6:00 p.m.

2. ROLL CALL

City Clerk Kelly took roll.

3. PLEDGE OF ALLEGIANCE

John Haythe led the Pledge of Allegiance.

4. REIMBURSEMENT DISCLOSURES/REPORTS ON ASSIGNMENTS AND COMMITTEES

Mayor Aguirre

- Fire Station Open House
- Lead a tour of the Tijuana River Valley for California Treasurer Fiona Ma
- California Coastal Commission meeting
- South County Economic Development Council (SCEDC) meeting
- Hosted a tour of the Tijuana River Valley for California Controller Malia Cohen
- Participated on a panel about the risks of climate change at the San Diego Climate Summit
- Joined a bi-national delegation to Mexico City, organized by the San Diego Regional Chamber of Commerce, where she:
 - participated in a press conference for additional funding for wastewater infrastructure from both sides of the border
 - moderated a panel to discuss the need to reuse and recycle wastewater in Tijuana to prevent unnatural year-round flow in the Tijuana River

- participated in discussions hosted by the Mexican Senate and other business leaders on several different topics one being the USMCA update, where she expressed the need to put the sewage crisis, front and center and to prioritize funding for it
- participated in discussions on energy, bi-national tourism and border efficiency
- San Diego Community Power Board of Directors meeting
- Trunk or Treat event
- IB Arts Mural Tour
- Announced Governor Newsom visited the International Wastewater Treatment Plant and the San Antonio de los Buenos Wastewater Treatment Plant, however none of the South Bay Mayors were invited to participate
- The launch of the International Wastewater Treatment Plants Rehabilitation and Expansion project
- Dia de Los Muertos event
- The U.S. Marine Corps Flag Raising Ceremony

Mayor Pro Tem McKay

- Metro Wastewater JPA meeting
- He spoke before the County Board of Supervisors regarding the air filters/air purifiers
- CalCities Annual Conference in Long Beach
- IB Arts Mural Tour
- U.S. IBWC meeting
- The U.S. Marine Corps Flag Raising Ceremony

Councilmember Seabury

- Tour of the Tijuana River Valley with California Treasurer Fiona Ma
- SANDAG Mobility meeting
- San Diego Regional Chamber of Commerce meeting
- CalCities Annual Conference in Long Beach
- Announced the Kiwanis Student of the Month
- IB Arts Mural Tour
- City Employee Quarterly Lunch
- U.S. Marine Corps Flag Raising Ceremony
- SCEDC meeting

Councilmember Fisher

- South Bay Union School District Board meeting
- Trunk or Treat event
- IB Arts Mural Tour
- SANDAG Board of Directors meeting
- Announced that at the upcoming SANDAG meeting there will be a discussion on the City's request for toll revenues to offset the environmental impacts and mitigation of the Tijuana River Valley

Councilmember Leyba-Gonzalez

- IBAC OTL Tournament
- MTS Board of Directors meeting
- Trunk or Treat event

5. COMMUNICATIONS FROM CITY STAFF

Community Development Director Openshaw announced the community meeting for the Border to Bayshore Bikeway project is scheduled for November 12, 2024.

City Manager Foltz announced the Imperial Beach Pier will undergo maintenance work starting Monday, November 18, 2024 and he displayed the pier closure schedule.

6. PUBLIC COMMENT

A written comment was submitted by Suzanne Judd in support of the new Wellness Center.

In Person Comments:

Daniel Loza asked for help to prevent renters from being displaced due to remodeling of their apartments.

Rosalinna Perez complained about the high cost of rent and expressed concern about the possibility of having to move out of Imperial Beach.

Robert Lucas asked to put a stop to no-fault evictions and substantial remodel evictions.

Brenda Bautista requested a ban on substantial remodel evictions.

Nerea Urtasun-Whitworth was opposed to rent control and noted that Proposition 33 was rejected by the voters. She suggested the City subsidize the cost of living for all residents in need.

Robert Lopo complained about the high cost of rent.

Truth provided many reasons why the sewage crisis cannot be solved by designating the area as an EPA Superfund site. She noted that real change will come from sanctioning Mexico, boycotting Mexican products and withholding their toll money.

Olivia Fernandez spoke about having to leave her childhood home where she has fond memories. She expressed a sense of loss, fear and stress with having to find a new home.

Alberto Fernandez expressed concern about displacing long-standing residents without protections. He urged City Council to consider legislation that limits evictions related to renovations and to incentivize developers to work with tenants to find viable, affordable alternatives.

Joshua Lopez said that tenants have requested maintenance when the living conditions did not meet the standards of the United States. Now they are being evicted on the grounds of extensive remodeling, which he finds hypocritical. He implored the City Council to look beyond financial considerations and focus on the diverse range of community members who are being uprooted from their homes.

John Becker commented that there are already rent control procedures in the State of California. He stressed to the City Council that living in California is expensive and second only to Hawaii. He also noted that the overall high cost of living in the area is a reality that everyone must face.

Giovanni Cespedes asked City Council for a helping hand for him, his family and his neighbors.

Rachel Orozco spoke in support for helping community neighbors who are facing eviction due to renovations.

Fabian Nevarez spoke in support of having laws that protect tenants.

Chis Wright expressed concern about no fault evictions that are displacing families and the elderly. He spoke in support of stronger tenant protection laws.

Sandra del Rio spoke about receiving an eviction notice and expressed concern about having a limited income and the difficulty with paying bills and higher rent.

Philip del Rio complained about higher water bills and increased rent. He asked City Council for help.

Jose Lopez complained about landlords displacing tenants and was opposed to increased rent.

Maria Cerda asked to put a stop to increasing rent.

Nicole Le, ACCE Organizer, said that after speaking with more than a dozen families, the number one concern for families is the rising cost of rent and eviction.

Sandra Lopez indicated support for the issues raised at the Hawaiian Gardens Apartments (did not speak).

Diana Avendano spoke in support for the tenants at Hawaiian Gardens Apartments and asked for tenant protections.

Chrisitan Cosio asked City Council to help the renters from becoming homeless.

7. PRESENTATIONS

7.a LEGAL AID - PRESENTATION OF SERVICES. (0660-90)

Gil Vera, Deputy Director of the Legal Aid Society of San Diego, Inc. gave a PowerPoint presentation on the item. He responded to questions of City Council about the process for seeking guidance from the Legal Aid Society, the screening process, eligibility criteria, qualifications for substantial remodels, and ordinances implemented by other cities.

No public comments.

Mayor Aguirre called a recess at 8:10 p.m. and called the meeting back to order at 8:17 p.m. with all Councilmembers present.

7.b PROCLAMATION VETERANS APPRECIATION DAY. (0410-30)

Motion by Mayor Pro Tem McKay

Seconded by Councilmember Fisher

To approve the Proclamation.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

Councilmember Leyba-Gonzalez read the proclamation.

Truth spoke about her experience as a child of parents who were in the military, stressed that military service also impacts the families of military personnel, spoke about benefits veterans can enjoy on November 11th, and announced the Veterans Day Parade in Downtown San Diego.

Mayor Aguirre announced the Veterans Appreciation Day event that will be held in Imperial Beach.

7.c PROCLAMATION INDIGENOUS PEOPLES' DAY 2024. (0410-30)

Motion by Councilmember Seabury
Seconded by Mayor Pro Tem McKay

To approve the Proclamation.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

Mayor Aguirre read the proclamation.

Truth questioned some of the statements in the proclamation. She shared that she has Cherokee ancestry, spoke about where the term "Indian" came from, and talked about the complex history of indigenous peoples.

7.d PROCLAMATION RECOGNIZING BREAST CANCER AWARENESS MONTH. (0410-30)

Motion by Councilmember Seabury
Seconded by Councilmember Fisher

To approve the Proclamation.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

Councilmember Fisher read the proclamation.

Mayor Aguirre reminded everyone to do their screenings and stressed the importance of prevention.

8. CONSENT CALENDAR

For Item No. 8.h.: A revised Resolution No. 2024-073 was submitted as Last Minute Agenda Information.

Public Comment for Item 8.f: Truth announced that the City of Lemon Grove got a fire engine on a 10-year loan from the California Office of Emergency Services.

Motion by Councilmember Fisher

Seconded by Councilmember Leyba-Gonzalez

To approve Consent Calendar Item Nos. 8.a through 8.j.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

8.a APPROVAL OF CITY COUNCIL MEETING MINUTES.

City Council approved the Regular Meeting Minutes of October 2, 2024.

8.b RATIFICATION OF WARRANT REGISTER FOR THE PERIOD FROM SEPTEMBER 21, 2024 TO OCTOBER 4, 2024. (0300-25)

City Council ratified and filed the Warrant Register Report.

8.c RATIFICATION OF WARRANT REGISTER FOR THE PERIOD FROM OCTOBER 5, 2024 TO OCTOBER 25, 2024. (0300-25)

City Council ratified and filed the Warrant Register Report.

8.d RECEIVE TREASURER'S REPORT FOR AUGUST 2024. (0300-90)

City Council received and filed the August 2024 Treasurer's Report.

8.e RECEIVE TREASURER'S REPORT FOR SEPTEMBER 2024. (0300-90)

City Council received and filed the September 2024 Treasurer's Report.

8.f RESOLUTION 2024-78 TO AUTHORIZE SUBMITTAL OF AN APPLICATION FOR FISCAL YEAR 2025-2026 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS. (0650-33)

Adopted Resolution 2024-78, a Resolution of the City of Imperial Beach, California Authorizing the Submittal of an Application for Fiscal Year 2025-2026 Community Development Block Grant Funds.

8.g ADOPTION OF RESOLUTION NUMBER 2024-79 ACCEPTING THE 2023 STATE HOMELAND SECURITY GRANT (SHSG) ALLOCATION OF \$14,031 IN THE FORM OF REIMBURSEMENT FOR THE PURCHASE OF SIX BALLISTIC VESTS AND SIX BAILOUT ESCAPE SYSTEMS. (0390-88)

City Council adopted Resolution No. 2024-79 accepting the State Homeland Security Grant allocation of \$14,031 in the form of reimbursement for the purchase of six ballistic vests and six bailout escape systems.

8.h RESOLUTION 2024-073 AUTHORIZING AN AGREEMENT WITH CHANDLER ASSET MANAGEMENT FOR INVESTMENT MANAGEMENT AND OTHER FINANCIAL SERVICES. (0350-10)

City Council adopted Resolution No. 2024-073 authorizing the City Manager to execute an agreement with Chandler Asset Management for investment management and other financial services through June 30, 2029.

8.i APPROVE FINAL MAP (TM-23-0001) FOR NEW MIXED-USE DEVELOPMENT WITH 2,212 SQUARE FEET OF COMMERCIAL SPACE AND FOURTEEN (14) RESIDENTIAL UNITS, WHICH ARE INCLUSIVE OF TWO AFFORDABLE UNITS AT 236 PALM AVE. (APN 625-023-07-00) MF 1380/USE-22-0077. (0600-20)

City Council approved the Final Map for recordation.

8.j RESOLUTION 2024-074 AUTHORIZING AN ADMINISTRATIVE SERVICES AGREEMENT WITH MISSION SQUARE RETIREMENT FOR MANAGEMENT OF CITY'S 457(B) DEFERRED COMPENSATION RETIREMENT PLAN. (0520-30)

City Council adopted Resolution No. 2024-074 authorizing the City Manager or designee to execute an agreement with Mission Square Retirement for management and administration of City's 457(b) Deferred Compensation Plan.

9. ORDINANCES/INTRODUCTION & FIRST READING/PUBLIC HEARING

9.a PUBLIC HEARING TO CONSIDER INTRODUCTION OF ORDINANCE NO. 2024-1251 AMENDING TITLE 19 TO UPDATE THE CITY'S ZONING ORDINANCE FOR BY-RIGHT HOUSING DEVELOPMENT APPROVAL TO MEET STATE LAW & APPROVING THE LCP AMENDMENT & EXEMPTION PER CEQA GUIDELINES

Mayor Aguirre declared the public hearing open.

Community Development Director Openshaw gave a PowerPoint presentation.

Truth quoted AB 1397 stating that the City is required to amend the zoning ordinance to require by-right approval of housing developments with 20% affordable units for lower income households, as well as changes to the density bonus law. She expressed concern that this will eliminate public input for future projects, benefit corporate developers building expensive luxury units, and take away land for affordable single-family homes. She believed cities need to start saying no to these state mandates and be willing to engage in lawsuits, rather than surrender in a way that destroys the city.

Mayor Aguirre closed the public hearing.

Director Openshaw responded to questions of City Council about the parcels that are in the cycle, and she confirmed that to meet the requirements of State law, the parcels are not citywide and it does not take up the whole beachfront. She also explained what "by right approval" is.

Mayor Pro Tem McKay wanted to ensure there is still meaningful Council and community oversight, rather than just one person making decisions, even within the constraints of the State's by-right approval requirements.

In response to Mayor Pro Tem McKay's comment about oversight, City Manager Foltz stated that the City could say oversight where possible, but the City would have to look at what's occurring throughout the rest of the State, case law, and make sure that we follow all procedures to be consistent with our Housing Element.

Councilmember Fisher commented on how HCD is a failed system, and he expressed his frustration with State mandates that fail to account for the realities and needs of small cities.

Councilmember Seabury spoke in opposition to State mandates.

Mayor Aguirre was hopeful that legislative avenues can be explored by CalCities to address the issues and concerns with State mandates.

City Clerk Kelly read the title of Ordinance No. 2024-1251, "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AMENDING TITLE 19 (ZONING) OF THE IMPERIAL BEACH MUNICIPAL CODE TO PROVIDE FOR BY RIGHT APPROVAL OF CERTAIN SITES DESIGNATED FOR LOWER INCOME HOUSING AND TO UPDATE THE CITY'S DENSITY BONUS ORDINANCE TO REFLECT CHANGES IN STATE LAW."

Motion by Councilmember Fisher
Seconded by Mayor Pro Tem McKay

To introduce Ordinance No. 2024-1251 by title only, waive further reading of the ordinance and set the matter for its second reading and adoption at the next regularly scheduled City Council meeting.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

Motion by Councilmember Leyba-Gonzalez
Seconded by Mayor Aguirre

To adopt Resolution No. 2024-082 approving the proposed Local Coastal Program Amendment (LCPA-23-0001), finding and certifying that the proposed zoning amendment (Ordinance 2024-1251) is consistent with the Coastal Act and finding an exemption pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3) (the common sense exemption).

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

10. PUBLIC HEARINGS**10.a TIM P. JONES (APPLICANT); CONSTRUCTION OF ONE NEW THREE-STORY FOUR-PLEX RESIDENTIAL TOWNHOME BUILDING, WITH A TWO-CAR GARAGE PROVIDED FOR EACH DWELLING UNIT AT 745 13TH STREET (APN 627-011-05-00) USE-22-0119/MF 1493. (0600-20)**

Mayor Aguirre declared the public hearing open.

Associate Planner Pua gave a PowerPoint presentation. He responded to questions of Councilmember Fisher regarding the DRB recommendation process and why some of the DRB recommendations were not implemented. He addressed Councilmember Seabury's question about the section of the fence that is lower in height.

In response to Mayor Aguirre's question about the units being up for sale or for rent, Rodrigo Leal, property owner, stated that they have not done a condo map for the property so the units would be for rent with the possibility that they may be sold. He said that it would ultimately depend on market conditions.

Mayor Aguirre closed the public hearing.

Motion by Councilmember Seabury
Seconded by Mayor Pro Tem McKay

To adopt Resolution 2024-076, approving Site Plan Review (SPR-22-0034), Design Review Case (DRC-22-0033), and categorical exemption pursuant to the California Environmental Quality Act (CEQA) guidelines 15332 Class 32 (In-Fill Development Projects) at 745 13th Street (APN 627-011-05-00) in the C/MU-1 (General Commercial and Mixed-Use) Zone subject to the conditions as specified in the resolution.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

10.b PUBLIC HEARING TO CONSIDER ADOPTION OF (1) AFFORDABLE HOUSING AGREEMENT WITH HOUSING ASSET FUND LOAN (\$625,000); (2) CITY FEE DEFERRAL; AND (3) DEVELOPMENT ENTITLEMENT EXTENSION FOR 50 UNIT AFF. SENIOR HOUSING & NEIGHBORHOOD CENTER AT 455 PALM AVENUE

A corrected Attachment 4 – Affordable Housing Agreement was submitted as Last Minute Agenda Information.

Mayor Aguirre declared the public hearing open.

Community Development Director Openshaw gave a PowerPoint presentation on the item.

Written comments in opposition to the item submitted by: Joel Vigil-Vado, Pierre Clement, Laney Plum, Chrissy Kohler, Brian Duncan, Evan Kersting, Cheryl Porter, Gabby Whitler, Szilvia Dosa, Rebecka Garcia, Michael A. DePompeo, Susan Sounders, Maria Garcia Vigil, Juan Vigil, Richard and Betty Sorensen, Jessica Flores, Faux Mahan, Lauren Allen, Ken Noonan, Ellipse-Flip-0e, Julie Pendergraft, Natalia De la Cerda.

Written comments in support of the item submitted by: Debra Benson, Denyse Barnes, Shaun Schofield, Jose Griffin-Atil, Eliana Loyo-Ross, Carol Tennebaum, Barbara Elliott-Sanders, Patsy Brown, David Hubert, Nancy Stone, Brian A. Barreto, Lyle Pavuk, Theresa Reel, Tracy Spears, Kate Harrell,

In person public comments:

Jody Latu, neighboring homeowner, requested access to her yard through the backside of the project.

Rebeca Garcia spoke in opposition to the project. She suggested the money allocated for this project be used instead for housing assistance for residents of IB.

Allen Wisely spoke in opposition to the project. He said that the project will negatively affect those closest to it and it will attract transients and vagrants to the neighborhood.

Martin Mattes emphasized that if the project is for senior housing, the verbiage in the documents should clearly state that the housing is strictly for senior housing.

Michael Wilson spoke in support of the project, and he also shared positive comments about St. Paul Senior Services and the PACE Program.

John Becker spoke against the project and shared negative impacts to the community because of homeless people visiting the church. He suggested using the money for other needs in the community.

Councilmember Leyba-Gonzalez complimented Wakeland and said the City should be honored to partner with them. He supported the item.

Mayor Pro Tem McKay asked to see information on Wakeland's progress on funding, rather than just granting a two-year extension without ongoing oversight.

John Sugden, Project Manager, said that with this commitment, they will be ready to pursue tax credit funding, which is a critical piece of securing the financing needed to move the affordable housing project forward.

Peter Armstrong, Vice President of Real Estate Development, spoke about the time it has taken to put the project together and noted that they have consistently worked with City staff, and they will continue to demonstrate their good faith in their efforts to bring the project to fruition.

Discussion ensued regarding the request for a 2-year extension and why it is necessary versus a shorter timeframe, why the agreement is necessary to pursue funding, and the fiduciary responsibility of City Council to have oversight.

Mayor Pro Tem McKay requested a report back in one year.

Councilmember Seabury requested a tour of one of Wakeland's properties.

Motion by Councilmember Fisher to amend the recommendation to a 1-year extension with a review at that time.

Mayor Aguirre spoke about the importance of City Council's fiduciary responsibility to have oversight; she stressed the need for a 2-year extension and supported having an update in one year.

Mayor Pro Tem McKay agreed with Mayor Aguirre's suggestion.

Councilmember Fisher rescinded his motion.

Motion by Councilmember Fisher

Seconded by Councilmember Leyba-Gonzalez

To adopt Resolution of the Imperial Beach Housing Authority Resolution HA-24-21 (I) approving the Affordable Housing Agreement by and between the Imperial Beach Housing Authority and Wakeland IBNCA LP, including attachments, for the Imperial Beach Neighborhood Center Apartments located at 455 Palm Avenue, Imperial Beach, California, (II) authorizing and establishing the terms and conditions for the deferral of certain City fees for the development of the Imperial Beach Neighborhood Center Apartments as an affordable residential rental project for senior lower income households; and (III) approving and authorizing other related actions.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

Motion by Mayor Aguirre

Seconded by Mayor Pro Tem McKay

To adopt Resolution 2024-081 (I) approving the Affordable Housing Agreement by and between the Imperial Beach Housing Authority and Wakeland IBNCA LP, including attachments, for the Imperial Beach Neighborhood Center Apartments located at 455 Palm Avenue, Imperial Beach, California, (II) authorizing and establishing the terms and conditions for the deferral of certain City fees for the development of the Imperial Beach Neighborhood Center Apartments as an affordable residential rental project for senior lower income households; and (III) approving and authorizing other related actions.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

Motion by Councilmember Leyba-Gonzalez
Seconded by Mayor Pro Tem McKay

To adopt Resolution 2024-080 approving a time extension for Regular Coastal Development Permit (CP-22-0013), Conditional Use Permit (CUP-22-0013), Design Review Case (DRC-22-0025), Site Plan Review (SPR-22-0026) and Categorical Exemption pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15332 (In-Fill Development Projects) for the demolition of the existing structures and construction of a new 50-unit affordable senior housing and neighborhood center project at 455 Palm Ave. and the developer shall provide an update to the City Council in one year.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

Motion by Mayor Pro Tem McKay
Seconded by Councilmember Fisher

To extend the City Council meeting past 10:00 p.m.

AYES (4): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, and Councilmember Fisher

ABSTAINED (1): Councilmember Leyba-Gonzalez

Motion Carried (4 to 0)

11. REPORTS

11.a APPROVAL OF SPECIAL EVENT APPLICATION FOR THE MILITARY APPRECIATION DAY EVENT ON VETERANS DAY AND RESERVATION OF DUNES PARK ON MONDAY, NOVEMBER 11, 2024. (1040-10)

CAO Cortez Martinez gave a PowerPoint presentation.

No public comments.

Councilmember Leyba-Gonzalez and Mayor Aguirre both spoke about attending last year's event and shared positive feedback.

Motion by Mayor Aguirre
Seconded by Councilmember Seabury

To approve the special event application, including a request to serve alcohol and activate Dunes Park as a special event venue for the 2024 Military Appreciation Veterans Day on Monday, November 11, 2024. City Council also approved the associated fee waiver request.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

11.b REVIEW AND DISCUSSION OF THE 2024 SUN & SEA FESTIVAL EVENT PRESENTATION, FINANCIAL REPORT, AND CITY'S SPONSORSHIP. (1040-10)

A list of 2024 Sun & Sea Festival Sponsors/Donations and the Sun & Sea Festival General Ledger were submitted as Last Minute Agenda Information.

CAO Cortez Martinez gave a PowerPoint presentation on the City's sponsorship of the event, showed the financial report, a list of the vendors, and the sponsors/donations.

Don Brennan, representing Sun & Sea Festival LLC, gave a PowerPoint presentation in review of the event. In response to Councilmember Fisher's question about the estimated amount of attendance, he said approximately 40,000 people.

Mayor Aguirre appreciated having the general ledger as it is helpful to the public. She also mentioned the need to quantify the number of people in attendance, to place the City's Logo front and center next year since the City contributed a significant amount of funds, and said they did a fantastic job with media coverage.

11.c PRESENTATION AND FINANCIAL REPORT BY MIKE HESS BREWING COMPANY FOR THE 2024 HESSFEST XIV EVENT. (1040-10)

CAO Cortez-Martinez introduced the item.

Jane Dennis, representing Hess Fest, gave a PowerPoint presentation in review of the event.

No public comments.

Councilmembers Fisher and Seabury shared positive feedback on the event.

Mayor Aguirre appreciated the presentation and said it was exactly what City Council was hoping for. She liked the personal stories and the statistics of how well the event benefited the children. She also liked the promotion of local bands and welcomed her to come back to give next year's presentation.

11.d RESOLUTION NO. 2024-083 TO AWARD A PROFESSIONAL SERVICES CONTRACT TO CR ASSOCIATES FOR THE PROJECT APPROVAL AND ENVIRONMENTAL DOCUMENTATION PHASE OF THE PALM AVENUE COMPLETE MULTIMODAL CORRIDOR PROJECT (S22109). (0720-25)

Public Works Director Larios gave a PowerPoint presentation on the item. He responded to questions of City Council about the landscaping plans, removal of trees, landscaping maintenance, and drainage.

No public comments.

City Manager Foltz clarified that City Council is only considering the award of the contract to a consultant. There will be public outreach and then ultimately approval of the project that will include parking, landscaping, where the bike lanes will be, and all the different features that will be incorporated into the project.

City Council suggested consideration of a big entry sign and to slow speed down

In response to Mayor Aguirre's question about public outreach, Roberto Ruiz-Salas, Project Manager, stated that they will prepare a planning document for outreach.

Motion by Councilmember Seabury
Seconded by Mayor Aguirre

To adopt Resolution No. 2024-083 to award a consultant contract for professional services up to \$1,150,000 to CR Associates to complete the Project Approval & Environmental Documentation Phase of the Palm Avenue Complete Multimodal Corridor Project.

AYES (5): Mayor Aguirre, Mayor Pro Tem McKay, Councilmember Seabury, Councilmember Fisher, Councilmember Leyba-Gonzalez

Motion Carried (5 to 0)

12. I.B. REDEVELOPMENT AGENCY SUCCESSOR AGENCY REPORTS

None.

13. ITEMS PULLED FROM THE CONSENT CALENDAR (IF ANY)

None.

14. CITY COUNCIL FUTURE AGENDA REQUESTS

Councilmember Leyba-Gonzalez requested a survey on possibly installing a four-way stop at 13th Street and Donax Avenue and at Elm Avenue and Donax Avenue.

City Manager Foltz responded that this can be analyzed by staff, and he also said that the City is working on the 13th Street Corridor Project which will address some of this.

Councilmember Seabury mentioned that there were some residents on Cypress and Calla who requested speed bumps.

Mayor Aguirre commented that this has been an ongoing concern especially at the four-way stop on Calla and 9th Street.

15. ADJOURN REGULAR MEETING

Mayor Aguirre adjourned the Regular Meeting at 10:59 p.m.

Jacqueline M. Kelly, MMC
City Clerk

Paloma Aguirre
Mayor



CITY COUNCIL

STAFF REPORT

November 20, 2024

ITEM TITLE: RATIFICATION OF WARRANT REGISTER FOR THE PERIOD FROM OCTOBER 26, 2024 TO NOVEMBER 8, 2024. (0300-25)

ORIGINATING DEPARTMENT:

Finance

EXECUTIVE SUMMARY:

Staff is recommending that the City Council ratify the accompanying Warrant Register for the period from October 26, 2024, to November 8, 2024, in the amount of \$1,107,928.82.

RECOMMENDATION:

Staff is seeking that the City Council ratify and file the Warrant Register Report.

OPTIONS:

- Receive and file the report from the City Manager
- Provide direction to the City Manager to take a specific action.
- Request additional information and an additional report.

BACKGROUND/ANALYSIS:

The City of Imperial Beach issues accounts payable and payroll disbursements on a regular basis and presents it to the City Council for ratification at its next regular scheduled meeting. The attached Warrant Register containing checks and electronic funds transfers for the period from October 26, 2024, to November 8, 2024, in the amount of \$1,107,928.82, is being presented for ratification by the City Council. Payments have been reviewed and approved by the appropriate department staff. The Finance Director or designee certifies the accuracy of the attached register and the availability of funds for payment.

Warrants above \$100,000 have been highlighted and explained in the table below:

| VENDOR | CHECK | DESCRIPTION | AMOUNT |
|--|--------------|--|---------------|
| TRI-GROUP CONSTRUCTION AND DEVELOPMENT | 104201 | 10/1/24-10/25/24 – 9 TH ST ENHANCEMENT PROJECT | \$ 201,952.43 |

The following registers are submitted for Council ratification:

Accounts Payable:

| <i>DATE</i> | <i>CHECK NUMBER</i> | <i>AMOUNT(S)</i> |
|-------------|---------------------|----------------------|
| 10/31/2024 | CK104146-CK104210 | \$611,630.61 |
| 11/7/2024 | CK104211-CK104253 | 231,009.67 |
| | | |
| | Sub-Total | \$ 842,640.28 |

| <i>DATE</i> | <i>EFT/DRAFT NUMBER</i> | <i>AMOUNT(S)</i> |
|-------------|-------------------------|--------------------|
| 10/28/2024 | DFT0008842 | \$5,071.38 |
| 11/1/2024 | DFT0008844 | 150.65 |
| 11/5/2024 | DFT0008845 | 270.00 |
| | | |
| | Sub-Total | \$ 5,492.03 |

Total reflected in the attached Expense Approval Report: \$ **848,132.31**

Check Reversals/Voids:

| <i>DATE</i> | <i>CHECK/EFT NUMBER</i> | <i>AMOUNT(S)</i> |
|-------------|-------------------------|------------------|
| | Sub-Total | N/A |

Payroll Checks/Direct Deposits

| <i>DATE</i> | <i>CHECK/EFT NUMBER</i> | <i>AMOUNT(S)</i> |
|-------------|-------------------------|---------------------|
| 11/7/2024 | 49197-202; EFT0000210 | 259,796.51 |
| | | |
| | Sub-Total | \$259,796.51 |

TOTAL: \$1,107,928.82

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL ANALYSIS:

Warrants are issued from budgeted funds and there is no additional impact on reserves.

ATTACHMENTS:

ATT 1 - Expense Approval Report – 10.26.2024-11.8.2024

Expense Approval Report

By (None)

Payment Dates 10/26/2024 - 11/8/2024



Imperial Beach, CA

| Payment Date | Payment Number | Vendor Name | Description (Item) | Payable Number | Account Number | Purchase Order Number | Amount |
|--------------|----------------|------------------------------|--------------------------------|----------------|-------------------|-----------------------|-----------|
| 10/31/2024 | 104146 | A TO Z ENTERPRISES, INC. | FORD RANGER TOW #630 | A891633 | 501-1921-419.2104 | | 95.04 |
| 10/31/2024 | 104147 | ACE EXCAVATING & ENVIRO... | COMMUNITY GARDEN D. G. | 2364 | 101-1110-412.2903 | 250103 | 8,000.00 |
| 10/31/2024 | 104147 | ACE EXCAVATING & ENVIRO... | COMMUNITY GARDEN D. G. | 2364 | 214-6010-451.2808 | 250103 | 10,750.00 |
| 10/31/2024 | 104148 | ADVANCED IMAGING SOLUT... | 09/20/24-10/19/24 COPIER ... | 37754361 | 101-1920-419.2017 | | 141.05 |
| 10/31/2024 | 104148 | ADVANCED IMAGING SOLUT... | 09/20/24-10/19/24 COPIER L... | 37754361 | 101-1920-419.2017 | | 2,913.02 |
| 10/31/2024 | 104149 | AGRICULTURAL PEST CONTR... | 10/17/24 BIRD CONTROL SR... | 770941 | 101-6040-454.2022 | 250063 | 500.00 |
| 10/31/2024 | 104150 | ALLEN PROPERTY MANAGE... | PROPERTY MANAGER PAID F... | INV-00018896 | 101-0000-321.7210 | | 60.00 |
| 10/31/2024 | 104150 | ALLEN PROPERTY MANAGE... | PROPERTY MANAGER PAID F... | INV-00018896 | 101-0000-323.7103 | | 79.00 |
| 10/31/2024 | 104150 | ALLEN PROPERTY MANAGE... | PROPERTY MANAGER PAID F... | INV-00018896 | 101-0000-341.7201 | | 30.00 |
| 10/31/2024 | 104150 | ALLEN PROPERTY MANAGE... | PROPERTY MANAGER PAID F... | INV-00018896 | 101-0000-371.8309 | | 4.00 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | DIPLOMA FRAME (2) | 17J4-1QWG-6GQW | 101-1010-411.3002 | | 67.16 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | OFFICE SUPPLIES FOR MAYO... | 17K7-YMTW-3PRD | 101-1010-411.3001 | | 85.26 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | OFFICE SUPPLIES - MAILING ... | 19N9-P4VX-1LMJ | 101-3020-422.3001 | | 40.64 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | OFFICE SUPPLIES AND DIPL... | 1CNM-L6NG-Y44R | 101-1110-412.3001 | | 134.67 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | 3 RING BINDERS - 6 PACK | 1CY7-HFT3-P1M9 | 101-3030-423.3001 | | 57.61 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | MATS FOR FOUNTAINS (2) - ... | 1F1L-C4CD-FFQD | 101-1910-419.3002 | | 46.96 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | TIMER & ELECTRICAL BOX FO... | 1F1L-C4CD-QRTX | 101-6040-454.3002 | | 36.52 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | DECORATION FOR TRUNK OR... | 1HJ9-9X6T-GMD7 | 101-3020-422.2904 | | 10.86 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | GLUE GUN FOR FIRE STATION... | 1JP1-9LT7-NGKQ | 101-3020-422.3001 | | 16.62 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | ANTS TRAPS FOR STATION - ... | 1K6L-XLNN-XQ9G | 101-3020-422.3002 | | 24.32 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | PRESSURE WASHER SWITCH | 1M6R-T4KH-K9X6 | 501-1921-419.2816 | | 39.02 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | STEEL EPOXY - FD | 1NPC-JQWY-QFR3 | 101-3020-422.3002 | | 19.55 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | ALL WEATHER VINYL LABELS -... | 1QKJ-6HMM-9JCY | 503-1923-419.3022 | | 30.56 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | SUPPLIES FOR TRUNK OR TR... | 1QKQ-9NFY-NNDG | 101-6014-451.2808 | | 76.93 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | LAMINATING SHEETS | 1RD6-331L-F1HG | 101-5020-432.3001 | | 41.40 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | LABELS - IT SUPPLIES | 1XGR-CWJ9-DCTN | 503-1923-419.3022 | | 30.56 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | FORKLIFT SEAT & CHECK LIG... | 1XKQ-YG19-361M | 501-1921-419.2816 | | 197.05 |
| 10/31/2024 | 104151 | AMAZON CAPITAL SERVICES, ... | 2021 UNIFORM PUMBING C... | 1YKH-GXLY-DDQK | 101-3040-424.2804 | | 113.21 |
| 10/31/2024 | 104152 | ANDREA RIVERA | APPLIED AND PAID FOR INC... | INV-00018015 | 101-0000-321.7210 | | 65.00 |
| 10/31/2024 | 104152 | ANDREA RIVERA | APPLIED AND PAID FOR INC... | INV-00018015 | 101-0000-323.7103 | | 14.00 |
| 10/31/2024 | 104152 | ANDREA RIVERA | APPLIED AND PAID FOR INC... | INV-00018015 | 101-0000-341.7201 | | 50.00 |
| 10/31/2024 | 104152 | ANDREA RIVERA | APPLIED AND PAID FOR INC... | INV-00018015 | 101-0000-341.7202 | | 50.00 |
| 10/31/2024 | 104152 | ANDREA RIVERA | APPLIED AND PAID FOR INC... | INV-00018015 | 101-0000-341.7403 | | 50.00 |
| 10/31/2024 | 104152 | ANDREA RIVERA | APPLIED AND PAID FOR INC... | INV-00018015 | 101-0000-371.8309 | | 4.00 |
| 10/31/2024 | 104153 | AT&T | 08/20/24-09/19/24COMM D... | 22329695 | 503-1923-419.2704 | | 36.34 |
| 10/31/2024 | 104153 | AT&T | 09/15/24-10/14/24 CITY MA... | 22452497 | 503-1923-419.2704 | | 51.14 |
| 10/31/2024 | 104153 | AT&T | 09/15/24-10/14/24 PUMP S... | 22452500 | 503-1923-419.2704 | | 292.25 |
| 10/31/2024 | 104153 | AT&T | 09/15/24-10/14/24 CITY OF I... | 22452501 | 503-1923-419.2704 | | 30.66 |

Expense Approval Report

Payment Dates: 10/26/2024 - 11/8/2024

| Payment Date | Payment Number | Vendor Name | Description (Item) | Payable Number | Account Number | Purchase Order Number | Amount |
|--------------|----------------|------------------------------|---------------------------------|---------------------------|-------------------|-----------------------|-----------|
| 10/31/2024 | 104153 | AT&T | 09/15/24-10/14/24 SENIOR ... | 22452505 | 503-1923-419.2704 | | 31.40 |
| 10/31/2024 | 104153 | AT&T | 09/15/24-10/14/24 ACCTS P... | 22452695 | 503-1923-419.2704 | | 1.66 |
| 10/31/2024 | 104153 | AT&T | 09/15/24-10/14/24 LIFEJU... | 22452707 | 503-1923-419.2704 | | 40.59 |
| 10/31/2024 | 104153 | AT&T | 09/20/24-10/19/24COMM D... | 22477473 | 503-1923-419.2704 | | 36.38 |
| 10/31/2024 | 104154 | BRANDON BRIGANTE | JULY 2024 - MONTHLY SERVI... | 8595 | 101-1910-419.2006 | | 150.00 |
| 10/31/2024 | 104154 | BRANDON BRIGANTE | AUG 2024 - MONTHLY SERVI... | 8596 | 101-1910-419.2006 | | 150.00 |
| 10/31/2024 | 104154 | BRANDON BRIGANTE | SEP 2024 - MONTHLY SERVIC... | 8597 | 101-1910-419.2006 | | 150.00 |
| 10/31/2024 | 104154 | BRANDON BRIGANTE | OCT 2024 - MONTHLY SERVI... | 8598 | 101-1910-419.2006 | | 150.00 |
| 10/31/2024 | 104155 | BVI SOLAR | OWNER OF BUSINESS PAID F... | INV-00018983/INV-00018570 | 101-0000-321.7210 | | 233.00 |
| 10/31/2024 | 104155 | BVI SOLAR | OWNER OF BUSINESS PAID F... | INV-00018983/INV-00018570 | 101-0000-341.7201 | | 30.00 |
| 10/31/2024 | 104155 | BVI SOLAR | OWNER OF BUSINESS PAID F... | INV-00018983/INV-00018570 | 101-0000-371.8309 | | 4.00 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | OCT 2024 - EOC - 825 IB BLVD | 80517 | 101-1910-419.2023 | 250021 | 49.95 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | OCT 2024 - VET PARK REST - ... | 80765 | 101-1910-419.2023 | 250021 | 45.95 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | OCT 2024 - PW - 495 10TH ST | 80863 | 101-1910-419.2023 | 250021 | 55.00 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | NOV 2024 - PW - 495 10TH A... | 86071 | 101-1910-419.2023 | 250021 | 55.00 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | NOV 2024 - EOC - 825 IB BLVD | 86095 | 101-1910-419.2023 | 250021 | 49.95 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | NOV 2024 - PW - 495 10TH ST | 86107 | 101-1910-419.2023 | 250021 | 55.00 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | NOV 2024 - REC CTR - 425 IB ... | 86120 | 101-1910-419.2023 | 250021 | 40.00 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | NOV 2024 - REC CTR - 425 IB ... | 86121 | 101-1910-419.2023 | 250021 | 39.95 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | NOV 2024 - EOC - 825 IB BLVD | 86126 | 101-1910-419.2023 | 250021 | 49.95 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | NOV 2024 - COMM CTR - 10... | 86134 | 101-1910-419.2023 | 250021 | 30.00 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | NOV 2024 - VET PARK REST - ... | 86135 | 101-1910-419.2023 | 250021 | 45.95 |
| 10/31/2024 | 104156 | CHULA VISTA ALARM, INC | NOV 2024 - REC CTR - 425 IB ... | 86283 | 101-1910-419.2023 | 250021 | 59.95 |
| 10/31/2024 | 104157 | CINTAS CORPORATION | 10/15/24 FACILITIES MATS | 4208361315 | 101-1910-419.2006 | 250067 | 33.99 |
| 10/31/2024 | 104157 | CINTAS CORPORATION | 10/15/24 PW UNIFORMNS | 4208361421 | 101-5020-432.2503 | 250036 | 305.83 |
| 10/31/2024 | 104157 | CINTAS CORPORATION | 10/22/24 FACILITIES MATS | 4209117852 | 101-1910-419.2006 | 250067 | 33.99 |
| 10/31/2024 | 104157 | CINTAS CORPORATION | 10/22/24 PW UNIFORMS | 4209117893 | 101-5020-432.2503 | 250036 | 305.83 |
| 10/31/2024 | 104158 | CITY OF CHULA VISTA | FY25 Q1 ANIMAL CONTROL S... | 8175 | 101-3050-425.2006 | | 94,507.00 |
| 10/31/2024 | 104159 | CIVICPLUS, LLC. | 10/26/24-10/25/25 - CIVICR... | 313449 | 503-1923-419.2025 | | 5,759.18 |
| 10/31/2024 | 104160 | COUNTY OF SAN DIEGO | JUL 2024 - DOCUMENT RECO... | 202401009 | 101-3070-427.2006 | | 60.00 |
| 10/31/2024 | 104160 | COUNTY OF SAN DIEGO | JUL 2024 - DOCUMENT RECO... | 202401009 | 101-5020-432.3002 | | 35.00 |
| 10/31/2024 | 104161 | COUNTY OF SAN DIEGO | SEP 2024 - WEEKLY APM'S 09... | 202400989 | 101-1230-413.2904 | | 4.00 |
| 10/31/2024 | 104162 | COUNTY OF SAN DIEGO | ADVANCED ELECTION DEP - ... | 4199 | 101-1020-411.2106 | | 17,000.00 |
| 10/31/2024 | 104163 | COX COMMUNICATIONS | 10/22/24-11/21/24 - 495 10... | 10-22-2024 4601 | 503-1923-419.2104 | | 241.45 |
| 10/31/2024 | 104164 | CRH CALIFORNIA WATER, INC | 08/01/24-08/31/24 EQUIPM... | 1430044 | 101-5020-432.3002 | 250096 | 160.00 |
| 10/31/2024 | 104164 | CRH CALIFORNIA WATER, INC | 10/01/24-10/31/24 EQUIPM... | 1430712 | 101-5020-432.3002 | 250096 | 260.00 |
| 10/31/2024 | 104164 | CRH CALIFORNIA WATER, INC | 09/01/24-09/30/24 EQUIPM... | 1430764 | 101-5020-432.3002 | 250096 | 319.00 |
| 10/31/2024 | 104164 | CRH CALIFORNIA WATER, INC | RENTAL INSTALLATION LABO... | 1430766 | 101-5020-432.3002 | 250096 | 120.00 |
| 10/31/2024 | 104164 | CRH CALIFORNIA WATER, INC | COLLECTION EXP FEE | 1432648 | 101-5020-432.3002 | 250096 | 10.00 |
| 10/31/2024 | 104165 | DEBRA MCNEIL | CMR24 2024 ANNUAL CONF... | 10/29/24 | 101-1210-413.2804 | | 342.53 |
| 10/31/2024 | 104166 | DG INVESTMENT INTERMEDI... | SECURITY SYSTEM CCTV INST... | IN00257429 | 420-5000-532.2006 | 250054 | 15,595.95 |
| 10/31/2024 | 104167 | DIVISION OF THE STATE ARC... | JUL-SEP 2024 STATE MANDA... | 10/2924 | 101-0000-371.8309 | | 345.20 |
| 10/31/2024 | 104168 | DOGBAGSANDMORE.COM | PRINTED BIODEGRADABLE D... | 8510 | 101-6020-452.3002 | 250048 | 6,748.00 |
| 10/31/2024 | 104168 | DOGBAGSANDMORE.COM | PRINTED BIODEGRADABLE D... | 8510 | 101-6020-452.3002 | | 529.00 |

Expense Approval Report

Payment Dates: 10/26/2024 - 11/8/2024

| Payment Date | Payment Number | Vendor Name | Description (Item) | Payable Number | Account Number | Purchase Order Number | Amount |
|--------------|----------------|----------------------------|----------------------------------|----------------|-------------------|-----------------------|-----------|
| 10/31/2024 | 104169 | ECKENROTH PUBLICATIONS | COFFEE W/ MAYOR ADVERTI... | 148294 | 101-1010-411.2808 | | 309.00 |
| 10/31/2024 | 104169 | ECKENROTH PUBLICATIONS | LCPA NOTICE ORDINANCE U... | 148294 | 101-1230-413.2807 | | 387.00 |
| 10/31/2024 | 104169 | ECKENROTH PUBLICATIONS | PALM AVE RFP | 148294 | 101-5010-431.2006 | | 55.00 |
| 10/31/2024 | 104169 | ECKENROTH PUBLICATIONS | 09/05/24 - 701 PALM (USE-2... | 148572 | 101-0000-221.0102 | | 240.00 |
| 10/31/2024 | 104169 | ECKENROTH PUBLICATIONS | 09/05/24 - 745 13TH ST. (USE... | 148572 | 101-0000-221.0102 | | 180.00 |
| 10/31/2024 | 104169 | ECKENROTH PUBLICATIONS | 09/05/24 - ADVERTISEMENT | 148572 | 101-1230-413.2102 | | 90.00 |
| 10/31/2024 | 104170 | EYEGATE DESIGN | COMMUNITY GARDEN LOGO... | i101424-1 | 101-6016-451.3002 | | 1,025.00 |
| 10/31/2024 | 104171 | FLYERS ENERGY LLC | 10/17/24 - FUEL DELIVERY (1... | 24-207269 | 501-1921-419.2815 | | 4,820.53 |
| 10/31/2024 | 104171 | FLYERS ENERGY LLC | 10/24/24 - FUEL DELIVERY (1... | 24-212977 | 501-1921-419.2815 | | 4,869.47 |
| 10/31/2024 | 104172 | GOLDFARB & LIPMAN, LLP. | AUG 2024 PROF FEES - HOUS... | 475660 | 101-1230-413.2006 | | 146.00 |
| 10/31/2024 | 104173 | GO-STAFF, INC. | WE 09/22/24 CITY CLERK STA... | 323395 | 101-1020-411.2101 | | 1,327.57 |
| 10/31/2024 | 104173 | GO-STAFF, INC. | WE 09/29/24 CITY CLERK STA... | 323608 | 101-1020-411.2101 | | 1,338.82 |
| 10/31/2024 | 104173 | GO-STAFF, INC. | WE 10/06/24 CITY CLERK STA... | 323827 | 101-1020-411.2101 | | 1,800.10 |
| 10/31/2024 | 104173 | GO-STAFF, INC. | WE 10/20/24 CITY CLERK STA... | 324252 | 101-1020-411.2101 | | 1,800.10 |
| 10/31/2024 | 104173 | GO-STAFF, INC. | WE 10/20/24 PARKS TEMP S... | 324253 | 101-6020-452.2101 | | 1,293.36 |
| 10/31/2024 | 104174 | GOVINVEST, INC. | 12/20/24-12/19/24 COSTING... | 2024-5732 | 101-1210-413.2104 | | 7,880.89 |
| 10/31/2024 | 104175 | HDL COREN & CONE | OCT-DEC 2024 CONTRACT SE... | SIN044233 | 101-1210-413.2006 | | 2,025.00 |
| 10/31/2024 | 104176 | I.B. CLEARWATER L.L.C. | 10/21/24 WATER DELIVERY - ... | 10/21/24 | 101-3020-422.3002 | | 17.12 |
| 10/31/2024 | 104176 | I.B. CLEARWATER L.L.C. | 10/28/24 WATER DELIVERY - ... | 10/28/24 | 101-3020-422.3002 | | 19.37 |
| 10/31/2024 | 104177 | JOHN MCKERRING | OWNER WAS INVOICED FOR ... | INV-00019930 | 101-0000-321.7210 | | 20.00 |
| 10/31/2024 | 104177 | JOHN MCKERRING | OWNER WAS INVOICED FOR ... | INV-00019930 | 101-0000-323.7103 | | 65.00 |
| 10/31/2024 | 104178 | LLOYD PEST CONTROL | 10/10/24 - 825 IB BLVD #112... | 8620647 | 101-1910-419.2022 | 250014 | 39.00 |
| 10/31/2024 | 104178 | LLOYD PEST CONTROL | 10/10/24 - 845 IB BLVD #112... | 8620652 | 101-1910-419.2022 | 250014 | 39.00 |
| 10/31/2024 | 104178 | LLOYD PEST CONTROL | 10/10/24 - 865 IB BLVD #112... | 8620658 | 101-1910-419.2022 | 250014 | 44.00 |
| 10/31/2024 | 104179 | LOGHMANI & ASSOCIATES D... | RETENTION 10/01-10/31/24 ... | 03 | 214-0000-202.0000 | | -4,714.04 |
| 10/31/2024 | 104179 | LOGHMANI & ASSOCIATES D... | 10/01-10/31/24 SPORTS PAR... | 03 | 214-5000-532.2006 | 250047 | 79,253.26 |
| 10/31/2024 | 104179 | LOGHMANI & ASSOCIATES D... | 10/01-10/31/24 SPORTS PAR... | 03 | 420-5000-532.2006 | 250047 | 15,027.57 |
| 10/31/2024 | 104180 | MAINTEX, INC. | LINERS (4 CS) GLOVE (2 CS) H... | 1098343-00 | 101-6020-452.3002 | | 828.00 |
| 10/31/2024 | 104180 | MAINTEX, INC. | LINERS (1 CS) TISSUE (2 CS) T... | 1106653-00 | 101-1910-419.3002 | | 853.30 |
| 10/31/2024 | 104181 | MCDUGAL LOVE BOEHMER... | SEP 2024 - LITIGATION (LWC... | 110257 | 502-1922-419.2001 | | 55.50 |
| 10/31/2024 | 104181 | MCDUGAL LOVE BOEHMER... | SEP 2024 - CODE ENFORCEM... | 110351 | 101-1220-413.2001 | | 5,588.50 |
| 10/31/2024 | 104181 | MCDUGAL LOVE BOEHMER... | SEP 2024 - SPECIAL PROJECTS... | 110352 | 101-1220-413.2001 | | 851.00 |
| 10/31/2024 | 104181 | MCDUGAL LOVE BOEHMER... | SEP 2024 - MONTHLY RETAI... | 110353 | 101-1220-413.2002 | | 14,000.00 |
| 10/31/2024 | 104181 | MCDUGAL LOVE BOEHMER... | SEP 2024 - POTENTIAL LITIGA... | 110354 | 502-1922-419.2001 | | 425.00 |
| 10/31/2024 | 104181 | MCDUGAL LOVE BOEHMER... | SEP 2024 - LITIGATION (LWC... | 110356 | 502-1922-419.2001 | | 684.50 |
| 10/31/2024 | 104181 | MCDUGAL LOVE BOEHMER... | SEP 2024 - DEVELOPMENT P... | 110357 | 101-1220-413.2001 | | 996.72 |
| 10/31/2024 | 104182 | MICHAEL BAKER INTERNATI... | THROUGH 09/29/24 - 9TH ST .. | 1227787 | 207-5000-532.2006 | 250099 | 12,563.27 |
| 10/31/2024 | 104183 | NEXT DAY PRINTED TEES | SWEATSHIRTS FOR PW (39) | 91818 | 101-5020-432.2503 | | 997.62 |
| 10/31/2024 | 104184 | NV5 INC | FEB 24 - USE-22-0119 SOUTH... | 386926 | 101-0000-221.0102 | | 840.48 |
| 10/31/2024 | 104184 | NV5 INC | AUG 2024 - USE-22-0077 PA... | 410824 | 101-0000-221.0102 | | 531.48 |
| 10/31/2024 | 104184 | NV5 INC | AUG 24 - USE-22-0106 326 IB... | 410825 | 101-0000-221.0102 | | 49.44 |
| 10/31/2024 | 104184 | NV5 INC | AUG 2024 - USE-23-0022 12... | 410826 | 101-0000-221.0102 | | 49.44 |
| 10/31/2024 | 104184 | NV5 INC | AUG 2024 - USE-23-0051 124... | 410827 | 101-0000-221.0102 | | 787.95 |
| 10/31/2024 | 104184 | NV5 INC | AUG 2024 - USE-22-0109 DA... | 410828 | 101-0000-221.0102 | | 49.44 |

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|--------------|----------------|------------------------------|--------------------------------|----------------|-------------------|-----------------------|------------|
| 10/31/2024 | 104185 | O'REILLY AUTO PARTS #3980 | TRUCK 619 SHIFTER TUBE A... | 3980-177736 | 501-1921-419.2816 | | 43.51 |
| 10/31/2024 | 104185 | O'REILLY AUTO PARTS #3980 | TRUCK A6 TUNE UP PARTS | 3980-177780 | 501-1921-419.2816 | | 157.37 |
| 10/31/2024 | 104185 | O'REILLY AUTO PARTS #3980 | TRUCK A6 CRANK SENSOR | 3980-177795 | 501-1921-419.2816 | | 38.39 |
| 10/31/2024 | 104185 | O'REILLY AUTO PARTS #3980 | SMALL EQUIPMENT SPARK P... | 3980-178063 | 501-1921-419.2816 | | 20.10 |
| 10/31/2024 | 104185 | O'REILLY AUTO PARTS #3980 | TRUCK 619 RADIATOR | 3980-179437 | 501-1921-419.2816 | | 230.25 |
| 10/31/2024 | 104185 | O'REILLY AUTO PARTS #3980 | TRUCK 104 HEADLIGHT HIGH... | 3980-180344 | 501-1921-419.2816 | | 59.90 |
| 10/31/2024 | 104185 | O'REILLY AUTO PARTS #3980 | TRUCK A6 FUEL PUMP | 3980-181670 | 501-1921-419.2816 | | 186.36 |
| 10/31/2024 | 104185 | O'REILLY AUTO PARTS #3980 | WIPERS & PAINT TRUCK 109 | 3980-181771 | 501-1921-419.2816 | | 110.88 |
| 10/31/2024 | 104186 | REGIONAL TASK FORCE ON T... | JUL-SEP 2024 HMIS ACCESS F... | CIB092024 | 214-1230-413.2808 | | 184.50 |
| 10/31/2024 | 104187 | ROBERT HALF TECHNOLOGY | WE 09/27/24 - IT TEMP J ZA... | 64143964 | 503-1923-419.2101 | | 2,100.00 |
| 10/31/2024 | 104188 | ROYAL ENTERTAINERS INC. | SNOWMAN/REINDEER-SMAL... | 33710973-DEP | 101-6014-451.2808 | 250069 | 625.00 |
| 10/31/2024 | 104189 | SAN DIEGO COUNTY SHERIFF... | CAL ID PROGRAM COSTS JUL... | CAL ID 2024 | 101-3010-421.2006 | | 2,434.00 |
| 10/31/2024 | 104190 | SIGNAL HILL AUTO ENTERPRI... | TOILET TISSUE (4 CS) TOWEL ... | 077704 | 101-6040-454.3002 | 250019 | 636.43 |
| 10/31/2024 | 104191 | SITEONE LANDSCAPE SUPPLY,... | TEFLON THREAD (3) STOKE O... | 146884319-001 | 101-6020-452.2801 | | 146.74 |
| 10/31/2024 | 104192 | SO CAL INDUSTRIES | RESTROOM RENTAL - RESCUE... | 714049 | 101-3020-422.2904 | | 511.13 |
| 10/31/2024 | 104193 | SOURCE GRAPHICS | PAPER FOR PW AND CD HP P... | SG233651 | 503-1923-419.3002 | | 184.88 |
| 10/31/2024 | 104194 | SOUTH BAY BEHAVIOR HEAL... | BUSINESS PAID FOR ALARM ... | INV-002749 | 101-0000-324.7301 | | 35.00 |
| 10/31/2024 | 104195 | SOUTH BAY FENCE INC. | NEW FENCE PANELS AT 170 ... | 824-03 | 101-1910-419.2801 | 250008 | 6,995.00 |
| 10/31/2024 | 104196 | SOUTHWEST BOULDER & ST... | SUPER SACK PALLET CHARGE | 683318 | 214-5000-532.2006 | | 141.49 |
| 10/31/2024 | 104196 | SOUTHWEST BOULDER & ST... | DESERT GOLD (1 CY) | 683376 | 214-5000-532.2006 | | 108.86 |
| 10/31/2024 | 104196 | SOUTHWEST BOULDER & ST... | DESERT GOLD DECOMPOSED ... | 683639 | 214-5000-532.2006 | | 125.18 |
| 10/31/2024 | 104197 | STANDARD ELECTRONICS | 10/09/24 - LABOR AND REPA... | 1818 | 101-1910-419.2801 | | 454.71 |
| 10/31/2024 | 104197 | STANDARD ELECTRONICS | 10/18/24 - LABOR AND REPA... | 1845 | 101-1910-419.2801 | | 627.09 |
| 10/31/2024 | 104198 | THE SHERWIN-WILLIAMS CO | FLEET SHOP PAINT EPOXY | 7663-5 | 501-1921-419.2816 | | 226.37 |
| 10/31/2024 | 104199 | TRANE U.S. INC. | CONTRACT SRVCS - CIVIC CE... | 314910503 | 101-1910-419.2104 | 250038 | 7,011.50 |
| 10/31/2024 | 104199 | TRANE U.S. INC. | 10/03 DEMPSEY CTR REPAIRS... | 314910837 | 401-1920-419.5003 | | 451.14 |
| 10/31/2024 | 104199 | TRANE U.S. INC. | 10/03 DEMPSEY CTR REPAIRS... | 314910837 | 401-1920-419.5003 | 240229-R1 | 652.52 |
| 10/31/2024 | 104200 | TRENTMAN CORPORATION | PAINT FOR STREET/ROAD STR... | 16313 | 101-5010-431.2123 | | 2,545.72 |
| 10/31/2024 | 104201 | TRI-GROUP CONSTRUCTION ... | 10/01-10/25/24 9TH ST ENH... | 03 | 202-5016-531.2006 | 250073 | 20,195.24 |
| 10/31/2024 | 104201 | TRI-GROUP CONSTRUCTION ... | 10/01-10/25/24 9TH ST ENH... | 03 | 214-5000-532.2006 | 250073 | 181,757.19 |
| 10/31/2024 | 104202 | U.S. BANK CORPORATE PAY... | SEP-OCT 2024 P-CARD CHAR... | 10-22-2024 | 101-1210-413.2102 | | 37,733.67 |
| 10/31/2024 | 104203 | U.S. TELEPACIFIC CORP | 10/23/24-11/22/24 NETWO... | 182363405-0 | 503-1923-419.2104 | | 724.85 |
| 10/31/2024 | 104203 | U.S. TELEPACIFIC CORP | NETWORK REFRESH | 182363405-0 | 503-1923-519.2006 | 250052 | 3,742.90 |
| 10/31/2024 | 104204 | VERIZON BUSINESS SERVICES | SEP 2024 SV202864 - PW | 73100468 | 503-1923-419.2704 | | 72.88 |
| 10/31/2024 | 104204 | VERIZON BUSINESS SERVICES | SEP 2024 SV202862 - FD | 73100673 | 503-1923-419.2704 | | 10.00 |
| 10/31/2024 | 104204 | VERIZON BUSINESS SERVICES | SEP 2024 SV202863 - LG | 73101225 | 503-1923-419.2704 | | 8.02 |
| 10/31/2024 | 104204 | VERIZON BUSINESS SERVICES | SEP 2024 SV645917 - LG | 73108223 | 503-1923-419.2704 | | 27.45 |
| 10/31/2024 | 104204 | VERIZON BUSINESS SERVICES | SEP 2024 SV645915 - CITY H... | 73108406 | 503-1923-419.2704 | | 249.24 |
| 10/31/2024 | 104204 | VERIZON BUSINESS SERVICES | SEP 2024 SV645918 - PW | 73108414 | 503-1923-419.2704 | | 102.24 |
| 10/31/2024 | 104204 | VERIZON BUSINESS SERVICES | SEP 2024 SV645916 - FD | 73108604 | 503-1923-419.2704 | | 22.53 |
| 10/31/2024 | 104204 | VERIZON BUSINESS SERVICES | SEP 2024 SV932548 - SENIOR... | 73109102 | 503-1923-419.2704 | | 66.05 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 NO COST... | 9975801012 | 101-1010-411.2705 | | 57.54 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 CITY CO... | 9975801012 | 101-1010-411.2705 | | 716.38 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 CITY CLE... | 9975801012 | 101-1020-411.2705 | | 104.62 |

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| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 NO COST... | 9975801012 | 101-1110-412.2705 | | 23.71 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 HUMAN ... | 9975801012 | 101-1130-412.2705 | | 51.53 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 NO COST... | 9975801012 | 101-1210-413.2705 | | 23.71 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 FINANCE | 9975801012 | 101-1210-413.2705 | | 62.38 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 COMM ... | 9975801012 | 101-1230-413.2705 | | 137.61 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 NO COST... | 9975801012 | 101-1230-413.2705 | | 23.71 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 FACILITIES | 9975801012 | 101-1910-419.2705 | | 161.97 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 NON DE... | 9975801012 | 101-1920-419.2705 | | 228.06 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 NO COST... | 9975801012 | 101-3020-422.2705 | | 47.42 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 FIRE | 9975801012 | 101-3020-422.2705 | | 177.75 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 LIFEQUA... | 9975801012 | 101-3030-423.2705 | | 297.88 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 NO COST... | 9975801012 | 101-3030-423.2705 | | 23.71 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24MARINE ... | 9975801012 | 101-3030-423.2705 | | 152.04 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24JUNIOR L... | 9975801012 | 101-3035-423.2704 | | 24.72 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 BUILDING | 9975801012 | 101-3040-424.2705 | | 103.36 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 HOUSING | 9975801012 | 101-3040-424.2705 | | 41.57 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 CODE | 9975801012 | 101-3070-427.2705 | | 98.46 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 STREETS | 9975801012 | 101-5010-431.2705 | | 234.40 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 NO COST... | 9975801012 | 101-5020-432.2705 | | 61.79 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 PUBLIC ... | 9975801012 | 101-5020-432.2705 | | 183.68 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 ENV SER... | 9975801012 | 101-5050-435.2705 | | 23.40 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 RECREAT... | 9975801012 | 101-6010-451.2705 | | 318.27 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 PARKS A... | 9975801012 | 101-6010-451.2705 | | 46.57 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 PARKS | 9975801012 | 101-6020-452.2705 | | 167.03 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 TIDELAN... | 9975801012 | 101-6040-454.2705 | | 198.49 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 FLEET | 9975801012 | 501-1921-419.2705 | | 29.45 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 NO COST... | 9975801012 | 503-1923-419.2705 | | 133.58 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 INFO TE... | 9975801012 | 503-1923-419.2705 | | 78.50 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/09/24-10/08/24 SEWER | 9975801012 | 601-5060-436.2705 | | 242.34 |
| 10/31/2024 | 104205 | VERIZON WIRELESS | 09/20/24-10/19/24 - FIRE ZO... | 9976720516 | 101-3020-422.2705 | | 111.14 |
| 10/31/2024 | 104207 | VIC MCQUAIDE | UPGRADES & REPAIRS TO AL... | 2627 | 101-3030-423.2801 | | 1,820.59 |
| 10/31/2024 | 104208 | VINYARD DOORS, INC. | REAR DOOR REPAIRS - FIRE S... | 209850 | 101-1910-419.2801 | | 1,167.56 |
| 10/31/2024 | 104209 | WHITE CAP CONSTRUCTION ... | VESTS AND SIGNS FOR CRC | 50028600703 | 101-6016-451.3002 | | 102.66 |
| 10/31/2024 | 104210 | ZUMAR INDUSTRIES INC. | STREET SIGNS - KEEP RIGHT (...) | 9827 | 101-5010-431.2123 | | 4,292.96 |
| 11/07/2024 | 104211 | AARON N MORGAN | OCT 2024 (1.25) - CLASSIFICA... | 11-01-2024 | 101-1130-412.2006 | | 56.25 |
| 11/07/2024 | 104212 | ACE EXCAVATING & ENVIRO... | PARK ENTRANCE - SENIOR C... | 2367 | 214-5000-532.2006 | 250104 | 11,607.00 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | MICROPHONE CABLE - PRCS | 11M6-JFL3-WL7M | 101-6014-451.3002 | | 43.48 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | LIGHT MOUNTS - DUNES PA... | 1FPH-1JY4-6LQ6 | 101-6040-454.3002 | | 107.64 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | RETURN - ROLLER MOUSE - F... | 1HV1-Y4WR-H367 | 502-1922-419.2904 | | -296.28 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | PHOTO STUDIO SADDLEBAG -... | 1JRW-1JRL-QW9V | 101-6014-451.2808 | | 34.58 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | BASKET BALL NETS | 1KJF-YNQP-KXQ6 | 101-6040-454.3002 | | 29.36 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | RETURN - RESISTANCE BAND... | 1L46-34W6-4LQX | 101-6030-453.2310 | | -48.42 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | RETURN - DIPLOMA FRAME -... | 1LGP-X973-LCK7 | 101-1110-412.3001 | | -50.01 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | STEREO STUDIO HEADPHON... | 1MGC-TLRP-3TCP | 101-6014-451.3002 | | 83.73 |

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| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | ACRYLIC INBOX - CAO OFFICE | 1Q76-6DKC-1QJG | 101-1110-412.3001 | | 27.70 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | PANEL LIGHTS, BLACK TONER... | 1RKR-13G4-KTYT | 601-5060-436.3002 | | 183.41 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | WRISTBANDS - FD OPEN HO... | 1RWL-C96X-NLWH | 101-3020-422.2904 | | 14.13 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | RETURN - NEO-PURE ELKAY F... | 1TFH-JGF1-DGQR | 101-1910-419.2801 | | -115.84 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | STANDING RACK,STORAGE B... | 1TKP-QNGX-CCX6 | 101-6014-451.2808 | | 197.88 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | INSULATED TOOL SET - TIDEL... | 1TRJ-633V-T47Y | 101-6040-454.3002 | | 90.02 |
| 11/07/2024 | 104213 | AMAZON CAPITAL SERVICES, ... | BOOK CLUB BOOKS (15) - SEN... | 1YW6-VW79-DG9N | 101-6030-453.2310 | | 237.15 |
| 11/07/2024 | 104214 | AZTEC LANDSCAPING INC | OCT 2024 SR75 MEDIAN/PA... | L5143 | 101-5010-431.2801 | 250023 | 8,119.24 |
| 11/07/2024 | 104214 | AZTEC LANDSCAPING INC | OCT 2024 LANDSCAPE/STO... | L5144 | 101-5050-435.2801 | 250024 | 2,860.80 |
| 11/07/2024 | 104215 | CASTLE BY DESIGN | SEP-OCT 2024 - ART CLASSES ... | 101024ED6 | 101-6010-451.2107 | | 180.00 |
| 11/07/2024 | 104216 | CINTAS CORPORATION | 10/29/24 FACILITIES MATS | 4209833523 | 101-1910-419.2006 | 250067 | 33.99 |
| 11/07/2024 | 104216 | CINTAS CORPORATION | 10/29/24 PW UNIFORMS | 4209833619 | 101-5020-432.2503 | 250036 | 305.83 |
| 11/07/2024 | 104217 | CITY OF SAN DIEGO | FY25 Q1 MUNICIPAL SEWER ... | 1000401589 | 601-5060-436.2104 | 250039 | 1,079.81 |
| 11/07/2024 | 104218 | CONNIE GATLIN | OCT 2024 - FIT 4 DRUMS (5 C... | 102924CG9 | 101-6030-453.2310 | | 225.00 |
| 11/07/2024 | 104219 | COUNSILMAN/HUNSAKER & ... | 06/16/24-07/15/24 - PROF. ... | 25201 | 101-6012-451.2006 | | 4,600.00 |
| 11/07/2024 | 104220 | COUNTY OF SAN DIEGO | NOTICE OF EXEMPTION - 130... | USE-24-0017 | 101-1230-413.2102 | | 50.00 |
| 11/07/2024 | 104221 | COUNTY OF SAN DIEGO | EXEMPT FEE - USE-23-0058 - ... | USE-23-0058 | 101-0000-221.0102 | | 50.00 |
| 11/07/2024 | 104222 | COX COMMUNICATIONS | 10/25/24-11/24/24 - 825 IB ... | 10/25/2024 0701 | 503-1923-419.2104 | | 900.00 |
| 11/07/2024 | 104223 | CRH CALIFORNIA WATER, INC | 10/01/24-10/31/24 EQUIPM... | 1436751 | 101-6030-453.3002 | | 170.00 |
| 11/07/2024 | 104224 | ECKENROTH PUBLICATIONS | 09/12/24 - ADVERTISEMENTS... | 148638 | 101-6014-451.2807 | | 458.00 |
| 11/07/2024 | 104224 | ECKENROTH PUBLICATIONS | 09/19/24 - ADVERTISEMENTS... | 148703 | 101-0000-221.0102 | | 245.00 |
| 11/07/2024 | 104224 | ECKENROTH PUBLICATIONS | 09/19/24 - ADVERTISEMENTS... | 148703 | 101-6014-451.2807 | | 594.00 |
| 11/07/2024 | 104224 | ECKENROTH PUBLICATIONS | 10/31/24 - COMPOSTING CL... | 149333 | 101-6016-451.2808 | | 297.00 |
| 11/07/2024 | 104225 | EL TAPATIO INC | 11/06/24 CITY COUNCIL DIN... | 11-06-2024 | 101-1010-411.2804 | | 175.45 |
| 11/07/2024 | 104226 | EXOS WORKS, INC. | OCT 2024 - MVHS POOL STA... | INV064123 | 101-6012-451.2006 | | 15,347.75 |
| 11/07/2024 | 104226 | EXOS WORKS, INC. | DEC 2024 - MVHS POOL STAF... | INV064453 | 101-6012-451.2006 | | 15,347.75 |
| 11/07/2024 | 104226 | EXOS WORKS, INC. | NOV 2024 - MVHS POOL STA... | INV064453 | 101-6012-451.2006 | | 15,347.75 |
| 11/07/2024 | 104227 | EYEGATE DESIGN | SKATE PARK SIGN / SR BUILD... | i103124-1 | 101-6010-451.2006 | | 1,325.00 |
| 11/07/2024 | 104228 | FLYERS ENERGY LLC | 10/31/24 - FUEL DELIVERY (1... | 24-218605 | 501-1921-419.2815 | | 5,021.04 |
| 11/07/2024 | 104229 | GO-STAFF, INC. | WE 10/27/24 PARKS TEMP S... | 324476 | 101-6020-452.2101 | | 1,293.36 |
| 11/07/2024 | 104230 | GOVERNMENT TRAINING AG... | 10/09/24 - DE-ESCALATION T... | 17789 | 502-1922-419.2804 | | 2,000.00 |
| 11/07/2024 | 104231 | GRAINGER | FLOATS FOR PS 5, 7 | 9292165736 | 601-5060-436.3002 | | 601.55 |
| 11/07/2024 | 104232 | I.B. CLEARWATER L.L.C. | 11/04/24 WATER DELIVERY - ... | 11/04/24 | 101-3020-422.3002 | | 14.87 |
| 11/07/2024 | 104233 | JASON LINDQUIST | CITY QUARTERLY LUNCHEON | 100 | 101-3030-423.2804 | | 425.00 |
| 11/07/2024 | 104234 | JEFFREY SCOTT ARVESON | OCT 2024 - DEAD ANIMAL R... | 11012024 | 101-3050-425.2006 | | 347.00 |
| 11/07/2024 | 104235 | KIM A. MIKHAEL | 08/19/24 & 09/18/24 CITATI... | 00013 | 101-3070-427.2006 | | 200.00 |
| 11/07/2024 | 104236 | LN TOOLS CORP. | CHAIN SAW (TELESCOPING) | 244573 | 101-6040-454.3002 | | 861.99 |
| 11/07/2024 | 104237 | LORENA ALLEN | OCT 2024 IB WALKING - SEN... | 102224LA12 | 101-6030-453.2310 | | 200.00 |
| 11/07/2024 | 104238 | MAMBA GAGA, LLC | GAGA PIT FOR USE AT MULTI... | 2343S | 101-6010-451.5004 | 250087 | 2,373.84 |
| 11/07/2024 | 104238 | MAMBA GAGA, LLC | GAGA PIT FOR USE AT MULTI... | 2343S | 214-5000-532.2006 | 250087 | 1,386.97 |
| 11/07/2024 | 104238 | MAMBA GAGA, LLC | GAGA PIT FOR USE AT MULTI... | 2343S | 214-5000-532.2006 | 250087 | 1,574.19 |
| 11/07/2024 | 104239 | MARTIN MARIETTA MATERIA... | STREET SIGNS | 44214944 | 101-5010-431.3002 | | 290.50 |
| 11/07/2024 | 104240 | MURIEL A. KING | ART CLASSES - SENIOR CENT... | 102324MK2 | 101-6030-453.2310 | | 413.00 |
| 11/07/2024 | 104241 | NEXT DAY PRINTED TEES | HATS FOR STAFF - TIDELANDS... | 91860 | 101-6040-454.3002 | | 453.23 |

Expense Approval Report

Payment Dates: 10/26/2024 - 11/8/2024

| Payment Date | Payment Number | Vendor Name | Description (Item) | Payable Number | Account Number | Purchase Order Number | Amount |
|---------------------|----------------|------------------------------|--------------------------------|------------------|----------------------------|-----------------------|-------------------|
| 11/07/2024 | 104242 | NEXUSPLAN, INC | SEP 2024 - BAYSHORE BIKE... | GRT076-15 | 214-5050-435.2006 | 240051-R1 | 29,636.18 |
| 11/07/2024 | 104243 | ODP BUSINESS SOLUTIONS, L... | MARKERS (2 PACKET) - PRCS | 389280867001 | 101-6030-453.3001 | | 18.42 |
| 11/07/2024 | 104243 | ODP BUSINESS SOLUTIONS, L... | BINDERS,STAPLES,CASE,CLIPS... | 389303883001 | 101-6030-453.3001 | | 332.69 |
| 11/07/2024 | 104243 | ODP BUSINESS SOLUTIONS, L... | LAMINATING POUCH - PRCS | 389303886001 | 101-6030-453.3001 | | 13.95 |
| 11/07/2024 | 104243 | ODP BUSINESS SOLUTIONS, L... | CLIPBOARD - PRCS | 389303888001 | 101-6030-453.3001 | | 29.57 |
| 11/07/2024 | 104243 | ODP BUSINESS SOLUTIONS, L... | BUSINESS CARDS - O GARCIA | 390383270001 | 101-1210-413.3002 | | 55.79 |
| 11/07/2024 | 104244 | PLUMBERS DEPOT INC. | GAPVAX TRUCK FRONT HOSE... | PD-57285 | 601-5060-436.2801 | | 7,465.40 |
| 11/07/2024 | 104245 | SDGE | 09/28/24-10/29/24 - 755 DE... | 0020 2498 4701 7 | 11/04/24 601-5060-436.2701 | | 125.00 |
| 11/07/2024 | 104245 | SDGE | 10/01/24-10/30/24 - 425 IB ... | 0020 8169 2339 9 | 11/01/24 101-6010-451.2701 | | 10.00 |
| 11/07/2024 | 104245 | SDGE | 10/01/24-10/30/24 - 170 PA... | 0049 3035 3196 9 | 11/01/24 101-1910-419.2701 | | 12.67 |
| 11/07/2024 | 104245 | SDGE | 09/26/24-10/25/24 - 1297 IB... | 0052 8034 0664 1 | 10/31/24 101-5010-431.2701 | | 36.75 |
| 11/07/2024 | 104245 | SDGE | 09/28/24-10/29/24 - 1025 9... | 0087 7382 3642 4 | 11/04/24 601-5060-436.2701 | | 1,316.54 |
| 11/07/2024 | 104246 | SITEONE LANDSCAPE SUPPLY,... | TOILET TISSUE(3CS), CAN LIN... | 078144 | 101-6040-454.3002 | 250016 | 460.44 |
| 11/07/2024 | 104247 | SOUTHWEST SIGNAL | OCT 2024 - SIGNAL MAINT. | 83780 | 101-5010-431.2104 | | 720.00 |
| 11/07/2024 | 104248 | SUNBELT RENTALS, INC. | LIGHT TOWERS (4) | 161276038-0001 | 101-6014-451.2808 | | 807.99 |
| 11/07/2024 | 104249 | TERRA BELLA NURSERY, INC. | PLANTS (18) - LISSOY LOT | 527750 | 101-6040-454.3002 | | 322.88 |
| 11/07/2024 | 104250 | TRANE U.S. INC. | REPAIR- INSTALLATION LABOR | 314910829 | 101-1910-419.2104 | | 1,348.16 |
| 11/07/2024 | 104251 | TREVOR SPENCE | REFRESHMENTS - MS MEETI... | 000000005 | 101-3030-423.2804 | | 65.00 |
| 11/07/2024 | 104252 | TRI-GROUP CONSTRUCTION ... | 10/25/24-11/01/24 9TH ST E... | 04 | 202-5016-531.2006 | 250073 | 9,000.58 |
| 11/07/2024 | 104252 | TRI-GROUP CONSTRUCTION ... | 10/25/24-11/01/24 9TH ST E... | 04 | 214-5000-532.2006 | 250073 | 81,005.27 |
| 11/07/2024 | 104253 | XCEPTIONAL, ALTITUDE INTE... | INDOOR TV/MONITOR REPL... | 30341DP | 101-3030-423.2801 | | 855.70 |
| 10/28/2024 | DFT0008842 | STATE OF CALIFORNIA | CY 24 Q3 UI | 8062275 | 101-0000-209.0119 | | 4,969.95 |
| 10/28/2024 | DFT0008842 | STATE OF CALIFORNIA | CY 24 Q3 ETT | 8062275 | 101-0000-209.0119 | | 101.45 |
| 10/28/2024 | DFT0008842 | STATE OF CALIFORNIA | CY 24 Q3 ETT O/S | 8062275 | 101-1210-413.1105 | | -0.02 |
| 11/01/2024 | DFT0008844 | MIDAMERICA ADMINISTRATI... | OCT 2024 DC 10/22/24-10/2... | 11-01-2024 | 101-0000-209.0125 | | 150.00 |
| 11/01/2024 | DFT0008844 | MIDAMERICA ADMINISTRATI... | OCT 2024 HC 10/22/24-10/2... | 11-01-2024 | 101-0000-209.0125 | | 0.65 |
| 11/05/2024 | DFT0008845 | CALPERS | SOCIAL SECURITY ADMINIST... | 100000017695205 | 101-1210-413.2102 | | 270.00 |
| Grand Total: | | | | | | | 848,132.31 |

Report Summary

Fund Summary

| Fund | Payment Amount |
|---------------------------------|-------------------|
| 101 - GENERAL FUND | 336,797.20 |
| 202 - PROP "A" (TRANSNET) FUND | 29,195.82 |
| 207 - RMRA | 12,563.27 |
| 214 - MISCELLANEOUS GRANTS | 392,816.05 |
| 401 - CAPITAL IMPROVEMENT FUND | 1,103.66 |
| 420 - PARKS MAJOR MAINTENAN CIP | 30,623.52 |
| 501 - VEHICLE REPLACEMENT/MAINT | 16,144.73 |
| 502 - RISK MANAGEMENT FUND | 2,868.72 |
| 503 - TECHNOLOGY/COMMUNICATIONS | 15,005.29 |
| 601 - SEWER ENTERPRISE FUND | 11,014.05 |
| Grand Total: | 848,132.31 |

Account Summary

| Account Number | Account Name | Payment Amount |
|-------------------|---------------------------|----------------|
| 101-0000-209.0119 | P/R EDD UNEMPLOY IN... | 5,071.40 |
| 101-0000-209.0125 | P/R FSA | 150.65 |
| 101-0000-221.0102 | DEVELOPER DEPOSITS | 3,023.23 |
| 101-0000-321.7210 | BUSINESS LICENSE | 378.00 |
| 101-0000-323.7103 | RES/FIRE INSPECTION FE... | 158.00 |
| 101-0000-324.7301 | MISCELLANEOUS PERMI... | 35.00 |
| 101-0000-341.7201 | BL - ADMIN PROCESSING... | 110.00 |
| 101-0000-341.7202 | BL - FIRE REVIEW FEE | 50.00 |
| 101-0000-341.7403 | PLANNING & ZONING FE... | 50.00 |
| 101-0000-371.8309 | SB 1186 DISABILITY ACC... | 357.20 |
| 101-1010-411.2705 | UTILITIES-CELL PHONES | 773.92 |
| 101-1010-411.2804 | TRAVEL, TRAINING, MEE... | 175.45 |
| 101-1010-411.2808 | COMMUNITY PROGRAMS | 309.00 |
| 101-1010-411.3001 | OFFICE SUPPLIES | 85.26 |
| 101-1010-411.3002 | OPERATING SUPPLIES | 67.16 |
| 101-1020-411.2101 | TEMPORARY STAFFING | 6,266.59 |
| 101-1020-411.2106 | CONTRACTS-ELECTIONS | 17,000.00 |
| 101-1020-411.2705 | UTILITIES-CELL PHONES | 104.62 |
| 101-1110-412.2705 | UTILITIES-CELL PHONES | 23.71 |
| 101-1110-412.2903 | CONTINGENCY ACCOUNT | 8,000.00 |
| 101-1110-412.3001 | OFFICE SUPPLIES | 112.36 |
| 101-1130-412.2006 | PROFESSIONAL SERVICES | 56.25 |
| 101-1130-412.2705 | UTILITIES-CELL PHONES | 51.53 |
| 101-1210-413.1105 | UNEMPLOYMENT INSUR... | -0.02 |
| 101-1210-413.2006 | PROFESSIONAL SERVICES | 2,025.00 |
| 101-1210-413.2102 | ADMINISTRATION CHAR... | 38,003.67 |

Account Summary

| Account Number | Account Name | Payment Amount |
|-------------------|--------------------------|----------------|
| 101-1210-413.2104 | TECHNICAL SERVICES | 7,880.89 |
| 101-1210-413.2705 | UTILITIES-CELL PHONES | 86.09 |
| 101-1210-413.2804 | TRAVEL, TRAINING, MEE... | 342.53 |
| 101-1210-413.3002 | OPERATING SUPPLIES | 55.79 |
| 101-1220-413.2001 | ATTORNEY SERVICES | 7,436.22 |
| 101-1220-413.2002 | ATTORNEY SERVICES-OT... | 14,000.00 |
| 101-1230-413.2006 | PROFESSIONAL SERVICES | 146.00 |
| 101-1230-413.2102 | ADMINISTRATION CHAR... | 140.00 |
| 101-1230-413.2705 | UTILITIES-CELL PHONES | 161.32 |
| 101-1230-413.2807 | ADVERTISING | 387.00 |
| 101-1230-413.2904 | OTHER SERVICES & CHA... | 4.00 |
| 101-1910-419.2006 | PROFESSIONAL SERVICES | 701.97 |
| 101-1910-419.2022 | PEST CONTROL SERVICE | 122.00 |
| 101-1910-419.2023 | SECURITY & ALARM | 576.65 |
| 101-1910-419.2104 | TECHNICAL SERVICES | 8,359.66 |
| 101-1910-419.2701 | GAS & ELECTRIC (SDG&E) | 12.67 |
| 101-1910-419.2705 | UTILITIES-CELL PHONES | 161.97 |
| 101-1910-419.2801 | MAINTENANCE & REPAIR | 9,128.52 |
| 101-1910-419.3002 | OPERATING SUPPLIES | 900.26 |
| 101-1920-419.2017 | COPIER LEASES | 3,054.07 |
| 101-1920-419.2705 | UTILITIES-CELL PHONES | 228.06 |
| 101-3010-421.2006 | PROFESSIONAL SERVICES | 2,434.00 |
| 101-3020-422.2705 | UTILITIES-CELL PHONES | 336.31 |
| 101-3020-422.2904 | OTHER SERVICES & CHA... | 536.12 |
| 101-3020-422.3001 | OFFICE SUPPLIES | 57.26 |
| 101-3020-422.3002 | OPERATING SUPPLIES | 95.23 |
| 101-3030-423.2705 | UTILITIES-CELL PHONES | 473.63 |
| 101-3030-423.2801 | MAINTENANCE & REPAIR | 2,676.29 |
| 101-3030-423.2804 | TRAVEL, TRAINING, MEE... | 490.00 |
| 101-3030-423.3001 | OFFICE SUPPLIES | 57.61 |
| 101-3035-423.2704 | UTILITIES-TELEPHONE | 24.72 |
| 101-3040-424.2705 | UTILITIES-CELL PHONES | 144.93 |
| 101-3040-424.2804 | TRAVEL, TRAINING, MEE... | 113.21 |
| 101-3050-425.2006 | PROFESSIONAL SERVICES | 94,854.00 |
| 101-3070-427.2006 | PROFESSIONAL SERVICES | 260.00 |
| 101-3070-427.2705 | UTILITIES-CELL PHONES | 98.46 |
| 101-5010-431.2006 | PROFESSIONAL SERVICES | 55.00 |
| 101-5010-431.2104 | TECHNICAL SERVICES | 720.00 |
| 101-5010-431.2123 | TRAFFIC CONTROL | 6,838.68 |
| 101-5010-431.2701 | GAS & ELECTRIC (SDG&E) | 36.75 |
| 101-5010-431.2705 | UTILITIES-CELL PHONES | 234.40 |
| 101-5010-431.2801 | MAINTENANCE & REPAIR | 8,119.24 |

Account Summary

| Account Number | Account Name | Payment Amount |
|-------------------|-------------------------|----------------|
| 101-5010-431.3002 | OPERATING SUPPLIES | 290.50 |
| 101-5020-432.2503 | RENT-UNIFORMS | 1,915.11 |
| 101-5020-432.2705 | UTILITIES-CELL PHONES | 245.47 |
| 101-5020-432.3001 | OFFICE SUPPLIES | 41.40 |
| 101-5020-432.3002 | OPERATING SUPPLIES | 904.00 |
| 101-5050-435.2705 | UTILITIES-CELL PHONES | 23.40 |
| 101-5050-435.2801 | MAINTENANCE & REPAIR | 2,860.80 |
| 101-6010-451.2006 | PROFESSIONAL SERVICES | 1,325.00 |
| 101-6010-451.2107 | CONTRACTS - RECREATI... | 180.00 |
| 101-6010-451.2701 | GAS & ELECTRIC (SDG&E) | 10.00 |
| 101-6010-451.2705 | UTILITIES-CELL PHONES | 364.84 |
| 101-6010-451.5004 | EQUIPMENT | 2,373.84 |
| 101-6012-451.2006 | PROFESSIONAL SERVICES | 50,643.25 |
| 101-6014-451.2807 | ADVERTISING | 1,052.00 |
| 101-6014-451.2808 | COMMUNITY PROGRAMS | 1,742.38 |
| 101-6014-451.3002 | OPERATING SUPPLIES | 127.21 |
| 101-6016-451.2808 | COMMUNITY PROGRAMS | 297.00 |
| 101-6016-451.3002 | OPERATING SUPPLIES | 1,127.66 |
| 101-6020-452.2101 | TEMPORARY STAFFING | 2,586.72 |
| 101-6020-452.2705 | UTILITIES-CELL PHONES | 167.03 |
| 101-6020-452.2801 | MAINTENANCE & REPAIR | 146.74 |
| 101-6020-452.3002 | OPERATING SUPPLIES | 8,105.00 |
| 101-6030-453.2310 | SENIOR PROGRAMS | 1,026.73 |
| 101-6030-453.3001 | OFFICE SUPPLIES | 394.63 |
| 101-6030-453.3002 | OPERATING SUPPLIES | 170.00 |
| 101-6040-454.2022 | PEST CONTROL SERVICE | 500.00 |
| 101-6040-454.2705 | UTILITIES-CELL PHONES | 198.49 |
| 101-6040-454.3002 | OPERATING SUPPLIES | 2,998.51 |
| 202-5016-531.2006 | PROFESSIONAL SERVICES | 29,195.82 |
| 207-5000-532.2006 | PROFESSIONAL SERVICES | 12,563.27 |
| 214-0000-202.0000 | CONTRACT RETENTION ... | -4,714.04 |
| 214-1230-413.2808 | COMMUNITY PROGRAMS | 184.50 |
| 214-5000-532.2006 | PROFESSIONAL SERVICES | 356,959.41 |
| 214-5050-435.2006 | PROFESSIONAL SERVICES | 29,636.18 |
| 214-6010-451.2808 | COMMUNITY PROGRAMS | 10,750.00 |
| 401-1920-419.5003 | IMPROVEMNTS NOT BUI... | 1,103.66 |
| 420-5000-532.2006 | PROFESSIONAL SERVICES | 30,623.52 |
| 501-1921-419.2104 | TECHNICAL SERVICES | 95.04 |
| 501-1921-419.2705 | UTILITIES-CELL PHONES | 29.45 |
| 501-1921-419.2815 | VEHICLE OPERATE-FUEL... | 14,711.04 |
| 501-1921-419.2816 | VEHICLE OPERATE-PARTS.. | 1,309.20 |
| 502-1922-419.2001 | ATTORNEY SERVICES | 1,165.00 |

Account Summary

| Account Number | Account Name | Payment Amount |
|---------------------|---------------------------|-------------------|
| 502-1922-419.2804 | TRAVEL, TRAINING, MEE... | 2,000.00 |
| 502-1922-419.2904 | OTHER SERVICES & CHA... | -296.28 |
| 503-1923-419.2025 | SOFTWARE MAINTENAN... | 5,759.18 |
| 503-1923-419.2101 | TEMPORARY STAFFING | 2,100.00 |
| 503-1923-419.2104 | TECHNICAL SERVICES - I... | 1,866.30 |
| 503-1923-419.2704 | UTILITIES-TELEPHONE | 1,078.83 |
| 503-1923-419.2705 | UTILITIES-CELL PHONES | 212.08 |
| 503-1923-419.3002 | OPERATING SUPPLIES | 184.88 |
| 503-1923-419.3022 | SMALL TOOLS/NON-CAP... | 61.12 |
| 503-1923-519.2006 | PROFESSIONAL SERVICES | 3,742.90 |
| 601-5060-436.2104 | TECHNICAL SERVICES | 1,079.81 |
| 601-5060-436.2701 | GAS & ELECTRIC (SDG&E) | 1,441.54 |
| 601-5060-436.2705 | UTILITIES-CELL PHONES | 242.34 |
| 601-5060-436.2801 | MAINTENANCE & REPAIR | 7,465.40 |
| 601-5060-436.3002 | OPERATING SUPPLIES | 784.96 |
| Grand Total: | | 848,132.31 |

Project Account Summary

| Project Account Key | Payment Amount |
|---------------------|----------------|
| **None** | 359,687.65 |
| 22-0077-DEP | 531.48 |
| 22-0106-DEP | 49.44 |
| 22-0109-DEP | 49.44 |
| 22-0119-DEP | 1,020.48 |
| 23-0022-DEP | 49.44 |
| 23-0051-DEP | 787.95 |
| 23-0058-DEP | 50.00 |
| 24-0001-DEP | 485.00 |
| F24102-HVAC | 652.52 |
| GRT068-EXP | 200.00 |
| GRT076-P | 29,636.18 |
| GRT079-EXP | 184.50 |
| GRT085-EXP | 10,750.00 |
| LWC002-P | 5,588.50 |
| LWC146-P | 851.00 |
| LWC253-P | 425.00 |
| LWC337-P | 684.50 |
| LWC361-P | 996.72 |
| LWC363-P | 55.50 |
| P22102-ARPA | 1,949.72 |
| P22102-NRPA | 1,386.97 |

Project Account Summary

| Project Account Key | Payment Amount |
|----------------------------|-----------------------|
| P24101-EXP | 30,623.52 |
| S22101-CONST | 262,762.46 |
| S22101-RMRA | 12,563.27 |
| S22101-TRANSNET | 29,195.82 |
| SP1406-EXP | 4.00 |
| SP1406-REV | 8.00 |
| SP2017-EXP | 85.26 |
| SP2021-EXP | 175.45 |
| SP22101-SPORT | 79,253.26 |
| SP22101-SR | 11,607.00 |
| SP23104-DIA | 34.58 |
| SP23104-TRUNK | 1,082.80 |
| SP24108-EXP | 625.00 |
| SP25102-EXP | 297.00 |
| T24101-EXP | 3,742.90 |
| Grand Total: | 848,132.31 |



November 20, 2024

ITEM TITLE: RESOLUTION 2024-084 CONTINUING THE PROCLAMATION OF A STATE OF LOCAL EMERGENCY RELATING TO IMPACTS FROM CROSS-BORDER POLLUTION IN THE TIJUANA RIVER. (0150-40 & 0210-26)

ORIGINATING DEPARTMENT:

Environmental & Natural Resources

EXECUTIVE SUMMARY:

This resolution maintains the City's declaration of a local state of emergency caused by the effects of cross-border pollution originating from the Tijuana River, including both treated and untreated wastewater. Due to contaminated flows in the river, the stretch of Imperial Beach shoreline between the southern end of Seacoast Drive and the border remains severely impacted, with closures lasting all of 2024 to date, 365 days in 2023, 365 days in 2022, 246 days in 2021, 295 days in 2020, 245 days in 2019, and 101 days in 2018. The persistent impacts of these flows continue to affect the Tijuana River Valley, Estuary, beach water quality, and present an emerging threat to air quality that is currently being monitored and studied by the County Air Pollution Control District and Scripps Institute of Oceanography.

The City requires a local state of emergency to enable it to respond to the unpredictable conditions in the Tijuana River, which pose risks to the health, safety, and welfare of Imperial Beach residents, visitors, and the environment. Unless a continuing resolution is passed, declarations of a state of local emergency will expire within 60 days.

RECOMMENDATION:

Adopt Resolution No. 2024-084 to maintain a state of local emergency related to the cross-border pollution impacts from the Tijuana River and authorize the City Manager, Mayor, and Council members to work with local, State, Federal, and Mexican authorities to advance binational projects to improve conditions in the Tijuana River.

OPTIONS:

- Adopt Resolution and recommendation from staff;
- Reject Resolution; or
- Request additional information and an additional report

BACKGROUND/ANALYSIS:

The presence of cross-border pollution in the Tijuana River, combined with the lack of action from federal and state agencies to address this issue, constitutes compelling evidence for the declaration of a local state of emergency within the City. The pollution in the river poses a serious threat to the health and safety of citizens and wildlife in the City of Imperial Beach, with particularly acute effects during and after rain events or illegal discharge events. This pollution has a severe impact on the surrounding ecosystem, leading to poor water quality that can persist for days,

months, or even years. Furthermore, the pollution has a significant impact on recreational activities along the Imperial Beach shoreline, with beach closures causing disruption to residents and visitors alike.

Given these circumstances, the City of Imperial Beach along with the City of Chula Vista, City of San Diego, County of San Diego, Port of San Diego, South Bay Union School District, Sweetwater Union High School District of San Diego County have issued a state of local emergency resolution for the Tijuana River, which allows for flexible responses to changing conditions. The City Council has the authority to issue a local state of emergency, which would last for 60 days or until the next regularly scheduled City Council meeting unless renewed by a continuing resolution. This declaration would enable the City to take swift and effective action to protect the health, safety, and welfare of all those affected by the pollution in the Tijuana River.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

None

ATTACHMENTS:

1. Resolution No. 2024-084

RESOLUTION NO. 2024-084**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, CONTINUING THE PROCLAMATION OF A STATE OF LOCAL EMERGENCY RELATING TO IMPACTS FROM CROSS-BORDER POLLUTION IN THE TIJUANA RIVER**

WHEREAS, Government Code Section 8630 and Imperial Beach Municipal Code (IBMC) Section 2.52.060 empower the City Manager, acting as the Director of Emergency Services, to request that the City Council proclaim the existence of a local emergency when the City is affected by a public calamity; and

WHEREAS, the City Manager, as Director of Emergency Services of the City of Imperial Beach, does hereby find that continued conditions of extreme peril to safety of persons, property, and environment have arisen within said City, caused by persistent impacts from cross-border pollution in the Tijuana River; and

WHEREAS, the persistent impact of cross-border flows of treated and untreated wastewater in the Tijuana River, excessive discharge of sediment into the Tijuana Estuary during storm events, and the continued impact of trash and waste tires in the Tijuana River Valley maintains a condition of extreme peril in the City; and

WHEREAS, transboundary flow events in the Tijuana River impacts water quality along the Imperial Beach shoreline and result in significant beach closure days at Border Field State Park, which include 101 days in 2018; 243 days in 2019; 295 days in 2020, 246 days in 2021, 365 days in 2022, 365 days in 2023, and all of 2024; and

WHEREAS, transboundary flows of pollution include untreated sewage, trash, sediment, hazardous chemicals, heavy metals, and toxins continue to impact the Tijuana River, Estuary, coastal waters of the Pacific Ocean, and tributary canyons including Stewart's Drain, Canon del Sol, Silva Drain, Smuggler's Gulch, Goat Canyon, and Yogurt Canyon; and

WHEREAS, the presence of pollution is creating unsafe conditions for residents and visitors who live, work, or recreate in the Tijuana River Valley and may come in contact with contaminated water; and

WHEREAS, pursuant to Section 8558(c) of the California Government Code, the pollution in the Tijuana River is beyond the control of the services, personnel, equipment and facilities of the City of Imperial Beach; and

WHEREAS, pollutants in the Tijuana River are causing contamination of the Tijuana River Valley, Tijuana Estuary, and the water and beaches of the City of Imperial Beach threatening the health, safety, and welfare of the citizens of Imperial Beach as well as visitors to our beaches; and

WHEREAS, the flow of the contaminants and untreated wastewater continues to escalate due to inadequate wastewater infrastructure in the city of Tijuana and lack of sufficient operation and maintenance of existing infrastructure; and

WHEREAS, this flow is the acknowledged responsibility of the federal governments of the United States and Mexico; and

WHEREAS, researchers at the Scripps Institute of Oceanography are studying the relationship of nearshore ocean currents and aerosolized transmission of contaminants as potential public health concerns for communities impacted by Tijuana River pollution; and

WHEREAS, this condition constitutes an economic and public health threat which warrants and necessitates the proclamation and existence of a local emergency; and

WHEREAS, after decades of sewage spills polluting the Tijuana River and after decades of talk and no meaningful action by federal agencies, the City of Imperial Beach, Port of San Diego, and City of Chula Vista filed a lawsuit on March 2, 2018 against the International Boundary and Water Commission for violation of the Clean Water Act which helped secure additional federal funding and commitments to the river valley; and

WHEREAS, the renewed federal attention from the Environmental Protection Agency and International Boundary and Water Commission led to a careful assessment of project options to manage pollution and ultimately a recommendation to support "Alternative 2" in the USMCA Programmatic Environmental Impact Statement, which represents the preferred Tijuana River Comprehensive Solution that is supported by the City; and

WHEREAS, additional funding and commitments are needed to completely implement the preferred Comprehensive Solution for the Tijuana River; and

WHEREAS, the City of San Diego has maintained a continuous local state of emergency for the Tijuana River since September 1993; and

WHEREAS, the County of San Diego issued a Public Health Emergency order for the Tijuana River in February 2021 and Local State of Emergency in June 2023; and

WHEREAS, the South Bay Union School District of San Diego County adopted a proclamation for a local emergency in the Tijuana River in February 2024; and

WHEREAS, the Sweetwater Union High School District of San Diego County adopted a resolution for a local emergency in the Tijuana River in March 2024; and

WHEREAS, the Southern Indian Health Council adopted a proclamation asking for funding and a declaration for a public health emergency in the Tijuana River in April 2024; and

WHEREAS, the Port of San Diego adopted a Local State of Emergency in April 2024; and

WHEREAS, the City of Chula Vista adopted a Resolution declaring a State of Local Emergency Related to the Impacts of Cross-Border Contamination in November 2024; and

WHEREAS, the County Air Pollution Control District and Scripps Institute of Oceanography are monitoring potential impacts to air quality related to the ongoing sewage crisis;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Imperial Beach as follows:

1. The above recitals are true and correct.
2. A local emergency exists throughout the City of Imperial Beach.
3. The City Manager, Mayor, and Council members are authorized to work with local, State, Federal, and Mexican authorities and to explore any and all options to improve

- conditions in the Tijuana River.
4. This proclamation of a local emergency shall expire within the timeframes prescribed by State law unless renewed by the City Council.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 20th day of November 2024, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

PALOMA AGUIRRE, MAYOR

ATTEST:

JACQUELINE M. KELLY, MMC
CITY CLERK



CITY COUNCIL

STAFF REPORT

November 6, 2024

ITEM TITLE: SECOND READING & ADOPTION OF ORD. NO. 2024-1251 AMENDING TITLE 19 TO UPDATE THE CITY'S ZONING ORDINANCE FOR BY-RIGHT HOUSING DEVELOPMENT APPROVAL TO MEET STATE LAW & APPROVING THE LCP AMENDMENT & EXEMPTION PER CEQA GUIDELINES SECTION 15061(b)(3).(0660-95)

ORIGINATING DEPARTMENT:

Community Development

EXECUTIVE SUMMARY:

The City of Imperial Beach adopted its Housing Element on June 16, 2021 which was certified by the California Department of Housing and Community Development on September 20, 2021. Within the Housing Element, the City has outlined goals and policies to address Imperial Beach's housing needs, which are implemented through a series of housing programs. Housing programs define the specific actions the City will undertake to achieve the stated goals and policies within the eight-year (2021-2029) planning period. Program 9 of Section 5.2.3 (Provision of Adequate Housing Sites) of the City's Housing Element provides that pursuant to Assembly Bill (AB) 1397, which was adopted in 2017 and amended Government Code Sections 65580, 65583, and 65583.2, the City is required to amend the Zoning Ordinance to require by-right approval of housing developments that includes 20 percent of the units as housing affordable to lower income households, on sites being used to meet the 6th cycle Regional Housing Needs Assessment (RHNA) that represent a "reuse" of sites previously identified in the 4th and 5th cycles Housing Element. The "reuse" sites are specifically identified in the sites inventory section of the Housing Element. To be consistent with the requirements per California Government Code Section 65863.2 and with the City's adopted Housing Element, revisions are proposed for sections of Title 19 (Zoning) ordinance. Additionally, within the past year, additional changes to density bonus law amending Government Code Section 65915 have been implemented and, as such, alterations are proposed to update the City's density bonus ordinance to reflect changes in State Law.

On November 6, 2024, the City Council had the first reading and introduction of Ordinance No. 2024-1251, which would amend Imperial Beach Municipal Code (IBMC) Title 19 (Zoning) to allow by-right housing development approval consistent with Program 9 of the City's Housing Element to meet State Law and to update the City's density bonus ordinance to reflect changes in State Law. This, therefore, will be the Second and Final Reading of this ordinance for compliance with the notification requirements of an ordinance adoption pursuant to Government Code Sections 65090 and 65091.

RECOMMENDATION:

That the City Council conduct the second reading by title only, waiving further reading, and adopt Ordinance No. 2024-1251 by title only approving the proposed amendment, Local Coastal Program Amendment (LCPA-23-0001) of Title 19 (Zoning) to allow by-right housing development approval consistent with Program 9 of the City's Housing Element to meet State Law and to

update the City's density bonus ordinance to reflect changes in State Law; and finding and certifying that the proposed zoning amendment (Ordinance 2024-1251) is consistent with the Coastal Act; and finding an exemption pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3) (the common sense exemption).

OPTIONS:

The City Council can also:

- Provide direction to modify the ordinance prior to further consideration by the City Council.
- Continue the item and provide direction to the City Manager to obtain additional information.

BACKGROUND/ANALYSIS:

The California Legislature enacted legislation amending Government Code Sections 65580, 65583, and 65583.2 relating to housing that went into effect as of January 1, 2018 with the intent to strengthen the obligations in Housing Element Law that housing elements identify and zone sufficient sites to address the need for lower income housing units and facilitate the construction of new affordable residential dwelling units in response to the state's housing shortage (ref. Assembly Bill (AB) 1397). Existing ordinances that fail to meet the requirements of the legislation are considered null and void as the City must apply the standards established within the legislation. The City's existing Zoning ordinance, Imperial Beach Municipal Code Title 19 Zoning, does not include provisions to meet the state's requirements and, as such, affordable housing developments that qualify for by-right review and approval in the City of Imperial Beach are regulated by the requirements in Government Code Section 65583.2 in addition to the provisions of the City's adopted Housing Element.

The City of Imperial Beach adopted its Housing Element on June 16, 2021, which was certified by the California Department of Housing and Community Development on September 20, 2021. Within the Housing Element, the City has outlined goals and policies to address Imperial Beach's housing needs which are implemented through a series of housing programs. Housing programs define the specific actions the City will undertake to achieve the stated goals and policies within the eight-year (2021-2029) planning period. Program 9 of Section 5.2.3 (Provision of Adequate Housing Sites) of the City's Housing Element provides that the City is required to amend the Zoning Ordinance to require by-right approval of housing development that includes 20 percent of the units as housing affordable to lower income households, on sites being used to meet the 6th cycle Regional Housing Needs Assessment (RHNA) that represent a "reuse" of sites previously identified in the 4th and 5th cycles Housing Element. The "reuse" sites are specifically identified in the sites inventory section of the Housing Element. To be consistent with the requirements per California Government Code Section 65583.2 and with the adopted Housing Element, the revisions are proposed for sections of Title 19 (Zoning) ordinance. Additionally, within the past year, additional changes to density bonus law amending Government Code Section 65915 have been implemented, so alterations are proposed for Title 19 (Zoning) to update the City's density bonus ordinance to reflect changes in State Law.

The draft ordinance (Attachment 1) revises Title 19 (Zoning) Ordinance, specifically Chapters 19.04, 19.27, 19.28, 19.65, and 19.83. The revisions to the Chapters include: adding definitions for affordable housing rent, affordable sales price, area median income, lower income household, and amending the by right review definition; identifying the uses that are subject to the by right review consistent with state law; and adding the by right approval process for projects that require design review consistent with Government Code Section 65583.2(i).

On November 6, 2024, the City Council had the first reading and introduction of Ordinance No. 2024-1251, which would amend Imperial Beach Municipal Code (IBMC) Title 19 (Zoning) to allow by-right housing development approval consistent with Program 9 of the City's Housing Element to meet State Law and to update the City's density bonus ordinance to reflect changes in State Law. This, therefore, will be the Second and Final Reading of this ordinance for compliance with the notification requirements of an ordinance adoption pursuant to Government Code Sections 65090 and 65091.

LOCAL COASTAL PROGRAM AMENDMENT:

This project constitutes an amendment to the Implementation Component of the City's certified Local Coastal Program. It proposes modifications to the Title 19 (Zoning) to allow by-right housing development approval consistent with Program 9 of the City's Housing Element to meet State Law and to update the City's density bonus ordinance to reflect changes in State Law. A public notice of the proposed amendments initiated a six-week/45-day public review period that began on August 22, 2024 and ended on October 7, 2024 prior to any final action being taken by the City Council on the proposed modifications, pursuant to California Code of Regulations Code §13515 (14 CCR 13515) and California Government Code §65352. The proposed amendments to Title 19 of the Imperial Beach Municipal Code would be submitted to the California Coastal Commission for review and certification for the amendment to be effective.

ENVIRONMENTAL DETERMINATION:

The by-right housing development and density bonus Ordinance is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (the common sense exemption) because it can be seen with certainty that there is no possibility that the adoption of the by-right housing development and density bonus ordinance may have a significant effect on the environment, in that the by-right housing development and density bonus ordinance merely implements the provisions of state law and includes no provisions beyond those included in State Density Bonus Law and those included in Government Code Sections 65650 et seq. and 65583 et seq. that may result in a direct or indirect impact on the physical environment.

FISCAL IMPACT:

There would be no fiscal impact.

ATTACHMENTS:

Attachment 1 – Ordinance 2024-1251

ORDINANCE NO. 2024-1251

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AMENDING TITLE 19 (ZONING) OF THE IMPERIAL BEACH MUNICIPAL CODE TO PROVIDE FOR BY RIGHT APPROVAL OF CERTAIN SITES DESIGNATED FOR LOWER INCOME HOUSING AND TO UPDATE THE CITY'S DENSITY BONUS ORDINANCE TO REFLECT CHANGES IN STATE LAW.

WHEREAS, Government Code Section 65863.2, subdivision (c), requires that certain sites designated for lower income housing and included in the site inventory for previous housing elements, be zoned to permit by right approval, as defined in Government Code Section 65863.2, subdivisions (h) and (i); and

WHEREAS, Program 9 (By-Right Approval for Projects with 20 Percent Affordable Units) of Section 5.2.3 (Provision of Adequate Housing Sites) of the City's Housing Element, which was adopted on July 16, 2021 and subsequently approved by the California Department of Housing and Community Development, provides that the City will amend the Zoning Ordinance to require by-right approval of housing that includes 20 percent of the units affordable to lower income households on certain sites designated in the Housing Element; and

WHEREAS, Sections 65915 et seq. of the California Government Code, known as State Density Bonus Law, require a city to provide a developer that proposes a housing development containing affordable and other types of housing with a density bonus and other incentives; and

WHEREAS, California Government Code Section 65915(a) requires that all cities adopt an ordinance that specifies how compliance with State Density Bonus Law will be implemented; and

WHEREAS, since adoption of the City's density bonus ordinance, the State Legislature has passed, and the Governor has signed into law, changes to State Density Bonus Law; and

WHEREAS, Program 11 of Section 5.2.4 (Removal of Governmental Constraints) of the City's Housing Element, which was adopted on July 16, 2021 and subsequently approved by the California Department of Housing and Community Development, provides that the City will "[r]evise the Zoning Ordinance to update density bonus provisions consistent with State law"; and

WHEREAS, a Public Notice of Availability of Proposed General Plan/Local Coastal Program Amendments was issued, which opened a six-week public review period that ran from August 22, 2024, to October 7, 2024; and

WHEREAS, the City Council conducted a public hearing on November 6, 2024 to consider the proposed amendments to the zoning ordinance and considered all evidence, including but not limited to public testimony and the evaluations and recommendations of staff; and

WHEREAS, notice of said public hearing was made at the time and in the manner required by law.

NOW, THEREFORE, the City Council of the City of Imperial Beach hereby ordains as follows:

Section 1. All of the statements set forth in the recitals above are true and correct and are incorporated herein as substantive findings.

Section 2. Title 19 (Zoning) of the Imperial Beach Municipal Code is hereby amended to read as shown in Exhibit "A" attached hereto and incorporated herein by reference.

Section 3. The City Council finds that this Ordinance is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (the common sense exemption) because it can be seen with certainty that there is no possibility that the adoption of this ordinance may have a significant effect on the environment, in that the ordinance merely implements the provisions of state law and includes no provisions beyond those required by Government Code Section 65863.2 and State Density Bonus Law that that may result in a direct or indirect impact on the physical environment.

Section 4. The Community Development Director or designee is hereby authorized to submit this Ordinance as part of a Local Coastal Program Amendment to the California Coastal Commission for their review and adoption.

Section 5. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of the Ordinance, or its application to any person or circumstance, is for any reason held to be invalid and unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases of this Ordinance, or its application to any other person or circumstance. The City Council declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof, irrespective of the fact that any one or more other sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases hereof be declared invalid or unenforceable.

Section 6: This Ordinance shall take effect upon approval by the California Coastal Commission.

Section 7. The City Clerk is directed to prepare and have published a summary of this Ordinance no less than five (5) days prior to the consideration of its adoption and again within fifteen (15) days after adoption indicating votes cast.

INTRODUCED AND FIRST READ at a regular meeting of the City Council of the City of Imperial Beach held on the on the 6th day of November, 2024; and thereafter **PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Imperial Beach, California, on the 20th day of November, 2024, by the following vote:

AYES: Councilmembers –

NOES: Councilmembers –

ABSENT: Councilmembers –

PALOMA AGUIRRE, MAYOR

ATTEST

**JACQUELINE M. KELLY, MMC
CITY CLERK**

APPROVED AS TO FORM:

**JENNIFER LYON
CITY ATTORNEY**

EXHIBIT "A"

1.) Title 19, Chapter 19.04 (Definitions), of the Imperial Beach Municipal Code is hereby amended by adding or amending the following sections and shall read as follows:

19.04.056 Affordable rent

"Affordable rent" means the maximum allowable rent for a unit affordable to lower income households, equal to one-twelfth (1/12th) of 30 percent of 60 percent of area median income adjusted for assumed household size of one person in a studio affordable unit, two persons in a one-bedroom affordable unit, and one additional person for every additional bedroom; or as determined by the financing for the project, such as rents established for projects receiving tax credits.

19.04.058 Affordable sales price

"Affordable sales price" means means the maximum purchase price that will be affordable to a lower income household. The purchase price shall be considered affordable only if it is based on a reasonable down payment, and monthly housing payments (including interest, principal, mortgage insurance, property taxes, homeowners insurance, homeowners association dues, property maintenance and repairs, and a reasonable allowance for utilities), all as determined by the city, that total no more than one-twelfth (1/12th) of 30 percent of 70 percent of area median income adjusted for assumed household size of one person in a studio affordable unit, two persons in a one-bedroom affordable unit, and one additional person for every additional bedroom; or as determined by the financing for the project.

19.04.091 Area median income

"Area median income" means the area median income applicable to San Diego County, adjusted for household size, as published and periodically updated in the California Code of Regulations, Title 25, Section 6932.

19.04.187 By right review

"By right review" is as defined in Government Code Section 65583.2(i). By right review does not exempt the use from design review or approval of a coastal development permit. By right review that includes design review approval is described in Section 19.83.065.

19.04.526 Lower income household

"Lower income household" means a household whose household income does not exceed the low income limits applicable to San Diego County, adjusted for household size, as published and periodically updated in the California Code of Regulations, Title 25, Section 6932.

2.) Title 19, Subsection 19.26.020(C), of Chapter 19.26, C/MU-1 General Commercial And Mixed-Use Zone, of the Imperial Beach Municipal Code, is hereby amended by revisions as follows:

C. Site plan review by the City Council will be required if any of the following applies to proposed uses located in the C/MU-1 zone:

1. All proposed developments involving new construction.

2. Any addition, construction, or alteration of existing buildings resulting in an increase of ten percent or greater of the gross floor area of a commercial structure or in an individual commercial space within the structure or within a commercial shopping center.
3. Any proposed use or structure requiring the approval of a conditional use permit.
4. Any development including residential dwelling units, except Accessory Dwelling Units and Junior Accessory Dwelling Units as allowed in Chapter 19.66.
5. Notwithstanding any other provisions of this subsection C, the following uses shall be subject only to by right review that includes design review approval as described in Section 19.83.065:
 - a. Low-barrier navigation centers;
 - b. Permanent supportive housing;
 - c. Housing development projects where 20 percent of the total number of housing units in the project are proposed to be available to lower income households at affordable rent or affordable sales price, located on sites shown in Table C-2 of the Housing Element as designated for lower income housing and identified in the 5th cycle; and
 - d. Other uses eligible for by right approval by state law.

3.) Title 19, Subsection 19.27.020(B), of Chapter 19.27, C/MU-2 Seacoast Commercial and Mixed-Use Zone, of the Imperial Beach Municipal Code is hereby amended by revisions as follows:

B. Site plan review by the City Council will be required if any of the following applies for proposed uses located in the C/MU-2 zone:

1. All proposed developments involving new construction;
2. Any addition, construction, remodeling or alteration of existing buildings resulting in an increase of ten percent or greater of the gross floor area of a commercial structure or in an individual commercial space within the structure or within a commercial shopping center;
3. Any proposed commercial use, residential use, or structure requiring the approval of a conditional use permit;
4. Any development including residential dwelling units except Accessory Dwelling Units and Junior Accessory Dwelling Units as allowed in Chapter 19.66;
5. Public parking lots; and
6. Notwithstanding any other provisions of this subsection B, the following uses shall be subject only to by right review that includes design review approval as described in Section 19.83.065:
 - a. Low-barrier navigation centers;
 - b. Permanent supportive housing;
 - c. Housing development projects where 20 percent of the total number of housing units in the project are proposed to be available to lower income households at affordable

rent or affordable housing cost, located on sites shown in Table C-2 of the Housing Element as designated for lower income housing and identified in the 5th cycle; and

d. Other uses eligible for by right approval by state law.

4.) Title 19, Subsection 19.28.020(B), of Chapter 19.28, C/MU-3 Neighborhood Commercial And Mixed-Use Zone, of the Imperial Beach Municipal Code is hereby amended by revisions as follows:

B. Site plan review by the City Council will be required if any of the following applies for proposed uses located in the C/MU-3 zone:

1. All proposed developments involving new construction;
2. Any addition, construction, remodeling, or alteration of existing buildings resulting in an increase of ten percent or greater of the gross floor area of a commercial structure or in an individual commercial space within the structure or within a commercial shopping center;
3. Any proposed commercial use or structure requiring the approval of a conditional use permit;
4. Any development including residential dwelling units except Accessory Dwelling Units and Junior Accessory Dwelling Units as allowed in Chapter 19.66;
5. Public parking lots; and
6. Notwithstanding any other provisions of this subsection B, the following uses shall be subject only to by right review that includes design review approval as described in Section 19.83.065:
 - a. Low-barrier navigation centers;
 - b. Permanent supportive housing;
 - c. Housing development projects where 20 percent of the total number of housing units in the project are proposed to be available to lower income households at affordable rent or affordable housing cost, located on sites shown in Table C-2 of the Housing Element as designated for lower income housing and identified in the 5th cycle; and
 - d. Other uses eligible for by right approval by state law.

5.) Title 19, Subsection 19.65.030(C)(3), of Chapter 19.65, Affordable Housing Density Bonus, of the Imperial Beach Municipal Code, is hereby amended by revisions as follows:

3. Requested waivers. The application shall include the following minimum information for each waiver requested on each lot, shown on a site plan (if applicable), the City's usual development standard and the requested development standard.

6.) Title 19, Subsection 19.65.070(C), of Chapter 19.65, Affordable Housing Density Bonus, of the Imperial Beach Municipal Code, is hereby amended by revisions as follows:

- C. Except where a housing development is eligible for an additional bonus pursuant to Government Code Section 65915(v), each housing development is entitled to only one density bonus. If a housing development qualifies for a density bonus under more than one category, the applicant shall identify the category under which the density bonus is requested to be granted.

7.) Title 19, Subsection 19.65.070(D), of Chapter 19.65, Affordable Housing Density Bonus, of the Imperial Beach Municipal Code, is hereby amended by revisions as follows:

- D. The density bonus units shall not be included in determining the number of affordable units required to qualify a housing development for a density bonus pursuant to State Density Bonus Law.

8.) Title 19, Subsection 19.83.020(A), of Chapter 19.83, Design Review, of the Imperial Beach Municipal Code is hereby amended by revisions as follows:

A. Design review by the Design Review Board is required as follows:

1. Any development adjacent to the following corridors within the City limits:

- a. Highway 75;
- b. Palm Avenue;
- c. Silver Strand Boulevard;
- d. Rainbow Drive;
- e. Imperial Beach Boulevard;
- f. Seacoast Drive;
- g. 9th Street; and,
- h. 13th Street;

2. All commercial development within the City;

3. All development requiring site plan review by the Planning Commission or a conditional use permit;

4. All sign permits when deemed necessary by the Community Development Department;

5. All City projects, except street repair, resurfacing, etc.

6. Those projects referred by the Community Development Department for action.

7. Those projects eligible for by right approval that includes design review approval, subject to the provisions of Section 19.83.065.

9.) Title 19, Subsection 19.83.065, is added to Chapter 19.83, Design Review, of the Imperial Beach Municipal Code to read as follows:

19.83.065 By right approval that includes design review approval.

- A. As provided by Government Code Section 65583.2(i), design review approval for projects eligible for by right approval is exempt from the California Environmental Quality Act. Review of these projects shall be limited to conformance with objective standards established by the general plan, zoning ordinance, and design guidelines and conformance with the local coastal plan.
- B. Permanent supportive housing shall be reviewed consistent with the provisions of Government Code Sections 65650 *et seq.*
- C. Low barrier navigation centers shall be reviewed consistent with the provisions of Government Code Section 65660 *et seq.*
- D. Any subdivision of the site shall be subject to all laws, including but not limited to Title 18 (Subdivisions).
- E. The project shall comply with the development standards for the affordable units contained in Section 19.65.090.
- F. The applicant shall enter into an affordable housing agreement with the city as follows:
 - 1. The affordable housing agreement shall set forth the conditions and guidelines to be met regarding the affordable housing included in the project, including but not limited to the type, size and location of each affordable unit; the eligible occupants; affordable rents and sales prices, as applicable; phasing of the affordable units in relation to the market-rate units; and other relevant provisions approved by the City Attorney. The affordable housing agreement shall run with the land, to be executed by the City Manager or designee.
 - 2. The agreement shall require the continued affordability of rental units that qualified the applicant for by-right approval for a minimum of 55 years and shall require the continued affordability of for-sale units for 45 years.
 - 3. The executed affordable housing agreement shall be recorded against the housing development prior to final or parcel map approval, or prior to issuance of building permits for the housing development, whichever is earliest.



November 20, 2024

ITEM TITLE: RESOLUTION NO. 2024-086 ADDING THE FY25 FIRE STATION HVAC PROJECT TO THE CAPITAL IMPROVEMENT PROGRAM; APPROPRIATE \$195,000 TO THE PROJECT BUDGET; AND AWARD A CONTRACT TO TRANE TECHNOLOGIES FOR CONSTRUCTION OF THE PROJECT. (0910-40)

ORIGINATING DEPARTMENT:

Public Works

EXECUTIVE SUMMARY:

Resolution No. 2024-086 (Attachment 1) adds the FY25 Fire Station HVAC Project (Project) to the Imperial Beach Capital Improvement Program (CIP). Additionally, the resolution authorizes an appropriation of \$195,000 to the Project budget from the General Fund Unassigned Fund Balance. Finally, the resolution awards a Public Works contract to Trane Technologies to construct the Project for a not to exceed amount of \$195,000.

RECOMMENDATION:

Adopt Resolution No. 2024-086 to: (1) add the FY25 Fire Station HVAC Project (F25101) to the Imperial Beach Capital Improvement Program; (2) authorize the appropriation of \$195,000 to the Project budget; and (3) award a Public Works contract for a not to exceed amount of \$195,000 to Trane Technologies to construct the Project.

OPTIONS:

- Approve resolution and recommendation from staff; or
- Reject the project and provide direction to staff on how to proceed; or
- Request additional information and an additional report.

BACKGROUND/ANALYSIS:

The municipal budget is the primary document that links the priorities of the City Council with the funding necessary to accomplish those goals. The City of Imperial Beach has incorporated a two-year budget cycle to project the revenues and expenditures of the City. Throughout the budget period, the City Council considers various anticipated revenues and expenditures in the General Fund as financial needs change over time. Additionally, staff provides periodic budget updates to the City Council and organizes community forums to educate and maintain financial transparency.

The existing HVAC system at the Fire Station needs to be upgraded. This upgrade was not anticipated when the current budget was adopted. The Project will fund the installation of an upgraded HVAC system for heating and cooling of the first and second floor of the Fire Station, including new controls allowing remote access using the latest web-based system. The funding

of this Project results in an increase of \$195,000 in the projected expenses in the FY25 Budget to be covered by the General Fund Unassigned Fund Balance (reserves).

In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement approach increases pricing competitiveness and lowers operating costs through volume purchasing. The City has used both regional and national cooperative purchasing agreements to complement its own contracting initiatives in the past. Trane Technologies is contracted through the OMNIA national purchasing cooperative to provide HVAC products, installation and related products and services to local governments, and it is this cooperative purchasing agreement the City will be utilizing to complete the Project.

ENVIRONMENTAL DETERMINATION:

This project is categorically exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15302 (Replacement or Reconstruction).

FISCAL IMPACT:

Expenditure:

| | |
|--|------------------|
| Trane Technologies Public Works Contract (Design & Construction) | \$174,362 |
| Contingency | <u>\$ 20,638</u> |
| TOTAL EXPENDITURES | \$195,000 |

| | |
|---------------------------------|---|
| FISCAL YEAR: | 2025 |
| BUDGETED: | No |
| BUDGET AMENDMENT | Yes |
| ACCOUNT NO(S): | 101-1920-419.9003 "Transfer Out" - \$195,000 401-0000-391.9001 "Transfer In-GF" - \$195,000 401-1920-419.5003 "Improvements not Buildings" - \$195,000 (F25101-HVAC) |
| PROJECT NO(S): | F25101 |
| FISCAL ANALYSIS: | Resolution No. 2024-086 allocates \$195,000 from the General Fund Unassigned Fund Balance (reserves) to be used for facility improvements expenditures. |
| CURRENT BUDGET: | \$0 |
| ANTICIPATED EXPENDITURE: | \$195,000 |

ATTACHMENTS:

ATT 1 - Resolution No. 2024-086

RESOLUTION NO. 2024-086

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, ADDING THE FY25 FIRE STATION HVAC PROJECT TO THE IMPERIAL BEACH CAPITAL IMPROVEMENT PROGRAM; AND APPROPRIATING \$195,000 TO THE PROJECT BUDGET; AND AWARDING A CONTRACT TO TRANE TECHNOLOGIES FOR CONSTRUCTION OF THE PROJECT

WHEREAS, the municipal budget is the primary document that links the priorities of the City Council with the funding necessary to accomplish those goals; and

WHEREAS,; the City of Imperial Beach has incorporated a two-year budget cycle to project the revenues and expenditures of the City; and

WHEREAS,; staff provides periodic budget updates to the City Council and organizes community forums to educate and maintain financial transparency; and

WHEREAS, the Fire Station HVAC replacement was not anticipated when the budget was adopted.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Imperial Beach as follows:

1. The above recitals are true and correct.
2. The legislative body hereby accepts the proposal from Trane Technologies.
3. The contractor shall not commence construction or order equipment until they have received a Notice to Proceed.
4. The City Manager or designee is authorized to sign a not to exceed construction contract for \$195,000 with Trane Technologies which includes a \$20,638 contingency.
5. The Finance Director is authorized to amend/increase the FY24/25 Budget in the following accounts:
 - 101-1920-419.9003 "Transfer Out" - \$195,000
 - 401-0000-391.9001 "Transfer In-GF" - \$195,000
 - 401-1920-419.5003 "Improvements not Buildings" - \$195,000 (F25101-HVAC)

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 20th day of November 2024, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

PALOMA AGUIRRE, MAYOR

ATTEST:

JACQUELINE M. KELLY, MMC
CITY CLERK



November 20, 2024

ITEM TITLE: PRESENTATION AND FINANCIAL REPORT BY VW AIR COOLED FIESTA EN LA PLAYA CAR SHOW EVENT. (1040-10)

ORIGINATING DEPARTMENT:

Parks & Recreation

EXECUTIVE SUMMARY:

On August 7, 2024, the City Council approved a special event permit for the 2024 San Diego Air Cooled Fiesta in La Playa Car Show event on Sunday, September 22, 2024. As part of the special event terms and conditions, the event organizer is required to return to the City Council with a formal presentation and financial report following the event.

RECOMMENDATION:

The recommendation is that the City Council accepts and files the presentation and financial report from the event organizer and provides further direction to staff.

OPTIONS:

- Accept and file the report; or
- Request additional information and an additional report; or
- Provide direction to the City Manager.

BACKGROUND/ANALYSIS:

On August 7, 2024, the City Council approved a special event permit for the 2024 San Diego Air Cooled Fiesta in La Playa Car Show on Sunday, September 22, 2024. As part of the special event terms and conditions, the event organizer is required to return to the City Council with a formal presentation and financial report following the event. The presentation should include the number of attendees, benefit to the community, positive economic impact as a result of the event, beneficiary of funds, and overview of the event budget and outlook for future years. The event financial report is attached (Attachment 1), and a PowerPoint presentation will be provided at the meeting.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

The applicant requested fee waivers for eligible fees per the Special Event Fee Waiver and Sponsorship Policy. The City Council approved waiving the event fees for the event on September 22, 2024 in the amount of \$1,577. The application fee, direct cost, and staff time are not eligible for a fee waiver or reduction per the Policy. The applicant has paid these fees in full.

ATTACHMENTS:

ATT 1 - SD Air Cooled Financials

10/21/24

Final Report
Fiesta En La Playa 11
San Diego Air Cooled Inc.

On Sunday, September 22, 2024, San Diego Air Cooled Inc. Car Club, a 501(c)(3) non-profit, presented Fiesta En La Playa 11, our annual air-cooled car show, in Imperial Beach.

This is the sixth year we have held the event in Imperial Beach, and this year's event was one of the most successful yet.

We had over 230 vehicles participate, and we estimated the public attendance at 800. As the event is free to the public, we can't accurately say how many attendees were Imperial Beach residents.

The ability to park show vehicles on the street, in the Pier Plaza, on the beach, and on the IB Pier, makes our show one of the most unique VW shows in the country.

The entertainment at our event featured Mariachi Del Mar, Super Sonic Samba School Dancers and Band, and Nasty Habits classic rock band.

Our show, and its beautiful Imperial Beach location, were featured on Fox 5 San Diego, Hot VWs Magazine, the San Diego Reader, and multiple social media outlets.

The show had many vendors selling VW and automotive related merchandise, as well as a swap area for used VW parts that was very popular this year.

We don't book food vendors or food trucks at our show, to encourage attendees to eat at local IB restaurants.

The financial goal of the show is to raise funds for local charities, as well as scholarships in Automotive Technology at Cuyamaca College. We are donating \$1,000 to the Neighborhood Center of Imperial Beach, as well as \$1,000 to San Ysidro Health, to fund mammograms for low-income residents. We are donating \$2,500 for 5 scholarships at Cuyamaca College.

This event is expensive to put on, and gets more expensive every year. The club deeply appreciates the city's generous waiver of a number of fees, which helped us in putting on the show and contributing to our chosen charities.

We'd like to especially recognize Shannon Bullock of the Imperial Beach Parks and Recreation Department, for all of her hard work in helping us make the show happen in Imperial Beach. We'd also like to recognize the Port of San Diego, for generously allowing us to use the IB Pier.

We'd also like to acknowledge our hard-working board of directors and steering committee, who selflessly volunteer their time and talents to make this show, and this club, a success.

We are already planning and preparing for Fiesta En La Playa 12 next year, and look forward to our continued relationship with the City of Imperial Beach.



CITY COUNCIL

STAFF REPORT

November 20, 2024

ITEM TITLE: REVIEW OF FISCAL YEAR 2023-24 AUDITED FINANCIAL STATEMENTS AND RELATED DOCUMENTS AND RESOLUTION NO. 2024-085 AUTHORIZING THE ALLOCATION OF FUND BALANCE AND AUTHORIZING NECESSARY ASSIGNMENTS, TRANSFERS, AND BUDGET AMENDMENTS. (0412-50 & 0310-90)

ORIGINATING DEPARTMENT:

Finance

EXECUTIVE SUMMARY:

The independent audit of the Financial Statements of City of Imperial Beach for the Fiscal Year Ended June 30, 2024, has been completed and prepared for consideration by the City Council. The audit reports on government-wide fiscal activities, as well as on the fund level activity in the General Fund, Other Governmental Funds, the Sewer Enterprise Fund and the Internal Services Funds from July 1, 2023 to June 30, 2024. The annual Housing Authority reports are also included in the audit.

RECOMMENDATION:

1. City Council and Board(s) receive and file the Fiscal Year 2023-24 City of Imperial Beach Audited Financial Statements and related documents.
2. Adopt Resolution No. 2024-085 Authorizing the allocation of fund balance and authorizing necessary assignments, transfers, and budget amendments.

OPTIONS:

- Receive and file the Fiscal Year 2023-24 City of Imperial Beach audited financial statements and related documents and approve Resolution No. 2024-085 Authorizing the allocation of fund balance and authorizing necessary assignments, transfers, and budget amendments
- Receive and file the Fiscal Year 2023-24 City of Imperial Beach audited financial statements and related documents and do not approve Resolution No. 2024-085 Authorizing the allocation of fund balance and authorizing necessary assignments, transfers, and budget amendments
- Direct staff to provide additional information

BACKGROUND/ANALYSIS:

The City of Imperial Beach's fiscal year ends on June 30, followed by a two-month period during which payments related to the prior fiscal year are both issued and collected. In September, the Finance Department processes the remaining year-end closing entries, and the year-end audit is typically conducted at the end of the month. During this time, auditors collect data and perform

various procedures over several weeks. Once these procedures are complete, the final financial statements, along with the overall audit opinion, are issued in November.

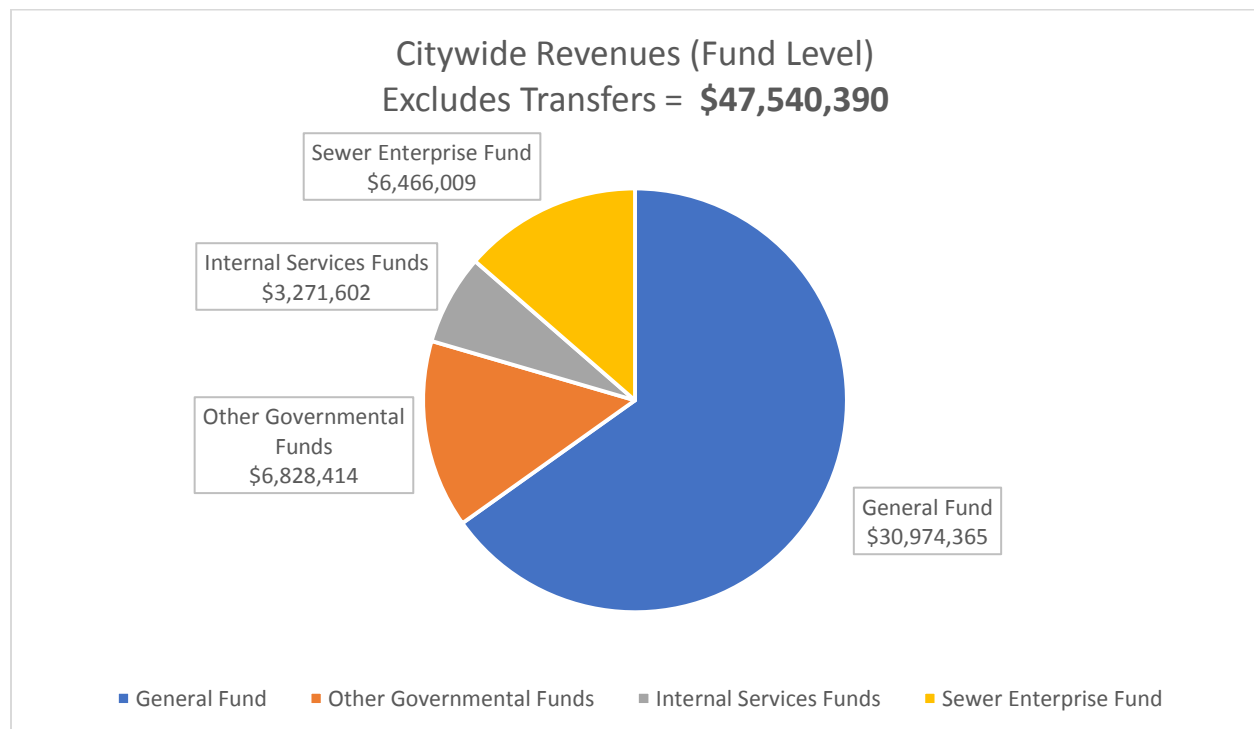
The Financial Statements for the City of Imperial Beach for the Fiscal Year Ended June 30, 2024 have now been finalized and are included as attachments to this report. Also included is a letter from the independent third-party audit firm that issued an opinion on the financial statements.

An independent audit serves as a vital tool to verify fiscal data and to ensure that the financial results presented are accurate. It provides reassurance to constituents that the City's finances and internal processes are in good order. Additionally, an outside review is essential for maintaining adherence to best financial practices and offers valuable opportunities for staff to receive recommendations on how to enhance financial management through the implementation of new procedures. It is important to note that the auditors independently determine which areas and transactions to test based on their professional judgment and risk assessment. They evaluate the financial statements for potential risks, material misstatements, or areas of concern, and use this assessment to guide their audit procedures.

This report will provide an overview of the key aspects of the financial statements, while the full audited document is available for public review and will be published on the City's website.

REVENUES

In Fiscal Year 2023-24, the Citywide fund-level revenue, excluding transfers, totaled \$47,540,390. Of this amount, the General Fund generated \$30,974,365, representing approximately 65% of the total Citywide revenue. The Sewer Enterprise Fund generated \$6,466,009, which accounts for about 14% of the Citywide revenue. The remaining revenue is distributed between the Internal Service Funds, with total revenues of \$3,271,602, and the Other Government Funds, which totaled \$6,828,414. A breakdown of these revenue sources is provided in the chart below.



Revenues in Fiscal Year 2023-24 saw an increase compared to the previous year, though the growth was less pronounced than in prior years, which were marked by post-pandemic recovery. The General Fund revenue for FY 2023-24 was approximately \$1.8 million higher than in FY 2022-23.

The City remains heavily reliant on tax revenues, which exhibited mixed results during this period. The primary contributors to the year-over-year increase were:

- Property Tax (\$0.7 million increase),
- Franchise Taxes (\$0.2 million increase),
- Transient Occupancy Tax (TOT) (\$0.2 million increase)

Together, these three sources accounted for most of the revenue growth. Property Tax revenues exceeded expectations despite the prevailing high-interest rate environment, reflecting the stability and paramount importance of this revenue stream to the City. Transient Occupancy Tax (TOT) rose primarily due to adjustments in assessed rates, contributing positively to the overall revenue picture. Franchise Taxes experienced overall growth, although some categories within this tax type saw strong increases, others declined year-over-year.

There were also some notable decreases in revenue streams that were projected to increase. The decline in Sales Tax received by the General Fund while relatively small at \$37,000, is a cause for concern given that Sales Tax is the City's second largest tax revenue source. Even minor fluctuations in this area can have a significant impact on the overall budget. As such, it is essential for staff to monitor this trend closely. This decline also presents an opportunity to focus on economic development initiatives aimed at boosting sales tax revenue. By encouraging the growth of businesses and industries that generate sales tax, the City can help stabilize and potentially increase this vital financial resource.

On the non-tax revenue side, investment earnings showed a strong performance, exceeding last year's by \$0.5 million. This increase is largely due to the higher interest rate environment, which allowed the City to achieve strong returns on its reserves. Additionally, the City saw a \$0.5 million increase in revenues from service fee adjustments, reflecting a cost assessment study that led to higher fees for certain City provided services as well as an increase in fees collected from the Port District. On the downside, intergovernmental revenues and fines and forfeitures both declined, by \$0.3 million and \$0.1 million, respectively.

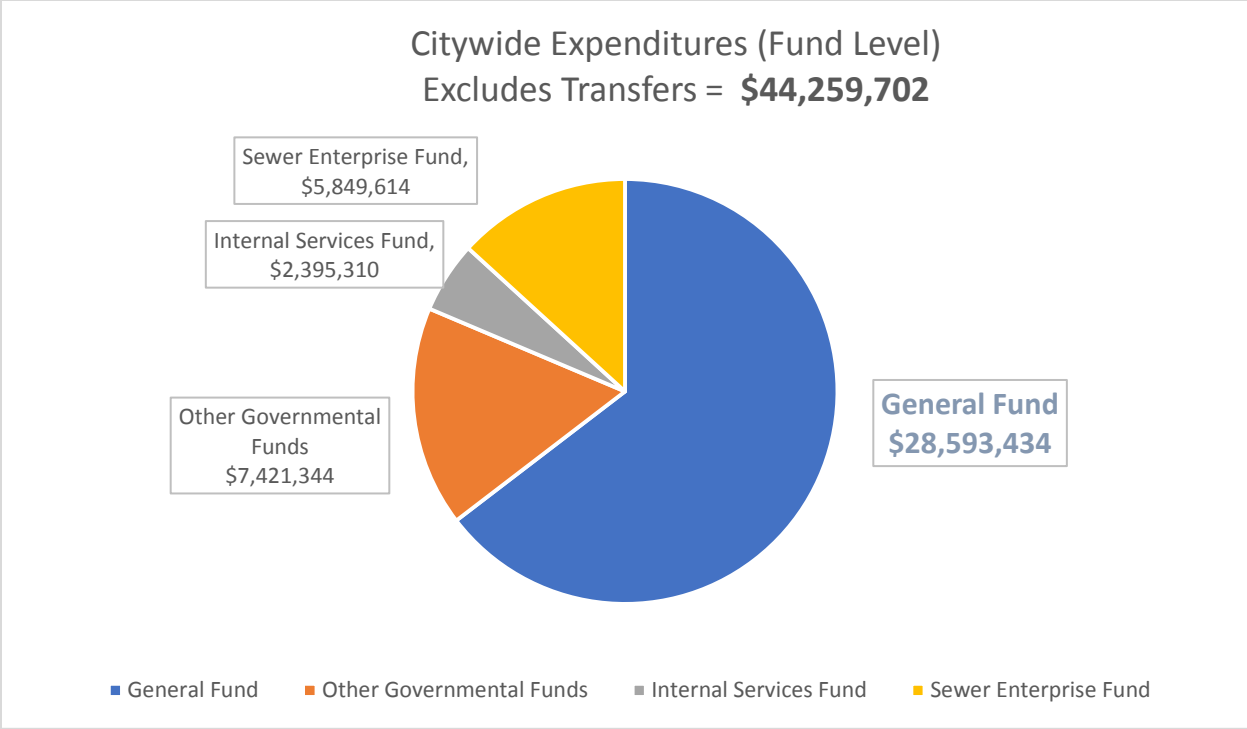
In addition to these revenues, the General Fund also received approximately \$0.9 million in interfund transfers and other financing sources, bringing total actual revenues for the General Fund to \$31,907,505. This amount exceeded the final amended budget by \$1 million.

EXPENDITURES

In Fiscal Year 2023-24, Citywide expenditures, excluding transfers, totaled \$44,259,702. The distribution of these expenditures across various funds is as follows:

- General Fund: \$28,593,434 (approximately 65% of total expenditures)
- Other Government Funds: \$7,421,344 (approximately 17%)
- Sewer Enterprise Fund: \$5,849,614 (approximately 13%)
- Internal Services Funds: \$2,395,310 (approximately 5%)

The following chart provides a visual overview of the Citywide expenditures.



For the fiscal year 2023-24, the General Fund's actual expenditures, including transfers of approximately \$2.8 million, totaled \$31,409,189, which was about \$0.7 million below the final amended budgeted expenditures. This variance primarily resulted from projects that were budgeted for the current year but deferred to future periods. Additionally, some of the variance was due to required fiscal year-end accounting adjustments related to Other Post-Employment Benefits (OPEB) valuation, as well as accounting changes regarding leases and software agreements—items that the City does not typically budget for.

Compared to the previous fiscal year, actual General Fund expenditures increased by \$2.7 million, with transfers rising by an additional \$1.2 million.

The largest operational increase in the General Fund was in the parks, recreation, and senior center areas, which saw a rise of approximately \$1.1 million. This increase was driven by expanded program offerings, aquatic program at Mar Vista High School, and the addition of new personnel. Public safety expenditures also rose by about \$0.7 million, primarily due to increased costs in the fire protection department primarily due to personnel and overtime expenses. Additionally, the City made a change in how financial data is presented, now separately categorizing \$0.7 million of planning, housing, and economic development costs under a new “community development” category. This change improves the visual presentation of these costs, as they were previously included under the broader “general government” category. The remaining \$0.2 million in increased expenditures was spread across other departments and capital outlays.

Capital outlays accounted for a significant portion of the increase in transfers, as funds were directed toward supporting various parks and facility improvement projects, as well as the acquisition of large equipment for the public works department.

Throughout FY 2024, the City made substantial progress in enhancing community infrastructure and amenities, while prudently managing revenues and actively pursuing grant opportunities. A key priority was the maintenance and improvement of capital projects, with particular emphasis on expanding the parks and recreation department to better serve the community.

Key initiatives included the construction phase of several major projects funded by the federal American Rescue Plan Act (ARPA), which introduced valuable new features for residents of all ages. Notable accomplishments included the opening of a new multi-use field at Veterans Park, ongoing improvements at the Senior Center, and the initiation of a remodel of the Sports Park complex. Additionally, construction moved forward on the 10th Street streetscape improvements and the replacement of restrooms at Sports Park, further enhancing public facilities and services for the community.

In total, over \$6 million was expended on capital outlay from various governmental funds, with approximately half of this amount funded through grants, which provided crucial external resources to benefit the community. Grants also supported other essential initiatives, such as the purchase of a new fire engine, efforts to assist the unsheltered population, and plans for coastal hazards mitigation. While this represents an accelerated pace of project implementation, it also places a significant burden on resources, as grant application, management, billing, reporting, and compliance are much more time-consuming than utilizing local resources. Moreover, the City will need to create a sustainable maintenance and staffing plan to ensure the long-term viability of added facilities.

Overall, the General Fund ended FY 2023-24 with a slight increase in its net balance of \$498,316, indicating that revenues exceeded expenditures for the year.

Additionally, it's important to highlight a substantial increase in expenditures within other governmental funds. These funds, which include grants and other specific purpose allocations, saw a year-over-year expenditure increase of \$4.7 million, or 175%. This spike is primarily attributed to ongoing capital improvements and substantial investments in the City's infrastructure.

Furthermore, the City was once again impacted by a significant increase in the required annual payment on its unfunded actuarial pension liability during FY 2024-25. This, combined with the rapid growth in overall pension liabilities, is putting increasing pressure on the City's financial resources. The escalating pension obligations are becoming increasingly difficult to manage and are raising serious concerns about the City's long-term fiscal well-being. More details are included within the Government-wide section of this report below.

In response to these rising pension and retiree costs, the City began making contributions to a Section 115 Trust, a dedicated fund designed to help manage and mitigate future pension-related liabilities. The City will continue to prioritize these costs, as pension obligations will be a critical financial consideration both in the near term and moving forward.

To address these challenges, staff will request an additional contribution to the Trust fund in FY 2024-25, as detailed further in this report. This additional contribution is part of the City's ongoing strategy to better manage pension obligations and secure long-term fiscal stability.

FUND BALANCE

Fund Balance represents the difference between assets and liabilities in a given fund within the City. In essence, it reflects the City's unrestricted net position within the fund, which can be used to meet the government's ongoing obligations or achieve its goals. These funds can be assigned, committed, or allocated to various projects through a formal approval process by the City Council.

The largest and most significant fund balance in the City is the General Fund Unassigned Fund Balance. The assets within this balance allow the City Council to appropriate funds for unforeseen expenses or emergency expenditures, and they also provide essential support for effective cash management. The City Council has adopted a policy that the General Fund Unassigned Fund Balance should be maintained at 30% to 40% of General Fund expenditures. As of June 30, 2024, the General Fund Unassigned Fund Balance stood at \$12,623,886, or about 40.2% of the FY

2023-24 General Fund expenditures. This represents an increase of approximately \$469,000 compared to the previous fiscal year.

The City Council has also established a policy to create an Economic Uncertainty Fund Balance, intended for use in fiscal emergency situations. The policy requires this fund to be 10% of the General Fund expenditures. As of June 30, 2024, the Economic Uncertainty Fund Balance was \$2,900,000, in compliance with this policy.

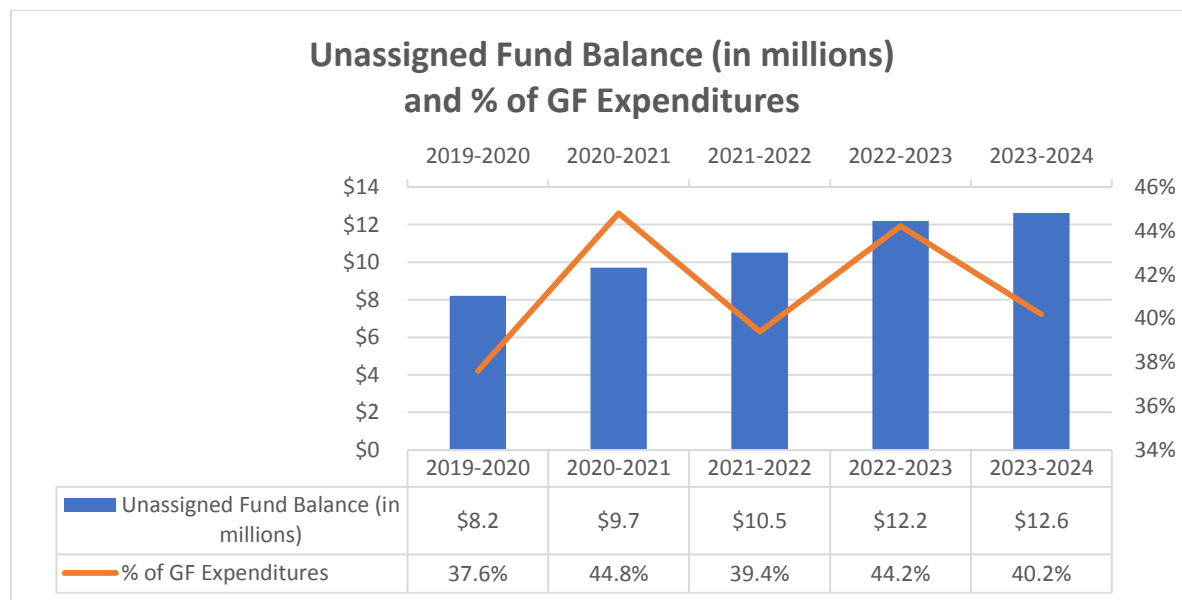
Furthermore, the City Council has established a Public Works Reserve Fund, which is designated for use only in the event of emergencies that require funds to ensure public safety, maintain minimum levels of circulation, or address other authorized emergency situations. The Fund Balance Policy requires a minimum of \$1,000,000 in this reserve, and as of June 30, 2024, the Public Works Reserve balance was \$1,300,000, in line with the policy.

Other fund balances as of June 30, 2024, include:

- Public Works Strategic Capital Reserve: \$504,482
- Community Benefit Funding: \$583,992
- Public Access Use (PEG): \$46,276
- Section 115 Trust for Pension Liability: \$862,244
- Projects in Progress (assigned): \$233,473

As previously mentioned, the General Fund Unassigned Fund Balance represents approximately 40.2% of FY 2023-24 General Fund expenditures, which is near the upper limit of the range set by City Council policy. A historical trend in this indicator is presented below.

This presents an opportunity for the City to further strengthen its financial position and address potential vulnerabilities.



As such, Staff is requesting the reallocation/transfer of \$300,000 from the General Fund Unassigned Fund Balance, to be allocated as detailed in “Proposed Fund Balance Re-Allocation” section further in this report. This would leave the reserve at approximately 39.2%.

OTHER FUNDS

The City has several other funds that are included in the annual audit. In summary, the key funds are as follows:

- **Sewer Enterprise Fund:** The Sewer Enterprise Fund is the City's only business-type activity. As of June 30, 2024, the net position of the Sewer Enterprise Fund was \$15,760,040, of which \$6,601,544 is unrestricted. However, there has been a decline in sewer fees collected through the San Diego County property tax roll year-over-year, raising potential concerns. These fees, which fluctuate with water consumption, had seen a notable increase during the pandemic as more residents worked from home. Since reaching a peak in FY2022, collections have gradually decreased. This trend may significantly affect the City's future ability to fund essential sewer infrastructure rehabilitation projects. Management will continue to closely monitor this trend and explore alternative funding strategies to ensure sustainable financing for wastewater infrastructure needs.
- **Miscellaneous Grant Fund:** This fund is used to report various types of grants awarded to the City, including but not limited to COVID-19 relief grants. As of June 30, 2024, the balance in this fund was \$306,727, which is restricted for Parks and Recreation purposes.
- **Gas Taxes Fund Balance:** The City receives revenue from various gas taxes (Gas Tax, RMRA, and Proposition A/Transnet) that are restricted in use. On June 30, 2023, the combined balance in these funds was \$1,479,699. However, gas tax revenues have fallen short of projections due to changes in consumer behavior and the growing trend of vehicle electrification, which reduces fuel consumption. This decline is a critical area for monitoring, as it may impact the City's ability to maintain streets and fund road improvement projects.
- **Supplemental Law Enforcement Fund (SLEF):** This fund receives state funding to supplement existing resources for front-line law enforcement services. As of June 30, 2022, the balance in this fund was \$0.
- **Capital Project Funds (CIP and Park Maintenance CIP Fund):** These funds are restricted for the maintenance and improvement of the City's capital infrastructure. As of June 30, 2024, the combined balance in these funds was \$2,277,938. This balance supports the ongoing key City projects, including parks and infrastructure improvements.
- **Internal Services Funds:** There are four funds established to provide internal services to the City. The balances in these funds as of June 30, 2024, are as follows:
 - **Vehicle Replacement and Maintenance Fund:** \$908,216 (unrestricted balance). This fund supports the replacement and maintenance of the City's vehicle fleet.
 - **Risk Management Fund:** \$1,648,933. This fund covers the City's liability for claims, insurance, and other risk management-related expenses.
 - **Technology and Communication Fund:** \$569,731. This fund is used to manage and maintain the City's technology infrastructure, including communication systems and IT support.
 - **Facilities Repair and Maintenance Fund:** \$322,396. This fund is designated for the repair and maintenance of City facilities.
- **Housing Authority Fund:** The balance as of June 30, 2024, was \$925,451. This fund is used to support the City's affordable housing programs and related services.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's year-end financial report also includes Government-wide financial statements, which consolidate the majority of individual funds to provide a broad overview of the City's financial position. These statements are prepared using accounting methods similar to those used by private-sector companies. They include the reporting of long-term assets, such as equipment and infrastructure, as well as long-term liabilities, such as debt instruments or pension obligations. These long-term obligations are not included in the individual fund statements but are important for understanding the City's overall financial health.

It is important to note that the inclusion of long-term liabilities, particularly the unfunded pension obligations, can result in negative unrestricted fund balances (or "net position") in government-wide financial statements, even if individual funds report positive unrestricted balances. This situation is common for many government agencies.

However, this is not the case for the City of Imperial Beach, where management has proactively targeted the growing pension liabilities through strategies such as pre-funding, strategic outsourcing of certain services, and other financial management practices. Thanks to these efforts, the City is able to report a positive unrestricted balance in the Statement of Net Position for both governmental and business-type (sewer) activities.

That said, the unrestricted net position has declined by \$0.2 million compared to last year, which signals potential emerging challenges. While the City remains in a positive financial position overall, this decrease highlights the need for continued vigilance and strategic planning to ensure that the City's financial health remains strong in the face of rising liabilities and other fiscal pressures.

As of June 30, 2024, the City's unfunded pension actuarial liability (UAL) stood at \$13.5 million, with an additional \$1.4 million owed in other post-retirement benefits (OPEB). The increase in the overall pension liability last year also led to a corresponding rise in interest expenses assessed by CalPERS. The UAL grew by approximately \$1.4 million compared to the previous year, marking an unsustainable rate of growth. This trend underscores the need for a comprehensive, systematic approach to managing these liabilities. Some available strategies to address the situation include funding the pension trust fund, exploring cost-sharing arrangements, and making additional payments to CalPERS to help reduce the unfunded liability.

The City's funded ratio is currently around 70%, which is mid-range compared to other San Diego agencies, but still falls short of what is needed to avoid steep increases in pension costs due to interest accrual. Additionally, the City's contribution rates are below the county median, signaling a need for improvement. To ensure long-term fiscal sustainability, it will be essential to evaluate and potentially adjust the cost-sharing ratios to prevent further strain on the City's budget.

The City's long-term pension obligations are also reflected in the required annual payments on the unfunded actuarial liability (UAL). For the fiscal year FY 2025-26, the required payment is projected to be nearly \$1.4 million, up from \$1.1 million in FY 2024-25 and \$0.9 million in FY 2023-24. This escalating cost represents a growing budgetary and cash flow burden on the City's finances.

Given the scale of this challenge, management and staff will need to take continuous and proactive measures to mitigate the negative impact of rising pension obligations on the City's overall financial health. Effective long-term management of these liabilities is critical to ensuring the City's financial sustainability.

PROPOSED FUND BALANCE RE-ALLOCATIONS:

To address two of the pressing challenges the City is currently facing—escalating pension costs and deferred facilities maintenance —staff is requesting the reallocation/transfer of \$300,000 from the General Fund Unassigned Fund Balance, to be allocated as follows:

- Contribute an additional \$200,000 to the Section 115 Trust Fund, earmarked for future pension obligations. These funds will be invested in an instrument with higher return potential than typical City investments, helping to address long-term pension liabilities.
- Transfer \$100,000 from the unassigned fund balance to the Facilities Repair & Maintenance Fund (Fund 504). And appropriate to miscellaneous repairs to City facilities in account 504-1924-519.2006 of the FY 2024-25 budget. No expenditure has been budgeted for this fund this year. However, emergency repairs to aging City facilities are anticipated, similar to prior year when approximately \$100,000 was used for urgent needs such as the Veterans Park canopy removal and Dempsey Center leak repairs.

AUDIT FINDINGS

Staff is pleased to announce there were no findings for FY 2023-24. Additionally, the independent auditors found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

OTHER CITY RELATED FUNDS

The Citywide Audited Financial Statements is inclusive of the separate agencies of the Imperial Beach Redevelopment Successor Agency and the Housing Authority of the City of Imperial Beach. The required Housing Authority Specified Activity report will be posted on the City's website in accordance with the California Health and Safety Code 34176.1 et. seq.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

Reallocate/transfer \$300,000 of the General Fund Unassigned Fund Balance as follows:

- a) Contribute \$200,000 to Section 115 trust fund (GL 101-0000-103.0010)
- b) Transfer \$100,000 the Facilities Repair & Maintenance Fund (Fund 504) appropriate in FY2024-25 budget for account 504-1924-519.2006 for miscellaneous repairs to facilities

| | | |
|-------------------------|---|------------|
| FISCAL YEAR: | FY 2024-25 | |
| BUDGETED: | N | |
| BUDGET AMENDMENT | Y | |
| ACCOUNT NO(S): | 101-1920-419.9003 – Transfer Out | \$ 100,000 |
| | 504-0000-391.9001 – Transfer In – GF | \$ 100,000 |
| | 504-1924-519.2006 – Professional Services | \$ 100,000 |
| PROJECT NO(S): | N/A | |
| FISCAL ANALYSIS: | Transfer \$100,000 to the Facilities Repair & Maintenance Fund (Fund 504) to cover emergency repairs at City facilities in the FY 2024-25 budget. While no expenditures were initially budgeted | |

for emergency repairs this year, staff is proposing to set aside the same amount used for necessary repairs last year.

Allocate an additional \$200,000 to the Section 115 Trust Fund to help offset the City's unfunded pension actuarial liability (UAL), which currently stands at \$13.5 million, reflecting an increase of \$1.4 million year-over-year. The City's Section 115 Trust currently holds \$860,000 to help address this liability. The additional allocation will help strengthen the City's ability to manage long-term pension obligations.

CURRENT BUDGET:

Facilities Repair & Maintenance Fund (Fund 504)

504-1924-519.2006 – Professional Services \$ 0

Section 115 Trust Fund contribution is not budgeted but is set by the City's policy to be funded from the interest savings realized by paying the required annual UAL payment in a lump sum rather than in monthly installments. For FY 2024-25, this savings is estimated to be about \$37,000.

**ANTICIPATED
EXPENDITURE:**

\$300,000

ATTACHMENTS:

ATT 1 – FY24 Audited Financial Statements

ATT 2 – FY24 Housing Asset Audit Report

ATT 3 – FY24 Annual Housing Successor Specified Activity Report

ATT 4 – Resolution No. 2024-085



City of Imperial Beach, CA

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2024



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CITY OF IMPERIAL BEACH, CALIFORNIA
FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

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City of Imperial Beach

**Financial Statements
For the Fiscal Year Ended
June 30, 2024**

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City of Imperial Beach

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Independent Auditor's Report

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To the Honorable Mayor and Members of the City Council
City of Imperial Beach, California

Report on the Audit of 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 Imperial Beach, California (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, 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 (*Government Auditing Standards*). 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 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 City's management 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'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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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'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 City'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 management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 11, 2024

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City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

The City of Imperial Beach (the City) offers readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. The contents of this overview are not a substitute for the more complete analysis found in the financial statements and readers are encouraged to consider this discussion in conjunction with information included in the more comprehensive financial statements.

FINANCIAL HIGHLIGHTS

- At the government-wide reporting level, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$94,276,926 at the close of the most recent fiscal year, representing the net position. This combined net position reflects restricted and unrestricted funds, as well as investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The unrestricted net position accounts for \$18,201,962 of the total. Overall, the City's total net position increased by \$6 million from the previous fiscal year. The majority of this increase, approximately \$5.4 million, is attributed to governmental activities, with a particularly notable rise in net investment in capital assets. The remaining increase comes from the business activities of the sewer fund.
- The Citywide revenue recorded for the fiscal year ending June 30, 2024, for both governmental and business-type activities was \$45,194,117. The Successor Agency to the former Redevelopment Agency revenue is not included in the Citywide revenue because the Successor Agency is considered a separate entity and not technically part of the municipal corporation. Conversely, the Citywide expenses for the fiscal year ending on June 30, 2024, were \$39,189,250.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$23,682,454, an increase of \$1.1 million in comparison with the prior year. Of this amount, \$ 12,239,443, or 51.7% constitutes the unassigned fund balance, which is available to be appropriated upon City Council majority approval. The remaining \$11,443,011 is either non-spendable, restricted, committed, or assigned.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$18,192,109. The unassigned fund balance of the General Fund was \$12,623,886 or approximately 40.2% of total FY2024 General Fund expenditures and transfers.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This section of the Management's Discussion and Analysis is a review of the City's basic financial statements which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the content of the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements mentioned above distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community development, parks, recreation and senior center, and public works. The business-type activities of the City include Sewer operation.

The government-wide financial statements include not only the City itself (known as the primary government), but also the following blended component units: the Imperial Beach Public Financing Authority (Financing Authority), and the Imperial Beach Housing Authority (Housing Authority), for which the City is financially accountable. The Financing Authority and the Housing Authority, although also legally separate, function for all practical purposes as a department of the City. The report also provides financial information for include legally separate Successor Agency of the former Redevelopment Agency. Financial information for this separate unit is reported as Private-Purpose fiduciary fund, separately from the financial information presented for the primary government itself.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Miscellaneous Grant Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation as "Other Government Funds". Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts a bi-annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget, as noted in the table of contents.

Proprietary Funds. The City maintains two types of proprietary funds. Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the governmentwide financial statements. The City uses an Enterprise Fund to account for its Sewer operation. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses Internal Service Funds to account for the management of its retained risks, for its fleet of vehicles, information technology, and facilities maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for these business-type activities, which is considered to be a major fund of the City.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The Private-Purpose Trust Fund is used to report resources held in trust for other entities. The Custodial Funds report resources held by the City in a custodial capacity for individuals, private organizations, and other governments. The City currently has five Custodial Funds (Special Assessment Districts), and one Private Trust Fund (the Successor Agency of the Former RDA).

Notes to Basic Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's schedule of changes in the net pension liability and related ratios (miscellaneous employees), schedule of City's proportionate share of the net pension liability and related ratios as of the measurement date (safety employees), schedules of plan contributions (both miscellaneous and safety employees), schedule of changes in the net OPEB liability and related ratios, and general fund and major special revenue funds' budgetary schedules.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

The change in net position over time is a valuable indicator of a government's financial health. For the City, assets and deferred outflows of resources exceeded liabilities by \$94,276,926 at the end of the most recent fiscal year, reflecting an increase of \$6,004,867 from \$88,272,059 on June 30, 2023. This growth represents a positive trend in the City's financial position.

City of Imperial Beach's Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 36,608,868 | \$ 35,595,900 | \$ 5,893,539 | \$ 5,186,620 | \$ 42,502,407 | \$ 40,782,520 |
| Capital assets, net | 62,041,966 | 58,045,385 | 9,158,496 | 9,231,702 | 71,200,462 | 67,277,087 |
| Total assets | 98,650,834 | 93,641,285 | 15,052,035 | 14,418,322 | 113,702,869 | 108,059,607 |
| Deferred outflows of resources | 8,262,314 | 9,352,410 | 187,588 | 212,337 | 8,449,902 | 9,564,747 |
| Non-current liabilities | 15,800,421 | 14,932,887 | 335,182 | 300,500 | 16,135,603 | 15,233,387 |
| Other liabilities | 9,196,191 | 10,934,365 | 147,900 | 175,158 | 9,344,091 | 11,109,523 |
| Total Liabilities | 24,996,612 | 25,867,252 | 483,082 | 475,658 | 25,479,694 | 26,342,910 |
| Deferred inflows of resources | 2,342,956 | 2,942,576 | 53,195 | 66,809 | 2,396,151 | 3,009,385 |
| Net position | | | | | | |
| Net investment in capital assets | 61,064,409 | 56,551,187 | 9,158,496 | 9,231,702 | 70,222,905 | 65,782,889 |
| Restricted | 5,852,059 | 4,757,824 | - | - | 5,852,059 | 4,757,824 |
| Unrestricted | 12,657,112 | 12,874,856 | 5,544,850 | 4,856,490 | 18,201,962 | 17,731,346 |
| Total net position | \$ 79,573,580 | \$ 74,183,867 | \$ 14,703,346 | \$ 14,088,192 | \$ 94,276,926 | \$ 88,272,059 |

The largest portion of the City's net position, comprising 74.5%, reflects its investment in capital assets—such as land, buildings, furniture, and infrastructure—minus any related outstanding debt incurred to acquire those assets. These capital assets are essential for providing a range of services to residents, but they are not available for future spending. While the investment in capital assets is reported net of related debt, it's important to note that resources to repay this debt must come from other sources, as the capital assets themselves cannot be used to settle these liabilities.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

An additional portion of the City's net position, representing 6.2%, consists of resources that are subject to external restrictions regarding their use. The remaining balance of \$18,201,962 is unrestricted, and can be allocated to various projects following a formal approval process by the City Council majority.

At the end of the 2023-2024 fiscal year, the City was able to report positive balances for both the government as a whole and for its individual governmental and business-type activities, a trend that was also present in the previous fiscal year.

Overall, the City's net position increased by \$6,004,867 compared to the prior fiscal year. The reasons for this overall increase will be explored in the following sections, focusing on both governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, the overall net position for governmental activities increased by \$5,389,713, bringing the ending balance to \$79,573,580. This increase was primarily driven by revenue growth. The City saw a year-over-year rise in various revenue sources, including Property Tax, Franchise Tax, and Transient Occupancy Tax, amounting to \$5.3 million for the Primary Government. This was partially offset by an increase in expenditures of \$677,000.

However, the unrestricted net position declined by \$218,000 since last year.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

City of Imperial Beach's Changes in Net Position

| | Governmental | | Business-Type | | Total | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,385,909 | \$ 2,418,466 | \$ 6,167,817 | \$ 6,861,442 | \$ 8,553,726 | \$ 9,279,908 |
| Operating contributions and grants | 9,932,736 | 7,412,916 | - | - | 9,932,736 | 7,412,916 |
| Capital contributions and grants | 2,097,641 | 1,919,284 | - | - | 2,097,641 | 1,919,284 |
| General revenues: | | | | | | |
| Property taxes | 7,631,894 | 7,210,204 | - | - | 7,631,894 | 7,210,204 |
| Transient occupancy taxes | 1,785,561 | 1,563,419 | - | - | 1,785,561 | 1,563,419 |
| Sales taxes | 8,394,363 | 8,150,691 | - | - | 8,394,363 | 8,150,691 |
| Franchise taxes | 2,812,981 | 2,634,150 | - | - | 2,812,981 | 2,634,150 |
| Business licenses taxes | 315,588 | 316,271 | - | - | 315,588 | 316,271 |
| Motor vehicle in lieu - unrestricted | 32,743 | 27,171 | - | - | 32,743 | 27,171 |
| Use of money and property | 1,700,993 | 884,966 | 293,617 | 93,795 | 1,994,610 | 978,761 |
| Miscellaneous | 1,637,699 | 861,691 | 4,575 | - | 1,642,274 | 861,691 |
| Total Revenues | 38,728,108 | 33,399,229 | 6,466,009 | 6,955,237 | 45,194,117 | 40,354,466 |
| Expenses | | | | | | |
| General government | 7,199,142 | 7,535,406 | - | - | 7,199,142 | 7,535,406 |
| Public safety | 16,313,268 | 17,116,283 | - | - | 16,313,268 | 17,116,283 |
| Community development | 915,164 | 624,264 | - | - | 915,164 | 624,264 |
| Parks, recreation and senior center | 3,994,461 | 2,856,254 | - | - | 3,994,461 | 2,856,254 |
| Public works | 4,865,518 | 4,480,268 | - | - | 4,865,518 | 4,480,268 |
| Interest on long-term debt | 50,842 | 48,435 | - | - | 50,842 | 48,435 |
| Sewer | - | - | 5,850,855 | 5,611,769 | 5,850,855 | 5,611,769 |
| Total Expenses | 33,338,395 | 32,660,910 | 5,850,855 | 5,611,769 | 39,189,250 | 38,272,679 |
| Change in Net Position | 5,389,713 | 738,319 | 615,154 | 1,343,468 | 6,004,867 | 2,081,787 |
| Net Position, Beginning | 74,183,867 | 73,445,548 | 14,088,192 | 12,744,724 | 88,272,059 | 86,190,272 |
| Net Position, Ending | <u>\$ 79,573,580</u> | <u>\$ 74,183,867</u> | <u>\$ 14,703,346</u> | <u>\$ 14,088,192</u> | <u>\$ 94,276,926</u> | <u>\$ 88,272,059</u> |

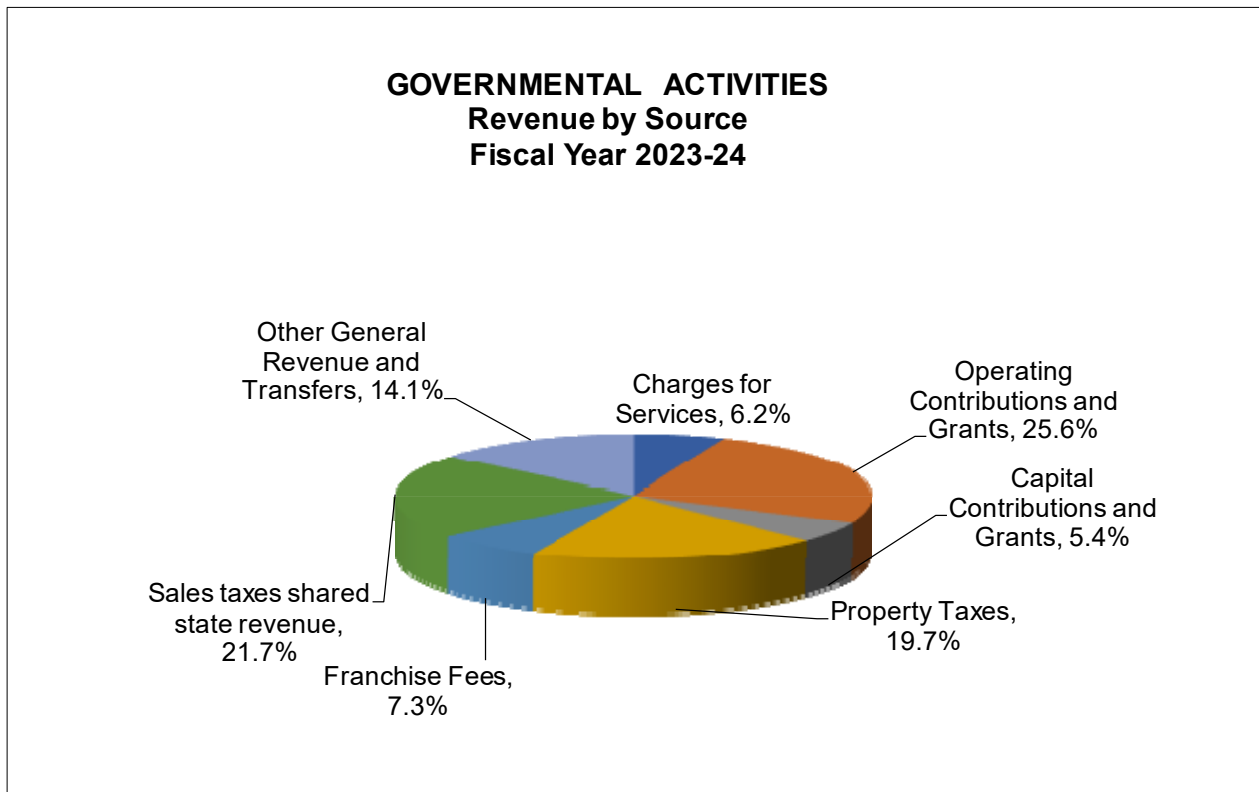
City of Imperial Beach

**Management’s Discussion and Analysis
For the Year Ended June 30, 2024**

**GOVERNMENTAL ACTIVITIES
Revenue by Source**

| Revenue Source | 2024 | Percent of Total | Increase (Decrease) From 2023 | Percent Increase (Decrease) |
|-------------------------------------|----------------------|-------------------------|--------------------------------------|------------------------------------|
| Charges for services | \$ 2,385,909 | 6.2% | \$ (32,557) | -1.4% |
| Operating contributions and grants | 9,932,736 | 25.6% | 2,519,820 | 25.4% |
| Capital contributions and grants | 2,097,641 | 5.4% | 178,357 | 8.5% |
| Property taxes | 7,631,894 | 19.7% | 421,690 | 5.5% |
| Sales taxes | 8,394,363 | 21.7% | 243,672 | 2.9% |
| Franchise fees | 2,812,981 | 7.3% | 178,831 | 6.4% |
| Other general revenue and transfers | 5,472,584 | 14.1% | 1,819,066 | 33.2% |
| Total revenue | \$ 38,728,108 | 100.0% | \$ 5,328,879 | 13.8% |

**GOVERNMENTAL ACTIVITIES
Revenue by Source
Fiscal Year 2023-24**

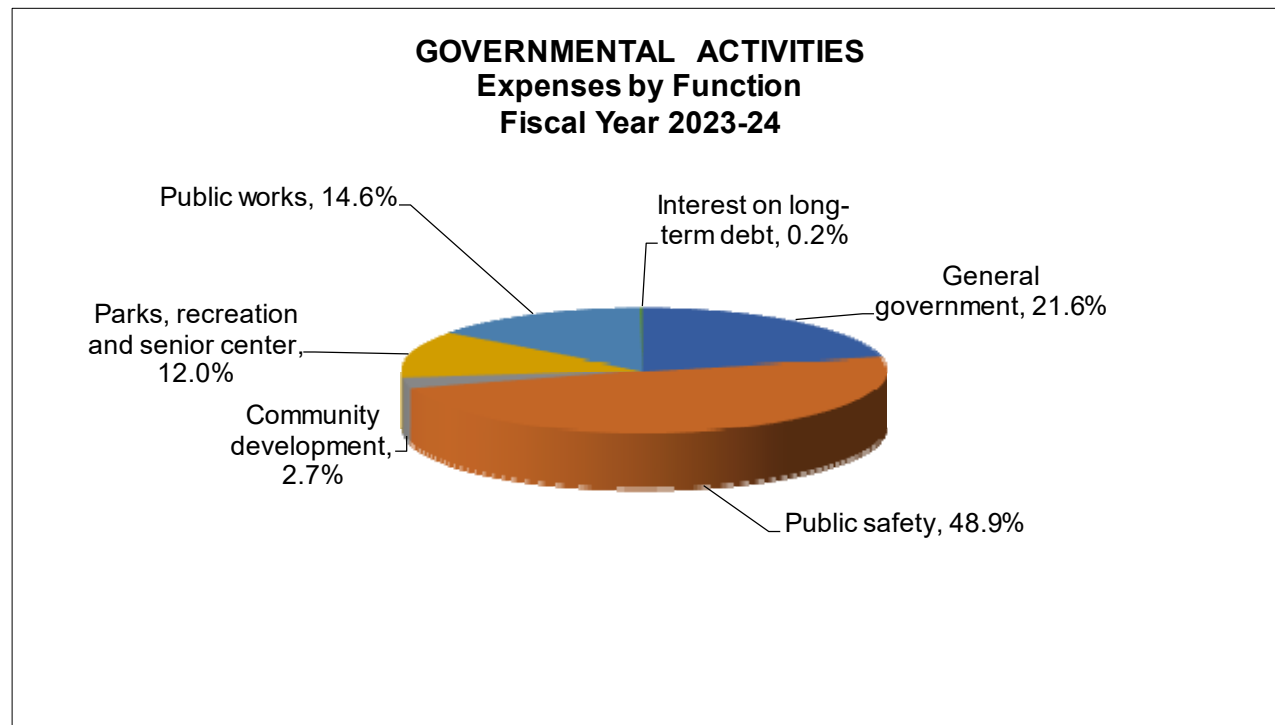


City of Imperial Beach

**Management’s Discussion and Analysis
For the Year Ended June 30, 2024**

**GOVERNMENTAL ACTIVITIES
Expenses by Function**

| Function | 2024 | Percent of Total | Increase (Decrease) From 2023 | Percent Increase (Decrease) |
|-------------------------------------|----------------------|-------------------------|--------------------------------------|------------------------------------|
| General government | \$ 7,199,142 | 21.6% | \$ (336,264) | -4.7% |
| Public safety | 16,313,268 | 48.9% | (803,015) | -4.9% |
| Community development | 915,164 | 2.7% | 290,900 | 31.8% |
| Parks, recreation and senior center | 3,994,461 | 12.0% | 1,138,207 | 28.5% |
| Public works | 4,865,518 | 14.6% | 385,250 | 7.9% |
| Interest on long-term debt | 50,842 | 0.2% | 2,407 | 4.7% |
| Total expenses | \$ 33,338,395 | 100.0% | \$ 677,485 | 2.0% |



Business-type Activities. For the City’s business-type activities, the results for the current fiscal year were positive. Overall net position increased slightly to an ending balance of \$14,703,346. The Wastewater Enterprise Fund accounts for the activity of City-owned sewer operations. The total increase in net position for business-type activities was \$615,154 or a 4.37% increase from the prior fiscal year. The increase in unrestricted net position was even more pronounced with \$688,360 or a 14.2% year over year positive change.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

However, sewer fees collected through the San Diego County property tax roll declined year-over-year raising a potential concern. These fees, which fluctuate with water consumption, saw a notable increase during the pandemic as residents worked from home. However, since reaching a peak in FY2022, collections have gradually decreased. This trend could significantly affect the city's future ability to budget for essential sewer infrastructure rehabilitation projects. Management will closely monitor this trend and consider alternative funding strategies to ensure sustainable financing for wastewater infrastructure needs.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Imperial Beach's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

Unassigned fund balance may serve as a valuable indicator of a government's net resources available for discretionary use as it represents the portion of fund balance that has not yet been limited for a particular purpose by either an external party, the City itself, or individuals or groups delegated by the City Council to assign resources. This flexibility allows the City to allocate these funds to meet various needs or respond to emerging priorities without being bound by pre-existing commitments.

On June 30, 2024, the City's governmental funds reported combined fund balances of \$23,682,454, an increase of \$ 1,083,704 in comparison to the prior year. Approximately 51.7% or \$12,239,443 of this amount constitutes an unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in a spendable form (\$22,729), 2) restricted for particular purposes (\$5,852,059), 3) committed for a certain use (\$4,200,000) or 3) assigned for particular purposes (\$1,368,223).

Capital outlay expenditures continued to be a major driver of financial position as they continued its increase to \$6,219,135 representing a 189.4% change since last fiscal year. This rise is attributed to ongoing construction activities on several ARPA-funded facility improvements, along with progress on various larger street and parks projects.

Major Funds

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$12,623,886, while the total fund balance increased by \$ 498,316 or 2.7% to \$19,077,082. To assess the General Fund's liquidity, it's useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures. The unassigned fund balance represents approximately 40.2% of total FY2024 General Fund expenditures and transfers out, while the total fund balance accounts for about 60.7% of that amount.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

The Miscellaneous Grants Fund, another major fund, is used to report various types of grants awarded to the City, including COVID-19 relief grants. This fund ended the year with a balance of \$306,727.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund, as presented in the financial statements and for purposes of financial reporting in conformity with generally accepted accounting principles (GAAP), is comprised of three funds including the General Fund, Community Benefit Fund, and PEG Fund. However, in the City's approved budget document, these funds are separately presented.

The City originally adopted a General Fund budget with projected revenues (including transfers) of \$29,502,353 and expenditures (including transfers) of \$31,119,795. The excess of budgeted expenditures over revenues is attributed to one-time capital and infrastructure investments funded by City reserves, rather than indicating a structural deficit. Throughout the year, the City Council authorized amendments to the original budgeted appropriations, and minor reallocations of appropriations among departments were done. The movement of the appropriations between departments was not significant and did not increase the overall operating budget.

The more significant amendments to the revenue budget were due to higher-than-expected Property Tax revenues, as the real estate market remained robust despite a high-interest rate environment. Additionally, the Transient Occupancy Tax (TOT) increased following the passage of Measure R, which raised the TOT rate from 10% to 14%, effective January 1, 2023. FY2024 marks the first full fiscal year under this higher rate. Although there were potential state-wide challenges that could have reversed the passage of Measure R, these did not materialize this year, and staff will continue to monitor any future developments regarding this issue.

On the expenditure side, the transfer-out budget was increased during the year to allocate funding for various park and facility improvement projects, including the Sports Park restroom replacement, City Hall security enhancements, and community room upgrades, which were transferred to their respective capital improvement project (CIP) funds. Additionally, a series of expenditure amendments—both increases and decreases—were made across various departments, resulting in a net decrease of \$532,000 in the overall expenditure budget. This reduction was largely due to staffing vacancies, delays in project timelines, and the utilization of non-general fund resources.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2024, the City's investment in capital assets for its governmental and business-type activities totaled \$71,200,462, net of accumulated depreciation. This investment in capital assets includes land, land improvements, buildings, furniture, machinery, equipment, and infrastructure. The total increase in capital assets for the current fiscal year was \$3,923,375, representing an increase of approximately 5.8%. This growth is primarily attributed to an increase in construction in progress and improvements, which were offset by capital asset dispositions and depreciation.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

City of Imperial Beach's Capital Assets (Net of accumulated depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 2,688,532 | \$ 2,688,532 | \$ - | \$ - | \$ 2,688,532 | \$ 2,688,532 |
| Infrastructure right-of-way | 12,406,327 | 12,406,327 | - | - | 12,406,327 | 12,406,327 |
| Construction in progress | 5,609,507 | 3,195,823 | 908,410 | 716,436 | 6,517,917 | 3,912,259 |
| Structures and Improvements | 6,004,134 | 4,072,242 | - | - | 6,004,134 | 4,072,242 |
| Equipment and vehicles | 2,115,013 | 1,478,767 | - | - | 2,115,013 | 1,478,767 |
| Infrastructure | 33,052,981 | 33,932,726 | - | - | 33,052,981 | 33,932,726 |
| Right-to-use | 165,472 | 270,968 | - | 4,082 | 165,472 | 275,050 |
| Sewer | - | - | 8,250,086 | 8,511,184 | 8,250,086 | 8,511,184 |
| Total | \$ 62,041,966 | \$ 58,045,385 | \$ 9,158,496 | \$ 9,231,702 | \$ 71,200,462 | \$67,277,087 |

During the fiscal year, the City completed several parks, facilities, and infrastructure improvements, including the new multi-use field at Veterans Park. Construction continued on various large street and facility improvement projects, supported by significant outside funding sources, including state and private grants, as well as federal assistance. These efforts are aimed at enhancing the community and providing better services for residents.

Additional information on the City's capital assets can be found in Note 3 of this report.

Non-Current Liabilities. At the end of the current fiscal year, the City had total non-current outstanding liabilities of \$17,598,074. Notably, the City does not carry any debt backed by the full faith and credit of the government. The City's long-term obligations consisted of \$407,162 principal outstanding on Transnet Commercial Paper borrowing, \$414,419 principal outstanding on financed equipment, and \$155,976 of lease/subscription liability for printing equipment and subscription-based information technology agreements (SBITA).

As of June 30, 2024, the City's pension-related debt in the California Public Employees Retirement System (CalPERS) consisted of a net pension liability obligation of \$13,537,936 and \$1,435,208 for other post-retirement benefits. The pension unfunded liability increased by \$1,399,187, or 11.5%, year-over-year, continuing a concerning trend, with further details provided in Note 10 of this report.

The City also has a total obligation of \$1,277,373 for compensated absences (vacation and sick leave) for the existing employees of which \$383,693 is classified as non-current. The remainder of the City's long-term obligations of \$370,000 comprises of general liability and worker's compensation claims.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

City of Imperial Beach's Non-Current Outstanding Liabilities

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|----------------------------|----------------------|-----------------------------|-------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Compensated absences | \$ 1,215,329 | \$ 1,141,635 | \$ 62,044 | \$ 56,668 | \$ 1,277,373 | \$ 1,198,303 |
| Claims payable | 370,000 | 828,000 | - | - | 370,000 | 828,000 |
| Direct borrowings payable | 821,581 | 1,159,278 | - | - | 821,581 | 1,159,278 |
| Lease/subscription payable | 155,976 | 334,920 | - | - | 155,976 | 334,920 |
| Net pension liability | 13,237,394 | 11,869,269 | 300,542 | 269,480 | 13,537,936 | 12,138,749 |
| Total OPEB liability | 1,403,346 | 1,273,722 | 31,862 | 28,919 | 1,435,208 | 1,302,641 |
| Total | \$ 17,203,626 | \$ 16,606,824 | \$ 394,448 | \$ 355,067 | \$ 17,598,074 | \$ 16,961,891 |

The City's total non-current liabilities increased by \$636,183, or 3.8%, during the current fiscal year. This increase was primarily due to a rise in the net pension liability, which was partially offset by a decrease in claims liability. Additional information on the City's long-term liabilities can be found in Notes 8, 9, 10, 11, and 12 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During FY2024, the City made significant strides in enhancing community infrastructure and services while prudently managing revenues and seeking out grant opportunities. The focus remained on maintaining and improving capital projects, with particular emphasis on expanding the parks and recreation department.

Key initiatives included the construction phase of major projects funded by the federal American Rescue Plan Act (ARPA), which introduced valuable features for residents of all ages. Notable achievements included the opening of a new multi-use field in Veterans Park, ongoing improvements at the Senior Center, and the initiation of a remodel for the Sports Park complex. Additionally, construction progressed on the 10th Street streetscape improvements and the replacement of restrooms at Sports Park.

In total, over \$6 million was expended on capital outlay from various governmental funds, with approximately half of this amount sourced from various grants bringing the needed external funding to benefit the community. Grants also supported essential initiatives, such as the purchase of a new fire engine, efforts to assist the unsheltered population, and plans for coastal hazards mitigation.

Revenues in FY2024 increased compared to the previous year, although the growth was less pronounced than in prior years marked by post-pandemic recovery. The City remains heavily reliant on tax revenues, which exhibited mixed results this fiscal year. Property tax revenues exceeded expectations despite the prevailing high-interest rate environment, and the Transient Occupancy Tax (TOT) rose due to changes in assessed rates. However, there were notable decreases in other revenue streams, particularly sales tax—the City's second largest tax.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

source— which is crucial for funding operations. Staff will continue to monitor this trend closely, as fluctuations can significantly impact the budget.

Gas tax revenues also fell short of projections, influenced by changes in consumer behavior and the growing trend of vehicle electrification, which affects fuel consumption. This decline is another critical area for monitoring, given its potential impact on the City's ability to maintain streets and fund road improvement projects.

On the non-tax revenue front, investment earnings exceeded expectations, thanks to a high-interest environment that enabled the City to achieve strong returns on its reserves. Additionally, the City benefited from increased grant revenues and raised fees for certain services provided to residents, reflecting adjustments made following a new cost assessment study.

Expenditures saw the largest operational increase in parks, recreation, and senior center costs, rising by approximately \$1 million. This increase was driven by program offerings expansions and personnel increases.

Additionally, rising personnel costs across various departments and the rapid growth in required annual payments on the City's unfunded actuarial liability (UAL) for pensions further strained resources. These factors collectively influenced the City's budgetary considerations for the year.

As the City approaches the next two-year budget cycle, set to be adopted by June 2025, the upcoming fiscal year's budget is still in development. Key factors expected to influence planning include flattening revenue growth, increasing personnel and pension costs, and decisions regarding the focus of the recreation and community services programs and infrastructure.

With federal funding from the COVID era winding down and associated projects nearing completion, the City will need to determine funding strategies and operational plans for the new facilities. Additionally, the City has been awarded significant grants for new construction projects, which will require careful management and oversight to ensure effective cash flow throughout the budget cycle.

Inflationary pressures on personnel costs are anticipated to persist, necessitating innovative strategies to secure additional resources for operations or to reduce costs. These considerations will be critical as the City navigates its financial landscape in the coming years.

In addition, significant increases in pension obligations are a cause for concern. To assist with the concerns with the rising pension and retiree costs, the City began contributing to a Section 115 Trust and will continue to prioritize these costs as pension-related costs will be critical in the near and long term.

The ongoing transboundary pollution from Mexico into the Tijuana River and coastal tributaries is a significant issue for Imperial Beach, severely affecting water and air quality, public health, and the environment in the San Diego border region. Pollutants not contained in Mexico are often washed across the border, leading to hazardous levels of bacteria that result in frequent beach closures.

City of Imperial Beach

Management's Discussion and Analysis For the Year Ended June 30, 2024

This environmental crisis has far-reaching economic implications for the City, impacting property values, investment opportunities, and the attractiveness of the area for new residents and businesses. Local businesses, particularly those reliant on tourism, are also suffering.

Despite the city's strong advocacy for a swift resolution to this environmental injustice, the complex web of underlying causes and the multiple jurisdictions involved may impede progress. Addressing this issue will require coordinated efforts across various agencies to protect public health and restore the community's economic vitality.

As the regional and national economy grapples with ongoing challenges from pollution, labor market imbalances, supply chain disruptions, and political turmoil, City management will remain vigilant in assessing how these factors impact the FY2024 budget. Continuous evaluation will be essential to adapt to economic conditions, ensuring that the City can effectively manage resources and maintain essential services for the community.

FY2024—FY2025 Biennial Budget document contains additional economic and budgetary details, and it is available on the City's website or through the Finance Department.

REQUESTS FOR INFORMATION

This financial report provides a general overview of the City's financial documents for all those with an interest in the government's fiscal health. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lily Flyte, Finance Director, City of Imperial Beach, Finance Department, 825 Imperial Beach Blvd., Imperial Beach, CA 91932.

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City of Imperial Beach

Statement of Net Position June 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Assets: | | | |
| Cash and investments | \$ 30,908,821 | \$ 6,827,676 | \$ 37,736,497 |
| Restricted cash and investments | 862,244 | - | 862,244 |
| Receivables: | | | |
| Accounts | 1,017,140 | 1,282 | 1,018,422 |
| Accrued interest | 154,973 | - | 154,973 |
| Lease receivable | 176,838 | - | 176,838 |
| Internal balances | 1,056,694 | (1,056,694) | - |
| Prepaid costs | 45,927 | - | 45,927 |
| Due from other governments | 2,386,231 | 121,275 | 2,507,506 |
| Capital assets, not being depreciated/amortized | 20,704,366 | 908,410 | 21,612,776 |
| Capital assets, net of depreciation | 41,337,600 | 8,250,086 | 49,587,686 |
| Total Assets | 98,650,834 | 15,052,035 | 113,702,869 |
| Deferred Outflows of Resources: | | | |
| Deferred pension related items | 7,289,331 | 165,497 | 7,454,828 |
| Deferred OPEB related items | 972,983 | 22,091 | 995,074 |
| Total Deferred Outflows of Resources | 8,262,314 | 187,588 | 8,449,902 |
| Liabilities: | | | |
| Accounts payable | 3,062,593 | 48,481 | 3,111,074 |
| Accrued liabilities | 484,676 | 40,153 | 524,829 |
| Unearned revenue | 3,096,939 | - | 3,096,939 |
| Deposits payable | 1,148,778 | - | 1,148,778 |
| Compensated absences due in one year | 834,414 | 59,266 | 893,680 |
| Claims payable due in one year | 77,000 | - | 77,000 |
| Long-term liabilities due in one year | 491,791 | - | 491,791 |
| Noncurrent liabilities: | | | |
| Compensated absences due in more than one year | 380,915 | 2,778 | 383,693 |
| Claims payable due in more than one year | 293,000 | - | 293,000 |
| Long-term liabilities due in more than one year | 485,766 | - | 485,766 |
| Net pension liability | 13,237,394 | 300,542 | 13,537,936 |
| Net OPEB liability | 1,403,346 | 31,862 | 1,435,208 |
| Total Liabilities | 24,996,612 | 483,082 | 25,479,694 |
| Deferred Inflows of Resources: | | | |
| Deferred pension related items | 1,411,501 | 32,047 | 1,443,548 |
| Deferred OPEB related items | 931,455 | 21,148 | 952,603 |
| Total Deferred Inflows of Resources | 2,342,956 | 53,195 | 2,396,151 |
| Net Position: | | | |
| Investment in capital assets | 61,064,409 | 9,158,496 | 70,222,905 |
| Restricted for: | | | |
| Community development | 925,451 | - | 925,451 |
| Parks and recreation | 1,789,968 | - | 1,789,968 |
| Public works | 2,274,396 | - | 2,274,396 |
| Pension section 115 trust | 862,244 | - | 862,244 |
| Unrestricted | 12,657,112 | 5,544,850 | 18,201,962 |
| Total Net Position | \$ 79,573,580 | \$ 14,703,346 | \$ 94,276,926 |

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

City of Imperial Beach

**Statement of Activities
Year Ended June 30, 2024**

| | <u>Expenses</u> | <u>Program Revenues</u> | | |
|---------------------------------------|----------------------|-----------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Contributions and Grants</u> | <u>Capital Contributions and Grants</u> |
| Functions/Programs | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 7,199,142 | \$ 1,339,175 | \$ 55,461 | \$ - |
| Public safety | 16,313,268 | 244,786 | 5,813,853 | - |
| Community development | 915,164 | 614,118 | - | - |
| Parks, recreation and senior center | 3,994,461 | 107,600 | - | - |
| Public works | 4,865,518 | 80,230 | 4,063,422 | 2,097,641 |
| Interest on long-term liabilities | 50,842 | - | - | - |
| Total Governmental Activities | 33,338,395 | 2,385,909 | 9,932,736 | 2,097,641 |
| Business-Type Activities: | | | | |
| Sewer | 5,850,855 | 6,167,817 | - | - |
| Total Business-Type Activities | 5,850,855 | 6,167,817 | - | - |
| Total Primary Government | \$ 39,189,250 | \$ 8,553,726 | \$ 9,932,736 | \$ 2,097,641 |

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Motor vehicle in lieu - unrestricted
- Use of money and property
- Other

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

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

| Net (Expenses) Revenues and Changes in Net Position | | |
|--|-------------------------------------|----------------------|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| \$ (5,804,506) | \$ - | \$ (5,804,506) |
| (10,254,629) | - | (10,254,629) |
| (301,046) | - | (301,046) |
| (3,886,861) | - | (3,886,861) |
| 1,375,775 | - | 1,375,775 |
| (50,842) | - | (50,842) |
| (18,922,109) | - | (18,922,109) |
| - | 316,962 | 316,962 |
| - | 316,962 | 316,962 |
| (18,922,109) | 316,962 | (18,605,147) |
| 7,631,894 | - | 7,631,894 |
| 1,785,561 | - | 1,785,561 |
| 8,394,363 | - | 8,394,363 |
| 2,812,981 | - | 2,812,981 |
| 315,588 | - | 315,588 |
| 32,743 | - | 32,743 |
| 1,700,993 | 293,617 | 1,994,610 |
| 1,637,699 | 4,575 | 1,642,274 |
| 24,311,822 | 298,192 | 24,610,014 |
| 5,389,713 | 615,154 | 6,004,867 |
| 74,183,867 | 14,088,192 | 88,272,059 |
| \$ 79,573,580 | \$ 14,703,346 | \$ 94,276,926 |

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

City of Imperial Beach

Balance Sheet Governmental Funds June 30, 2024

| | General | Special Revenue Fund Miscellaneous Grant | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---|--------------------------------|--------------------------------|
| Assets: | | | | |
| Pooled cash and investments | \$ 20,011,577 | \$ 2,132,689 | \$ 4,769,223 | \$ 26,913,489 |
| Restricted cash and investments | 862,244 | - | - | 862,244 |
| Receivables: | | | | |
| Accounts | 892,874 | 59,757 | 64,509 | 1,017,140 |
| Accrued interest | 154,973 | - | - | 154,973 |
| Lease receivable | 176,838 | - | - | 176,838 |
| Prepaid costs | 22,729 | - | - | 22,729 |
| Due from other governments | 1,166,588 | 1,068,937 | 118,494 | 2,354,019 |
| Due from other funds | 300,557 | - | - | 300,557 |
| Total Assets | \$ 23,588,380 | \$ 3,261,383 | \$ 4,952,226 | \$ 31,801,989 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,336,149 | \$ 304,526 | \$ 350,070 | \$ 2,990,745 |
| Accrued liabilities | 406,635 | - | 2,954 | 409,589 |
| Unearned revenues | 446,809 | 2,650,130 | - | 3,096,939 |
| Deposits payable | 1,148,778 | - | - | 1,148,778 |
| Due to other funds | - | - | 300,557 | 300,557 |
| Total Liabilities | 4,338,371 | 2,954,656 | 653,581 | 7,946,608 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | 172,927 | - | - | 172,927 |
| Total Deferred Inflows of Resources | 172,927 | - | - | 172,927 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid costs | 22,729 | - | - | 22,729 |
| Restricted for: | | | | |
| Community development projects | - | - | 925,451 | 925,451 |
| Parks, recreation and senior center | - | 306,727 | 1,483,241 | 1,789,968 |
| Public works | - | - | 2,274,396 | 2,274,396 |
| Pension section 115 trust | 862,244 | - | - | 862,244 |
| Committed to: | | | | |
| Economic uncertainty reserve | 2,900,000 | - | - | 2,900,000 |
| Public works | 1,300,000 | - | - | 1,300,000 |
| Assigned to: | | | | |
| Public works strategic capital reserve | 504,482 | - | - | 504,482 |
| Public works projects | 233,473 | - | - | 233,473 |
| Community benefit | 583,992 | - | - | 583,992 |
| PEG | 46,276 | - | - | 46,276 |
| Unassigned (deficit) | 12,623,886 | - | (384,443) | 12,239,443 |
| Total Fund Balances | 19,077,082 | 306,727 | 4,298,645 | 23,682,454 |
| Total Liabilities and Fund Balances | \$ 23,588,380 | \$ 3,261,383 | \$ 4,952,226 | \$ 31,801,989 |

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

City of Imperial Beach

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2024

| | |
|--|-----------------------------|
| Fund balances of governmental funds | \$ 23,682,454 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital and intangible right to use assets have not been included as financial resources in governmental fund activity (excludes internal service funds). Capital assets net of depreciation and amortization | 60,418,424 |
| Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds. | (20,472) |
| Compensated absences, long term liabilities, net pension liability, and net OPEB liability that have not been included in the governmental fund activity (excludes internal service funds): | |
| Compensated absences | (1,176,484) |
| Long term liabilities | (378,500) |
| Net pension liability | (12,977,466) |
| Net OPEB liability | (1,375,790) |
| Deferred inflows and outflows of resources related to pension and OPEB that have not been included in the government fund activity (excludes internal service funds): | |
| Deferred outflows of resources - pension related | 7,146,198 |
| Deferred outflows of resources - OPEB related | 953,878 |
| Deferred inflows of resources - pension related | (1,383,785) |
| Deferred inflows of resources - OPEB related | (913,165) |
| Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. | 172,927 |
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. This also includes the portion reflected in the Sewer Enterprise Fund. | <u>5,425,361</u> |
| Net Position of Governmental Activities | <u>\$ 79,573,580</u> |

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

City of Imperial Beach

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024**

| | General | Special | Other | Total |
|---|----------------------|-------------------|---------------------|----------------------|
| | | Revenue Fund | | |
| | | Miscellaneous | Funds | Funds |
| | | Grant | | |
| Revenues: | | | | |
| Taxes | \$ 20,624,799 | \$ - | \$ - | \$ 20,624,799 |
| Licenses and permits | 713,882 | - | 80,230 | 794,112 |
| Intergovernmental | 127,792 | 3,905,735 | 2,401,898 | 6,435,425 |
| Charges for services | 6,970,229 | - | - | 6,970,229 |
| Use of money and property | 1,136,749 | 181,582 | 258,969 | 1,577,300 |
| Fines and forfeitures | 339,213 | - | - | 339,213 |
| Miscellaneous | 1,061,701 | - | - | 1,061,701 |
| Total Revenues | 30,974,365 | 4,087,317 | 2,741,097 | 37,802,779 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 6,907,528 | - | - | 6,907,528 |
| Public safety | 14,689,991 | - | 187,159 | 14,877,150 |
| Community development | 653,628 | 245,750 | 15,786 | 915,164 |
| Parks, recreation and senior center | 3,371,246 | 42,709 | 124,778 | 3,538,733 |
| Public works | 2,454,214 | 616,951 | - | 3,071,165 |
| Debt Service: | | | | |
| Principal | 42,824 | - | 438,258 | 481,082 |
| Interest | 1,178 | - | 3,643 | 4,821 |
| Capital outlay | 472,825 | 3,043,116 | 2,703,194 | 6,219,135 |
| Total Expenditures | 28,593,434 | 3,948,526 | 3,472,818 | 36,014,778 |
| Excess (Deficiency of Revenues Over (Under) Expenditures | 2,380,931 | 138,791 | (731,721) | 1,788,001 |
| Other Financing Sources (Uses): | | | | |
| Subscription acquisition | 32,696 | - | - | 32,696 |
| Proceeds of commercial paper | - | - | 196,000 | 196,000 |
| Transfers in | 900,444 | - | 1,999,470 | 2,899,914 |
| Transfer out | (2,815,755) | - | (1,017,152) | (3,832,907) |
| Total Other Financing Sources (Uses) | (1,882,615) | - | 1,178,318 | (704,297) |
| Net Change in Fund Balances | 498,316 | 138,791 | 446,597 | 1,083,704 |
| Fund Balances at Beginning of Year | 18,578,766 | 167,936 | 3,852,048 | 22,598,750 |
| Fund Balances at End of Year | \$ 19,077,082 | \$ 306,727 | \$ 4,298,645 | \$ 23,682,454 |

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

City of Imperial Beach

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ 1,083,704

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

| | | |
|----------------|-----------------|-----------|
| Capital outlay | \$ 6,485,281 | |
| Depreciation | (2,456,863) | |
| Amortization | <u>(36,298)</u> | 3,992,120 |

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (69,954)

The issuance of long term liabilities provides current financial resources to governmental funds, while the repayment of the principal of the principal of long term liabilities consumes current financial resources. These amounts are the net effect of the difference in treatment of long term liabilities and related items in the statement of activities.

| | | |
|-----------------------------|---------------|---------|
| Issuance of new liabilities | (228,696) | |
| Commercial paper | 533,697 | |
| Lease liability | <u>64,840</u> | 369,841 |

Accrued interest for debt service. This is the net change in accrued interest for the current period. (20,268)

Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,836,338)

OPEB obligation revenue (credits) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenue in governmental funds. (112,845)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 172,927

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 1,810,526

Change in Net Position of Governmental Activities \$ 5,389,713

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

City of Imperial Beach

Statement of Fund Net Position Proprietary Funds June 30, 2024

| | Business-Type Activities Enterprise Fund | Governmental Activities Internal Service Funds |
|--|--|---|
| | Sewer | |
| Assets: | | |
| Current: | | |
| Cash and investments | \$ 6,827,676 | \$ 3,995,332 |
| Receivables: | | |
| Accounts | 1,282 | - |
| Prepaid costs | - | 23,198 |
| Due from other governments | 121,275 | 32,212 |
| Total Current Assets | 6,950,233 | 4,050,742 |
| Noncurrent: | | |
| Capital assets, not being depreciated | 908,410 | 1,009,858 |
| Capital assets, net of depreciation | 8,250,086 | 613,684 |
| Total Noncurrent Assets | 9,158,496 | 1,623,542 |
| Total Assets | 16,108,729 | 5,674,284 |
| Deferred Outflows of Resources: | | |
| Deferred pension related items | 165,497 | 143,133 |
| Deferred OPEB related items | 22,091 | 19,105 |
| Total Deferred Outflows of Resources | 187,588 | 162,238 |
| Liabilities: | | |
| Current: | | |
| Accounts payable | 48,481 | 71,848 |
| Accrued liabilities | 40,153 | 54,615 |
| Compensated absences due in one year | 59,266 | 32,963 |
| Claims and judgments due in one year | - | 77,000 |
| Long-term liabilities due in one year | - | 96,236 |
| Total Current Liabilities | 147,900 | 332,662 |
| Noncurrent: | | |
| Compensated absences due in more than one year | 2,778 | 5,882 |
| Claims and judgments due in more than one year | - | 293,000 |
| Long-term liabilities | - | 502,821 |
| Net pension liability | 300,542 | 259,928 |
| Net OPEB liability | 31,862 | 27,556 |
| Total Noncurrent Liabilities | 335,182 | 1,089,187 |
| Total Liabilities | 483,082 | 1,421,849 |
| Deferred Inflows of Resources: | | |
| Deferred pension related items | 32,047 | 27,716 |
| Deferred OPEB related items | 21,148 | 18,290 |
| Total Deferred Inflows of Resources | 53,195 | 46,006 |
| Net Position: | | |
| Investment in capital assets | 9,158,496 | 1,024,485 |
| Unrestricted | 6,601,544 | 3,344,182 |
| Total Net Position | \$ 15,760,040 | \$ 4,368,667 |
| Reconciliation of Net Position to the Statement of Net Position | | |
| Net Position per Statement of Net Position - Proprietary Funds | \$ 15,760,040 | |
| Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds | (1,055,453) | |
| Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds | (1,241) | |
| Net Position per Statement of Net Position | \$ 14,703,346 | |

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

City of Imperial Beach

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds Year Ended June 30, 2024

| | Business-Type Activities Enterprise Fund | Governmental Activities Internal Service Funds |
|---|---|---|
| | Sewer | |
| Operating Revenues: | | |
| Sales and service charges | \$ 6,167,817 | \$ 2,519,200 |
| Miscellaneous | - | 191,892 |
| Total Operating Revenues | 6,167,817 | 2,711,092 |
| Operating Expenses: | | |
| Source of supply | 4,633,825 | - |
| Services and supplies | - | 951,368 |
| Claims expense | - | 420,000 |
| Personnel and administrative | 873,344 | 776,574 |
| Depreciation expense | 342,445 | 221,615 |
| Total Operating Expenses | 5,849,614 | 2,369,557 |
| Operating Income | 318,203 | 341,535 |
| Nonoperating Revenues (Expenses): | | |
| Investment income | 293,617 | 123,694 |
| Miscellaneous revenue | 427 | 425,066 |
| Interest expense | - | (25,753) |
| Gain on sale of capital assets | 4,148 | 11,750 |
| Total Nonoperating Revenues (Expenses) | 298,192 | 534,757 |
| Income Before Transfers | 616,395 | 876,292 |
| Transfers in | - | 932,993 |
| Total Transfers | - | 932,993 |
| Change in Net Position | 616,395 | 1,809,285 |
| Net Position: | | |
| Beginning of Year | 15,143,645 | 2,559,382 |
| End of Fiscal Year | \$ 15,760,040 | \$ 4,368,667 |
| Reconciliation of Changes in Net Position to the Statement of Activities: | | |
| Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds | \$ 616,395 | |
| Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds | (1,241) | |
| Changes in Net Position of Business-Type Activities per Statement of Activities | \$ 615,154 | |

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

City of Imperial Beach

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2024

| | Business-Type | |
|--|---------------------|------------------------|
| | Activities | Governmental |
| | Enterprise Fund | Activities |
| | Sewer | Internal Service Funds |
| Cash Flows from Operating Activities: | | |
| Cash received from customers and users | \$ 6,177,610 | \$ - |
| Cash received from/(paid to) interfund service provided | - | 2,777,155 |
| Cash paid to suppliers for goods and services | (4,682,203) | (1,841,242) |
| Cash paid to employees for services | (806,407) | (720,985) |
| Net Cash Provided by Operating Activities | 689,000 | 214,928 |
| Cash Flows from Non-Capital Financing Activities: | | |
| Cost reimbursements | 427 | 425,066 |
| Transfers from other funds | - | 932,993 |
| Net Cash Provided by Non-Capital Financing Activities | 427 | 1,358,059 |
| Cash Flows from Capital and Related Financing Activities: | | |
| Principal paid on subscription lease | - | (146,800) |
| Proceeds from sale of capital asset | 20,701 | - |
| Interest paid on subscription lease | - | (25,753) |
| Proceeds from sale of capital asset | - | 11,750 |
| Acquisition and construction of capital assets | (285,792) | (226,076) |
| Net Cash Used by Capital and Related Financing Activities | (265,091) | (386,879) |
| Cash Flows from Investing Activities: | | |
| Investment income | 293,617 | 123,694 |
| Net Cash Provided by Investing Activities | 293,617 | 123,694 |
| Net Increase in Cash and Cash Equivalents | 717,953 | 1,309,802 |
| Cash and Cash Equivalents, Beginning of Year | 6,109,723 | 2,685,530 |
| Cash and Cash Equivalents, End of Year | \$ 6,827,676 | \$ 3,995,332 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | |
| Operating income | \$ 318,203 | \$ 341,535 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | |
| Depreciation/amortization | 342,445 | 221,615 |
| (Increase) decrease in accounts receivable | (730) | - |
| (Increase) decrease in prepaid costs | - | (20,498) |
| (Increase) decrease in due from other governments | 10,523 | 66,063 |
| (Increase) decrease in deferred pension related items | 25,647 | 22,182 |
| (Increase) decrease in deferred OPEB related items | (898) | (776) |
| Increase (decrease) in accounts payable | (48,378) | 8,624 |
| Increase (decrease) in accrued liabilities | 16,421 | 12,807 |
| Increase (decrease) in compensated absences | 5,376 | 3,740 |
| Increase (decrease) in claims and judgments | - | (458,000) |
| Increase (decrease) in net pension liability | 31,062 | 26,865 |
| Increase (decrease) in net OPEB liability | 2,943 | 2,546 |
| Increase (decrease) in deferred inflows - pension | (14,182) | (12,266) |
| Increase (decrease) in deferred OPEB - pension | 568 | 491 |
| Total Adjustments | 370,797 | (126,607) |
| Net Cash Provided by Operating Activities | \$ 689,000 | \$ 214,928 |

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

City of Imperial Beach

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024**

| | Custodial Funds | Private- Purpose Trust Fund |
|---|----------------------------|---|
| | | Successor Agency to the Former RDA |
| Assets: | | |
| Pooled cash and investments | \$ 466,375 | \$ 618,607 |
| Restricted assets: | | |
| Cash and investments with fiscal agents | - | 2,093 |
| Total Assets | 466,375 | 620,700 |
| Deferred Outflows of Resources: | | |
| Deferred charges - loss on bond refunding | - | 272,318 |
| Total Deferred Outflows of Resources | - | 272,318 |
| Liabilities: | | |
| Accounts payable | - | 1,468 |
| Accrued liabilities | - | 5,283 |
| Accrued interest | - | 79,283 |
| Long-term liabilities: | | |
| Due in one year | - | 955,000 |
| Due in more than one year | - | 26,241,552 |
| Total Liabilities | - | 27,282,586 |
| Deferred Inflows of Resources: | | |
| Deferred charges - gain on bond refunding | - | 5,214 |
| Total Deferred Inflows of Resources | - | 5,214 |
| Net Position (Deficit): | | |
| Held in trust for other purposes | 466,375 | (26,394,782) |
| Total Net Position | \$ 466,375 | \$ (26,394,782) |

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

City of Imperial Beach

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2024**

| | Custodial Funds | Private- Purpose Trust Fund |
|--|----------------------------|---|
| | | Successor Agency to the Former RDA |
| Additions: | | |
| Taxes | \$ - | \$ 2,046,350 |
| Interest and change in fair value of investments | 13,888 | 42,548 |
| Total Additions | 13,888 | 2,088,898 |
| Deductions: | | |
| Administrative expenses | - | 131,151 |
| Contractual services | - | 30,771 |
| Interest expense | - | 720,952 |
| Total Deductions | - | 882,874 |
| Changes in Net Position | 13,888 | 1,206,024 |
| Net Position (Deficit) at Beginning of Year | 452,487 | (27,600,806) |
| Net Position (Deficit) at End of Year | \$ 466,375 | \$ (26,394,782) |

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

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Imperial Beach, California (the City), was incorporated July 18, 1956, and operates as a General Law City. The City operates under a Council/Manager form of government and provides the following services: general government, fire, marine safety, highways and streets, planning and zoning, parks & recreation, and public improvements. Police services are contracted through the County of San Diego Sheriff's Department. The City is not subject to federal or state income taxes.

As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City's elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: 1) the City, 2) organizations for which the City is financially accountable, and 3) organizations for which the nature and significance of their relationship with the City are such that exclusions would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, component units' balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City. A description of these component units and the method of incorporating their financial information in the accompanying financial statements are summarized as follows:

Blended Component Units

Imperial Beach Public Financing Authority

The Imperial Beach Public Financing Authority was established on November 20, 2003, by a joint exercise of powers agreement between the City of Imperial Beach and the former Imperial Beach Redevelopment Agency pursuant to the Community Redevelopment Law (commencing with Section 33000) of the Health and Safety Code of the State of California. Separate financial statements are not prepared for the Authority.

Note 1: Summary of Significant Accounting Policies (Continued)

Imperial Beach Housing Authority

The Imperial Beach Housing Authority was established on January 14, 2011, by Council resolution to transact business and exercise powers in the City of Imperial Beach and to accept any appropriate funds from the former Imperial Beach Redevelopment Agency. The Authority also acts as the Housing Successor Agency. Separate financial statements are not prepared for the Authority.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its blended component units. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The private-purpose trust funds are reported using the economic resources management focus and the full accrual basis of accounting.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when they are earned and become measurable; expenses are recognized when they are incurred. Unbilled service receivables are recorded as accounts receivable and as revenue when earned.

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- The Miscellaneous Grants Fund is used for reporting of various types of grants awarded to the City. This includes, but is not limited, to COVID-19 relief grants.

The City reports the following major proprietary fund:

- The Sewer Fund is an Enterprise Fund that accounts for the revenues and expenses associated with providing wastewater treatment services to residents of the City.

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes.
- The Capital Projects Funds account for tracking the financial resources used to acquire and/or construct a major capital asset.
- Internal Service Funds account for the financing of goods or services related to repair, replacement and maintenance of City-owned equipment, the City's self-insurance programs, the City's general information systems and telecommunications hardware, software and the repair, replacement and maintenance of City-owned facilities. These services are provided to other departments or agencies of the City on a cost reimbursement basis.
- The Private Purpose Trust Fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.
- Custodial Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. They do not involve measurement of results of operations. The City's custodial funds account for its special assessment districts.

Note 1: Summary of Significant Accounting Policies (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

d. Assets, Liabilities and Net Position or Equity

Cash and Investments

For purposes of the statement of cash flows, the City considers cash and cash equivalents to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For cash flow purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Proprietary Funds.

Investments for the City, as well as for its blended component units, are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities that have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities that provide management or support services across more than one functional area.
- Public Safety includes those activities that involve the protection of people and property.
- Community Development includes those activities which involve planning and economic development.
- Parks, Recreation and Senior Center include those activities that involve community park maintenance and recreational activities within the community.
- Public Works includes those activities that involve the maintenance and improvement of City streets, roads and other infrastructure.
- Debt Service includes those activities that account for the principal and interest payment of long-term liabilities.
- Capital outlay includes those activities that account for the purchase of fixed and capital assets.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. The General Fund inventory is accounted for on the consumption method. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date of acquisition.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|-----------------------------------|--------------|
| Buildings & improvements | 25 - 50 |
| Improvements other than buildings | 10 - 50 |
| Sewer lines and pump stations | 35 - 50 |
| Equipment | 3 - 20 |
| Vehicles | 5 - 10 |
| Infrastructure | Years |
| Pavement | 30 - 33 |
| Curb and gutter | 50 |

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of net position and governmental fund balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. They are the deferred pension and OPEB related items, which are reported in the government-wide statement of net position.

In addition to liabilities, the statements of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items which qualify for reporting in this category. One item, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues that are recognized as an inflow of resources in the period that the amounts become available. The other items are deferred pension and OPEB related items reported in the government-wide statement of net position.

Compensated Absences

All permanent employees of the City are permitted to accumulate a maximum of two times their annual accrual rate (annual leave). Maximum sick leave accrual for miscellaneous employees is 800 hours and 1,400 for safety employees. Upon termination of employment, an employee is paid for accumulated annual leave but forfeits accumulated sick leave unless the employee has over five years of service. After five years of service, upon termination, the employee is paid half the accumulated sick leave. Compensated absences are paid out of the General Fund and are reported there as a liability when they have matured.

Accumulated vested sick pay and vacation pay for employees of the Proprietary Funds have been accrued. All accumulated compensated absences are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2024 |
| Measurement Date | June 30, 2024 |
| Measurement Period | July 1, 2023 to June 30, 2024 |

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, granters, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a City Council resolution.

Assigned includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Resolution No. 2011-7039 authorizes the City Manager to assign amounts to a specific purpose.

Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, and then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. The City uses a modified encumbrance system in which only significant, select encumbrances are carried over at year-end. All other encumbrances lapse at year-end and are re-encumbered in the following fiscal year.

Property Tax Revenue

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of San Diego collects property taxes for the City. Tax liens attach annually on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

During the fiscal year ended June 30, 2024, the City implemented the following accounting standard:

GASB Statement No. 100 - As of July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. This statement provides guidance on accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The entity had no changes or error corrections in the year ended June 30, 2024, that would require disclosure under this Statement.

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II. DETAILED NOTES ON ALL FUNDS

Note 2: Cash and Investments

As of June 30, 2024, cash and investments were reported in the accompanying financial statements as follows:

| | |
|---|-----------------------------|
| Cash and investments: | |
| Governmental activities: | |
| Cash and investments | \$ 30,908,821 |
| Restricted cash and investments* | 862,244 |
| Business-Type activities | 6,827,676 |
| Fiduciary funds: | |
| Custodial funds | 466,375 |
| Private Purpose Trust | <u>618,607</u> |
| | |
| Total Cash and Investments | <u>39,683,723</u> |
| | |
| Restricted cash with fiscal agents: | |
| Fiduciary Funds: | |
| Private Purpose Trust | <u>2,093</u> |
| | |
| Total cash and investments with fiscal agents | <u>2,093</u> |
| | |
| Total cash and investments | <u><u>\$ 39,685,816</u></u> |

*Restricted cash and investments are related to the Pension Trust Fund being held with PARS to supplement the City's Pension Plan created in 2023.

Cash and investments as of June 30, 2024 consists of the following:

| | |
|--------------------------------------|-----------------------------|
| Deposits with financial institutions | \$ 356,017 |
| Cash on hand | 1,000 |
| Investments | <u>39,328,799</u> |
| | |
| Total cash and investments | <u><u>\$ 39,685,816</u></u> |

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 quarterly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Note 2: Cash and Investments (Continued)

Deposits

At June 30, 2024, the carrying amount of the City's deposits was \$356,017 and the bank balance was \$1,497,632. The \$1,165,692 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities with a value of 110% of a city's deposits. California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

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Note 2: Cash and Investments (Continued)

Investments

Under provisions of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Obligations (bills, notes and bonds)
- Bonds, notes or other evidence of indebtedness issued or guaranteed by agency of the United States government
- Certificates of Deposit or Time Deposits placed with commercial banks and savings and loans
- Medium-term Corporate Notes with an "A" or comparable ratings
- Instruments of other California Government Entities with an "A" or comparable rating
- Banker's Acceptances
- Repurchase Agreements
- Local Agency Investment Fund Demand Deposits (State Pool)
- County of San Diego Treasury (County Pool)
- California Arbitrage Management Program (Bond Pool)
- Passbook Savings Account Demand Deposits
- Money Market funds, which invest solely in securities issued by the U.S. Treasury and agencies of the Federal government, and repurchase agreements collateralized with U.S. Treasury and Federal agency obligations
- Overnight Sweep accounts as managed by the depository bank as part of the checking account packaged contracted by the City, provided the sweep account is collateralized in accordance with state law
- Supranational Securities
- Collateralized Mortgage Obligations (CMO)

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Note 2: Cash and Investments (Continued)

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares. Currently, LAIF does not have an investment rating. LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more.

GASB Statement No. 31

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Disclosures Relating to Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "A" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2024, the City's investment in Medium-Term Corporate Notes were all rated A or better by Moody's and S&P. In addition, the City's investments in Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation were rated "AA+" by Moody's and by S&P. All securities were investment grade and were legal under State law. Investments in U.S. Treasuries are not considered to have credit risk; therefore, their credit quality is not disclosed.

Note 2: Cash and Investments (Continued)

The City also invests in LAIF which invests in various underlying securities, including the federal agency securities. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well.

As of June 30, 2024, the City's investments in external investment pools, money market mutual funds and investment agreements are unrated.

Disclosures Relating to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City does not accept 150% of the secured public totals. At June 30, 2024, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California Law.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 2: Cash and Investments (Continued)

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer to 20% of the total investment pool. With respect to concentration risk, as of June 30, 2024, the City has not invested more than 20% of its total investments in any one issuer. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2024, the City did not have investments in any single issuer that exceed 5% of the total investment value.

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that the City's investment portfolio will not directly invest in securities maturing in more than five years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2024, the City had the following investments and maturities:

| Investments | Investment Maturities (in Years) | | | Total |
|--|----------------------------------|----------------------|---------------------|----------------------|
| | 1 year or less | 1 to 3 years | 3 to 5 years | |
| State Pooled Investment (LAIF) | \$ 15,282,150 | \$ - | \$ - | \$ 15,282,150 |
| Federal Farm Credit Bank | 88,088 | 248,715 | 750,014 | 1,086,817 |
| Federal Home Loan Bank | 420,543 | 2,344,494 | 892,998 | 3,658,035 |
| Federal Home Loan Mortgage Corporation | 97,733 | 1,202,347 | 447,388 | 1,747,468 |
| Federal National Mortgage Association | - | 237,026 | - | 237,026 |
| U.S. Treasury Notes | 4,366,758 | 2,350,934 | 2,079,438 | 8,797,130 |
| Medium Term Corporate Notes | 1,062,666 | 4,511,189 | 1,033,999 | 6,607,854 |
| Supranational | 291,645 | 377,366 | 240,885 | 909,896 |
| Money Market | 140,179 | - | - | 140,179 |
| Pension Section 115 Trust | 862,244 | - | - | 862,244 |
| Total Investments | \$ 22,612,006 | \$ 11,272,071 | \$ 5,444,722 | \$ 39,328,799 |

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 2: Cash and Investments (Continued)

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2024:

| Cash & Investments | Total | Fair Value Measurement Level | | |
|--|----------------------|------------------------------|----------------------|-------------|
| | | 1 | 2 | 3 |
| Federal Farm Credit Bank | \$ 1,086,817 | \$ - | \$ 1,086,817 | \$ - |
| Federal Home Loan Bank | 3,658,035 | - | 3,658,035 | - |
| Federal Home Loan Mortgage Corporation | 1,747,468 | - | 1,747,468 | - |
| Federal National Mortgage Association | 237,026 | - | 237,026 | - |
| U.S. Treasury Notes | 8,797,130 | - | 8,797,130 | - |
| Medium Term Corporate Notes | 6,607,854 | - | 6,607,854 | - |
| Supranational | 909,896 | - | 909,896 | - |
| Total | 23,044,226 | \$ - | \$ 23,044,226 | \$ - |
| Investments not subject to fair value | | | | |
| State Pooled Investment (LAIF) | 15,282,150 | | | |
| Money Market | 140,179 | | | |
| Pension Section 115 Trust | 862,244 | | | |
| Total Investments | \$ 39,328,799 | | | |

Local Agency Investment Funds classified in Level 2 of the fair value hierarchy are valued using specified fair market value factors. Federal Agency Securities and U.S. Treasury Notes classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes. Medium Term Corporate Notes classified in Level 2 of the fair value hierarchy are valued using institutional secondary market. Medium Term Corporate Notes can be defined as extended maturity commercial paper.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-----------------------|----------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,688,532 | \$ - | \$ - | \$ 2,688,532 |
| Infrastructure right-of-way | 12,406,327 | - | - | 12,406,327 |
| Construction-in-progress | 3,195,823 | 5,578,644 | (3,164,960) | 5,609,507 |
| Total Capital Assets, Not Being Depreciated | 18,290,682 | 5,578,644 | (3,164,960) | 20,704,366 |
| Capital assets, being depreciated/amortized: | | | | |
| Structures and improvements | 12,438,198 | 2,550,131 | - | 14,988,329 |
| Equipment and vehicles | 6,656,185 | 1,049,159 | (404,627) | 7,300,717 |
| Infrastructure | 50,438,516 | 658,206 | - | 51,096,722 |
| Right-to-use equipment lease | 147,365 | - | - | 147,365 |
| Right-to-use subscriptions | 490,612 | 59,861 | (316,692) | 233,781 |
| Total Capital Assets, Being Depreciated/Amortized | 70,170,876 | 4,317,357 | (721,319) | 73,766,914 |
| Less accumulated depreciation/amortized: | | | | |
| Structures and improvements | (8,365,956) | (618,239) | - | (8,984,195) |
| Equipment and vehicles | (5,177,418) | (412,913) | 404,627 | (5,185,704) |
| Infrastructure | (16,505,790) | (1,537,951) | - | (18,043,741) |
| Right-to-use equipment lease | (62,966) | (31,650) | - | (94,616) |
| Right-to-use subscriptions | (304,043) | (114,023) | 297,008 | (121,058) |
| Total Accumulated Depreciation/Amortization | (30,416,173) | (2,714,776) | 701,635 | (32,429,314) |
| Total Capital Assets, Being Depreciated, Net | 39,754,703 | 1,602,581 | (19,684) | 41,337,600 |
| Governmental Activities Capital Assets, Net | \$ 58,045,385 | \$ 7,181,225 | \$ (3,184,644) | \$ 62,041,966 |

Depreciation and amortization expense was charged to functions/programs of the primary government follows:

| | |
|--------------------------------------|---------------------|
| Governmental Activities: | |
| General Government | \$ 381,131 |
| Public Safety | 164,603 |
| Public Works | 1,608,078 |
| Parks, Recreation and Senior Center | 339,349 |
| Internal Service Funds | 221,615 |
| Total Governmental Activities | \$ 2,714,776 |

City of Imperial Beach

**Notes to Financial Statements
June 30, 2024**

Note 3: Capital Assets (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------------|--------------------|---------------------|
| Business-Type Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction-in-progress | \$ 716,436 | \$ 191,974 | \$ - | \$ 908,410 |
| Total Capital Assets, Not Being Depreciated | <u>716,436</u> | <u>191,974</u> | <u>-</u> | <u>908,410</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Sewer lines and pump stations | 14,733,519 | 93,818 | (19,895) | 14,807,442 |
| Right-to-use subscriptions | 8,164 | - | (8,164) | - |
| Total Capital Assets, Being Depreciated/Amortized | <u>14,741,683</u> | <u>93,818</u> | <u>(28,059)</u> | <u>14,807,442</u> |
| Less accumulated depreciation/amortized: | | | | |
| Sewer lines and pump stations | (6,222,335) | (338,363) | 3,342 | (6,557,356) |
| Right-to-use subscriptions | (4,082) | (4,082) | 8,164 | - |
| Total Accumulated Depreciation/Amortization | <u>(6,226,417)</u> | <u>(342,445)</u> | <u>11,506</u> | <u>(6,557,356)</u> |
| Total Capital Assets, Being Depreciated/Amortized, Net | <u>8,515,266</u> | <u>(248,627)</u> | <u>(16,553)</u> | <u>8,250,086</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 9,231,702</u> | <u>\$ (56,653)</u> | <u>\$ (16,553)</u> | <u>\$ 9,158,496</u> |

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

| | |
|---------------------------|-------------------|
| Business-Type Activities: | |
| Sewer | <u>\$ 342,445</u> |

Note 4: Loans Receivable

Loans receivable offset by allowances consist of the following:

South Bay Community Services Loan – Hemlock Ave.

In April 2006, the Agency entered into a loan agreement for an amount not-to-exceed \$540,425 with South Bay Community Services (SBCS) to loan low- and moderate-income housing set-aside funds to rehabilitate a seven-unit apartment complex located at 1360 Hemlock Avenue. This loan agreement was amended in October 2007, and increased the loan agreement by \$89,183, creating a total not-to-exceed amount of \$629,608. SBCC intends to rent all seven units to families earning 50% or below of the area median income, for a term of fifty-five years.

Note 4: Loans Receivable (Continued)

Beginning May 31, 2006, and continuing through 2061, simple interest accrues at 3% per annum on the principal balance. Monthly principal and interest payments are not required to be paid if the rental and occupancy conditions are met for the property. All principal and accrued interest on the Loan shall be due in full on (i) the date of any transfer not authorized by the Agency; (ii) the date of any Default; or (iii) the expiration of the Loan Term, whichever occurs first. However, upon expiration of the Loan Term, the Loan amount pursuant to the Note and accrued interest shall be forgiven provided all covenants and conditions were met over the Loan Term. Accrued interest at June 30, 2024, amounts to \$329,130 and is offset by allowance. The outstanding balance at June 30, 2024, is \$958,738, including accrued interest.

South Bay Community Services Loan - Calla Ave.

In April 2006, the Agency entered into a loan agreement for an amount not-to-exceed \$491,271 with South Bay Community Services (SBCS) to loan low- and moderate-income housing set-aside funds to rehabilitate an eight-unit apartment complex located at 1260 Calla Avenue. SBCC intends to rent all seven units to families earning 50% or below of the area median income, for a term of fifty-five years. Beginning May 31, 2006, and continuing through 2061, simple interest accrues at 3% per annum on the principal balance. Monthly principal and interest payments are not required to be paid if the rental and occupancy conditions are met for the property. All principal and accrued interest on the Loan shall be due in full on (i) the date of any transfer not authorized by the Agency; (ii) the date of any Default; or (iii) the expiration of the Loan Term, whichever occurs first. However, upon expiration of the Loan Term, the Loan amount pursuant to the Note and accrued interest shall be forgiven provided all covenants and conditions were met over the Loan Term. Accrued interest at June 30, 2024, amounts to \$261,212 and is offset by allowance. The loan has not been fully disbursed at June 30, 2024. The outstanding balance at June 30, 2024, is \$747,667, including accrued interest.

Tax Increment Loan – 12th Street

In August 2008, the Agency entered into a loan agreement for an amount not-to-exceed \$1,945,000 with Beachwind Court, LP to loan low- and moderate-income housing set-aside funds to rehabilitate a fifteen-unit apartment complex located at 624 12th Street. As a condition of the loan, Beachwind Court, LP is to rent seven units to families earning 50% or below of the area median income and eight units to families earning 60% or below of the area median income, for a period of fifty-five years. Beginning on the date of disbursement, simple interest accrues at 3% per annum on the principal balance. Monthly principal and interest payments are required to be paid within 30 days of completion of the annual audit equivalent to 50% of the residual receipts generated by the projects audited records. Accrued interest at June 30, 2024, amounts to \$865,662 and is offset by allowance. The outstanding balance at June 30, 2024, is \$2,810,662, including accrued interest.

Note 4: Loans Receivable (Continued)

American Legion Loan

The Imperial Beach Housing Authority and Hitzke Development Corporation entered into an Affordable Housing Agreement for the development of a mixed-use affordable housing development project and new American Legion Post. The Authority authorized financing for the Project for an amount not to exceed \$4,100,000 to construct thirty (30) units of affordable housing consisting of twenty-nine (29) affordable residential rental units and one manager's unit. Monthly principal and interest payments are required to be paid within 30 days of completion of the annual audit equivalent to 50% of the residual receipts generated by the projects audited records. Accrued interest at June 30, 2024, amounts to \$1,263,307 and is offset by allowance. The outstanding balance at June 30, 2024, is \$5,363,307, including accrued interest.

Homeowner Loans

The Imperial Beach Housing Authority and the individual homeowners entered into Notes secured by a deed of trust agreement, whereas the Housing Authority sold the six units of property to homeowners, as it was understood the Authority may transfer these notes. There will be no interest except in the event of a default. The following shall each be deemed "Defaults" under these Notes: (i) an uncured Owner default under the terms of the Note, the Deed of Trust securing the Note and/or the Affordable Housing Resale Restrictions, Option to Designate Eligible Purchasers and Option to Purchase Upon Default ("Resale Restriction") affecting the Property's; (ii) a Transfer (as defined in the Resale Restriction) that is not approved by the Authority in writing; or (iii) any Owner default under the terms of the First Lien (as defined in the Resale Restriction). In the event of a Default, the principal shall become due and immediately payable together with interest, which shall be deemed to have accrued from the date of these Notes at the greater of the following amounts: a) The rate equal to the interest rate on the First Lien; or b) ten percent (10%) per annum. Accrued interest at June 30, 2024, amounts to \$150,030 and is offset by allowance. The outstanding balance at June 30, 2024, is \$983,530, including accrued interest.

Total loans receivable at June 30, 2024, amounts to \$10,863,904, however, as the result of these loans being forgivable, the City has recorded an offsetting allowance for all loans for a net loans receivable balance of \$0.

City of Imperial Beach

**Notes to Financial Statements
June 30, 2024**

Note 5: Interfund Receivable, Payable, and Transfers

The composition of interfund balances as of June 30, 2024 is as follows:

Due To/Due from Other Funds

| <u>Funds</u> | <u>Due to other funds</u> | |
|-----------------------|---|-----------------------|
| | <u>Other Governmental Funds</u> | <u>Total</u> |
| Due from Other Funds: | | |
| General Fund | \$ 300,557 | \$ 300,557 |
| Total | <u>\$ 300,557</u> | <u>\$ 300,557</u> |

The General Fund is owed \$300,557 from other governmental funds for temporary negative cash and investments.

Interfund Transfers

| <u>Transfers Out</u> | <u>Transfer In</u> | | | <u>Total</u> |
|--------------------------|-------------------------|---|---------------------------------------|-------------------------|
| | <u>General Fund</u> | <u>Other Governmental Funds</u> | <u>Internal Service Funds</u> | |
| General Fund | \$ - | \$ 1,999,470 | \$ 816,285 | \$ 2,815,755 |
| Other Governmental Funds | 900,444 | - | 116,708 | 1,017,152 |
| Total | <u>\$ 900,444</u> | <u>\$ 1,999,470</u> | <u>\$ 932,993</u> | <u>\$ 3,832,907</u> |

Transfers into the General Fund totaling \$900,444 were made from the Gas Tax Fund and Prop A Tax Fund to support street maintenance and transportation costs.

Transfers out of General Fund to Parks Maintenance CIP Fund and Capital Projects Fund totaling \$1,999,470 consisted of funding for various capital improvements projects.

Transfers of \$816,285 out of General Fund and \$116,708 out of the CDBG Grant Fund were made to Internal Service Funds for support services.

Note 6: Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the City recognized deferred outflows of resources in the Statement of Net Position. These items are a consumption of net assets by the City that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The City has two items that are reportable in the Statement of Net Position. One relates to outflows from changes in the net pension liability (Note 10). Governmental activities and Business-Type Activities recorded deferred outflows of resources related to pension of \$7,289,331 and \$165,497, respectively. The other relates to the outflows from changes in net OPEB liability (Note 11). Governmental activities and Business-Type Activities recorded deferred outflows of resources related to OPEB of \$972,983 and \$22,091, respectively.

In addition, the City recognized deferred inflows of resources in the statement of Net Position and governmental fund balance sheet. These items are an acquisition of net assets by the City that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The City has three items that are reportable on the Statement of Net Position. One relates to inflows from changes in the net pension liability (Note 10). Governmental activities and Business-Type Activities recorded deferred inflows of resources related to pension of \$1,411,501 and \$32,047, respectively. The other relates to the inflows from changes in net OPEB liability (Note 11). Governmental activities and Business-Type Activities recorded deferred inflows of resources related to OPEB of \$931,455 and \$21,148, respectively.

Note 7: Unearned Revenue

As of June 30, 2024, the General Fund unearned revenue consists of \$406,280 relating to prepayment of improvements by developers and \$40,529 of miscellaneous items such as unearned donations grant/ grants and prepaid rent.

Miscellaneous Grants Fund unearned revenue consists of \$2,650,130 as of June 30, 2024 relating to the American Rescue Plan Act of 2021 (ARPA) and other miscellaneous grants.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 8: Compensated Absences

a. Compensated Absences - Governmental Activities

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. The following is a summary of changes in compensated absences of the City for the year ended June 30, 2024:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|----------------------|----------------------|------------|------------|-------------------|------------------------|
| Compensated absences | \$ 1,141,635 | \$ 863,037 | \$ 789,343 | \$ 1,215,329 | \$ 834,414 |

b. Compensated Absences - Business-Type Activities

The following is a summary of changes in Proprietary Fund compensated absences for the year ended June 30, 2024:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|----------------------|----------------------|-----------|-----------|-------------------|------------------------|
| Compensated absences | \$ 56,668 | \$ 59,507 | \$ 54,131 | \$ 62,044 | \$ 59,266 |

Note 9: Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for the year ended June 30, 2024:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|-------------------------------|----------------------|-------------------|---------------------|-------------------|------------------------|
| Long-term liabilities: | | | | | |
| Direct borrowings | | | | | |
| Transnet Commercial Paper | \$ 649,420 | \$ 196,000 | \$ (438,258) | \$ 407,162 | \$ 291,450 |
| Financed equipment | 509,858 | - | (95,439) | 414,419 | 96,236 |
| Equipment lease liability | 86,492 | - | (31,597) | 54,895 | 32,790 |
| Subscription lease liability | 248,428 | 57,361 | (204,708) | 101,081 | 71,315 |
| Total long-term liabilities | <u>\$ 1,494,198</u> | <u>\$ 253,361</u> | <u>\$ (770,002)</u> | <u>\$ 977,557</u> | <u>\$ 491,791</u> |

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 9: Long-Term Liabilities (Continued)

Transnet Commercial Paper

On October 4, 2019, the City entered into a loan agreement with the San Diego County Regional Transportation Commission for a \$1.3 million loan for the purposes of financing Imperial Boulevard enhancement project. The proceeds were funded when the City requested reimbursement for valid expenditures related to the project. The City entered into a loan agreement with the San Diego County Regional Transportation Commission for another \$600,000 in May 2020, \$148,000 in April 2023, and \$196,000 in April of 2024 for State Route 75 Signal Interconnection Project. The repayment of the debt is the first priority on the use of the City's annual Transnet revenues, which are received from SANDAG. As of June 30, 2024, the City has drawn a total on \$1,799,000 on these loan agreements with \$101,000 still available to draw for SR 75 Signal project. The principal remaining on the loan is \$407,162 payable through 2026.

The following is a schedule by years, of future debt service payments as of June 30:

| Year Ending June 30, | Direct borrowing Principal |
|-------------------------|-------------------------------|
| 2025 | \$ 291,450 |
| 2026 | 115,712 |
| Totals | \$ 407,162 |

Financed Equipment

On December 9, 2022, the City entered into a purchase option lease agreement with PNC Bank in order to acquire a pierce-arrow XT multipurpose response vehicle from South Coast Fire Equipment, Inc. The annual payments on the long-term financed equipment as of June 30, 2024 were as follows:

| Year Ending June 30, | Direct borrowing | |
|-------------------------|-------------------|------------------|
| | Principal | Interest |
| 2025 | \$ 96,236 | \$ 20,472 |
| 2026 | 100,990 | 15,718 |
| 2027 | 105,979 | 10,729 |
| 2028 | 111,214 | 5,494 |
| Totals | \$ 414,419 | \$ 52,413 |

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 9: Long-Term Liabilities (Continued)

Lease Liability

On July 1, 2021, the City entered into a 60-month lease as Lessee for the use of Printers - Advanced Imaging Care (AIS). An initial lease liability was recorded in the amount of \$146,143. As of June 30, 2024, the value of the lease liability is \$54,895. The City is required to make monthly fixed payments of \$2,777. The lease has an interest rate of 1.340%. The value of the right to use asset as of June 30, 2024 of \$147,365 with accumulated amortization of \$94,616 is included with right-to-use equipment lease in capital asset note.

The following is a schedule by years, of future debt service payments as of June 30:

| Year Ending June 30, | Lease liability | |
|-------------------------|------------------|---------------|
| | Principal | Interest |
| 2025 | \$ 32,790 | \$ 535 |
| 2026 | 22,105 | 111 |
| Totals | \$ 54,895 | \$ 646 |

Subscription Liability

The City entered into various subscription agreements ranging from 14 through 37 months from various vendors. An initial subscription liability was recorded in the amount of \$325,110. As of June 30, 2024, the value of the subscription liability is \$101,081. The City is required to make fixed payments ranging from \$2,949 to \$41,174. The subscription liabilities have an interest rate ranging from 1.7% - 2.36%. The value of the subscription right-to-use asset as of June 30, 2024 is \$233,781 with accumulated amortization of \$121,058 is included with the right-to-use subscription in the capital asset note.

| Year Ending June 30, | Subscription liability | |
|-------------------------|------------------------|-----------------|
| | Principal | Interest |
| 2025 | \$ 71,315 | \$ 2,363 |
| 2026 | 14,708 | 703 |
| 2027 | 15,058 | 356 |
| Totals | \$ 101,081 | \$ 3,422 |

III. OTHER INFORMATION

Note 10: Pensions

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in 8 rate plans (three miscellaneous and five safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 10: Pensions (Continued)

The Plan's provisions and benefits in effect at June 30, 2024 are summarized as follows:

| | Miscellaneous Plan | | |
|---|---------------------------|--------------------------------|------------------------|
| | <u>Classic</u> | <u>Second Tier</u> | <u>PEPRA</u> |
| | Prior to | On or after | On or after |
| | <u>March 9, 2012</u> | <u>March 9, 2012 but prior</u> | <u>January 1, 2013</u> |
| | to | to January 1, 2013 | |
| Hire date | March 9, 2012 | March 9, 2012 but prior | On or after |
| Benefit formula | 2.7% @ 55 | 2.0% @ 60 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 and up | 50 and up | 52 and up |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7% | 1.092% to 2.418% | 1.0% to 2.5% |
| Required employer contribution rates | 15.950% | 10.100% | 7.680% |
| | | | |
| | Safety Plan | | |
| | <u>Lifeguard</u> | <u>Lifeguard Second Tier</u> | <u>Other Safety</u> |
| | | On or after | <u>PEPRA</u> |
| | Prior to | March 9, 2012 but prior | On or after |
| | <u>March 9, 2012</u> | <u>to January 1, 2013</u> | <u>January 1, 2013</u> |
| | to | | |
| Hire date | March 9, 2012 | March 9, 2012 but prior | On or after |
| Benefit formula | 2.0% @ 50 | 2.0% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 and up | 50 and up | 50 and up |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7% | 2.0% to 2.7% | 2.0% to 2.7% |
| Required employer contribution rates | 21.150% | 19.950% | 13.540% |
| | | | |
| | <u>Fire</u> | <u>Fire PEPRA</u> | |
| | Prior to | On or after | |
| | <u>March 9, 2012</u> | <u>January 1, 2013</u> | |
| | to | | |
| Hire date | March 9, 2012 | On or after | |
| Benefit formula | 3.0% @ 50 | 2.7% @ 57 | |
| Benefit vesting schedule | 5 years service | 5 years service | |
| Benefit payments | monthly for life | monthly for life | |
| Retirement age | 50 and up | 50 and up | |
| Monthly benefits, as a % of eligible compensation | 3.00% | 2.0% to 2.7% | |
| Required employer contribution rates | 27.110% | 13.540% | |

Note 10: Pensions (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2024 were \$1,769,672. The actual employer payments of \$1,697,620 made to CalPERS by the City during the measurement period ended June 30, 2023 differed from the City's proportionate share of the employer's contributions of \$2,240,305 by \$542,685, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Note 10: Pensions (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

| | |
|-------------------------------------|---|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |
| Asset Valuation Method | Fair Value of Assets |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table ⁽¹⁾ | Derived using CalPERS' membership data for all funds |
| Post Retirement Benefit Increase | The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter. |

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 10: Pensions (Continued)

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

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Real Return^{1 2}</u> |
|----------------------------------|---------------------------------|----------------------------------|
| Global equity - cap-weighted | 30.00% | 4.54% |
| Global equity - non-cap-weighted | 12.00% | 3.84% |
| Private equity | 13.00% | 7.28% |
| Treasury | 5.00% | 0.27% |
| Mortgage-backed securities | 5.00% | 0.50% |
| Investment grade corporates | 10.00% | 1.56% |
| High yield | 5.00% | 2.27% |
| Emerging market debt | 5.00% | 2.48% |
| Private debt | 5.00% | 3.57% |
| Real assets | 15.00% | 3.21% |
| Leverage | (5.00%) | (0.59%) |

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

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

Change of Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Note 10: Pensions (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

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

Pension Plan Fiduciary Net Position

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

City of Imperial Beach

**Notes to Financial Statements
June 30, 2024**

Note 10: Pensions (Continued)

Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

| | Increase (Decrease) | | |
|----------------------------|---------------------|---------------------|---------------------|
| | Plan Total | Plan Fiduciary | Plan Net Pension |
| | Pension Liability | Net Position | Liability |
| Balance at: 6/30/2022 | \$ 64,882,223 | \$ 52,743,474 | \$ 12,138,749 |
| Balance at: 6/30/2023 | 68,309,084 | 54,771,148 | 13,537,936 |
| Net Changes during 2022-23 | <u>\$ 3,426,861</u> | <u>\$ 2,027,674</u> | <u>\$ 1,399,187</u> |

The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The City's proportionate share of the net pension liability for the total Plan as of June 30, 2023 and 2024 was as follows:

| | |
|-------------------------------------|------------------------|
| Proportionate Share - June 30, 2023 | 0.10509% |
| Proportionate Share - June 30, 2024 | <u>0.10852%</u> |
| Change - Increase (Decrease) | <u><u>0.00343%</u></u> |

Note 10: Pensions (Continued)

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

The following presents the City's proportionate share of the net pension liability of the total Plan as of the measurement date, calculated using the discount rate of 6.9 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

| | Discount Rate - 1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate + 1% (7.90%) |
|---------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Net Pension Liability / (Asset) | \$ 22,828,756 | \$ 13,537,936 | \$ 5,911,228 |

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, 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:

Net difference between projected 5-year straight-line amortization
and actual earnings on pension
plan investments

All other amounts Straight-line amortization over the expected
average remaining service lives (EARSL) of all
members that are provided with benefits (active,
inactive and retired) as of the beginning of the
measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 10: Pensions (Continued)

The EARSLS for PERF C for the measurement period ending June 30, 2023 is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2022), the City's net pension liability was \$12,138,749. For the measurement period ending June 30, 2023 (the measurement date), the City incurred a pension expense of \$3,685,318.

As of June 30, 2024, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Changes of assumptions | \$ 805,790 | \$ - |
| Difference between expected and actual experience | 819,791 | (97,873) |
| Difference between projected and actual investment earnings | 2,048,064 | - |
| Differences between employer's Contributions and Proportionate share of contributions | - | (1,345,675) |
| Change in employer's proportion Pension contributions subsequent to measurement date | 2,011,511 | - |
| | <u>1,769,672</u> | <u>-</u> |
| Total | <u>\$ 7,454,828</u> | <u>\$ (1,443,548)</u> |

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 10: Pensions (Continued)

The amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense. Contributions subsequent to the measurement date of \$1,769,672 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Year Ended June 30, | Deferred Outflows/ (Inflows) of Resources |
|------------------------|--|
| 2025 | \$ 1,600,495 |
| 2026 | 1,057,410 |
| 2027 | 1,525,550 |
| 2028 | 58,153 |
| 2029 | - |
| Thereafter | - |

Payable to the Pension Plan

At June 30, 2024, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year then ended.

Allocation of the Proportional Share of the Net Pension Liability

The allocation of the proportionate share of the net pension liability, pension expense, deferred outflows and inflows of resources are allocated as follows:

| | <u>Percentage Allocation</u> |
|--------------------------|------------------------------|
| Governmental Activities | 97.78% |
| Business-Type Activities | 2.22% |

The governmental activities portion is allocated to the general fund departments as follows:

| | <u>Percentage Allocation</u> |
|-------------------------------------|------------------------------|
| General Government | 19.33% |
| Public Safety | 65.21% |
| Public Works | 9.86% |
| Parks, Recreation and Senior Center | 5.60% |

Note 11: Other Post-Employment Benefits

Plan Description

The City provides other post-employment benefits (OPEB) through a single employer defined benefit healthcare plan by contributing up to a maximum of \$157 per month for of all premiums charged under the health benefit plan for all eligible employees and qualified family members. These benefits are provided per contract between the City and the employee associations. A separate financial report is not available for the plan. This plan is not administered through a qualifying trust.

Employees Covered

As of the June 30, 2024 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

| | |
|---|------------|
| Inactive employees benefit payments | 83 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Participating active employees | 17 |
| Total | <u>100</u> |

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or employee associations. Currently, contributions are not required from plan members. For the fiscal year ended June 30, 2024, the City's contributions were \$0 in payments to the PARS trust, a contribution of \$31,127 was made for the purpose of the contribution was to pay current year premiums for retirees, and the estimated implied subsidy of \$39,099 resulting in a total of \$70,226. In fiscal year 2023, the City established an irrevocable trust with the Public Agency Retirement Services (PARS).

Note 11: Other Post-Employment Benefits (Continued)

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2024 based on the following actuarial methods and assumptions:

| Actuarial Cost Method | Entry Age Normal |
|---------------------------|------------------------------|
| Actuarial Assumptions | |
| Discount Rate | 5.95% |
| Inflation | 2.50% |
| Salary Increases | 2.75% |
| Investment Rate of Return | 5.95% |
| Mortality Rate | 2021 CalPERS Mortality Rates |
| Pre-Retirement Turnover | 2021 CalPERS Rates |
| Healthcare Trend Rate | 4.00% |

Discount Rate

The discount rate was 5.95% per year net of expenses. This is based on the Bond Buyer 20 Bond Index. The expected rate of return for the PARS Balanced portfolio is 5.95%.

Change of Assumptions

No changes in assumptions for the measurement date as of June 30, 2024.

City of Imperial Beach

**Notes to Financial Statements
June 30, 2024**

Note 11: Other Post-Employment Benefits (Continued)

Changes in the Net OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

| | Total OPEB Liability | Fiduciary Net Position | Net OPEB Liability |
|---|-------------------------|---------------------------|-----------------------|
| Balance at June 30, 2023 (Valuation Date: June 30, 2024) | <u>\$ 1,618,858</u> | <u>\$ 316,217</u> | <u>\$ 1,302,641</u> |
| Changes recognized for the measurement period: | | | |
| Service cost | 83,991 | - | 83,991 |
| Interest | 96,732 | 42,639 | 54,093 |
| Employer contributions | - | 70,226 | (70,226) |
| Changes of assumptions | 166,089 | - | 166,089 |
| Benefit payments | (70,226) | (70,226) | - |
| Experience (gain)/losses | (103,280) | - | (103,280) |
| Administrative expenses | - | (1,900) | 1,900 |
| Net changes | <u>173,306</u> | <u>40,739</u> | <u>132,567</u> |
| Balance at June 30, 2024 | <u>\$ 1,792,164</u> | <u>\$ 356,956</u> | <u>\$ 1,435,208</u> |

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

The following presents the total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--------------------|--------------|--------------------------|--------------|
| Net OPEB Liability | \$ 1,645,305 | \$ 1,435,208 | \$ 1,257,619 |

City of Imperial Beach

**Notes to Financial Statements
June 30, 2024**

Note 11: Other Post-Employment Benefits (Continued)

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

The following presents the total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

| | <u>1% Decrease</u> | <u>Current Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|--------------------|--------------------|--|--------------------|
| Net OPEB Liability | \$ 1,208,264 | \$ 1,435,208 | \$ 1,716,443 |

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

As of the start of the measurement period (July 1, 2023), the City's net OPEB liability was \$1,302,641. For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$187,945. As of fiscal year ended June 30, 2024, the City reported deferred outflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Changes between expected and actual experience | \$ 102,371 | \$ 163,802 |
| Changes of assumptions | 892,703 | 759,539 |
| Differences between projected and actual return on assets | - | 29,262 |
| Total | <u>\$ 995,074</u> | <u>\$ 952,603</u> |

Amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

| <u>Year Ended June 30</u> | <u>Deferred Outflows/ (Inflows) of Resources</u> |
|-------------------------------|--|
| 2025 | \$ 24,080 |
| 2026 | 24,080 |
| 2027 | 24,080 |
| 2028 | 27,471 |
| 2029 | 32,244 |
| Thereafter | (89,484) |

Note 12: Self-Insurance Program

General Liability

Since July 1, 2015, the City of Imperial Beach has been a member of Public Risk Innovation and Management (PRISM), an insurance risk sharing pool. The City's self-insurance retention is \$100,000 per occurrence.

In addition to its coverage through PRISM, effective July 1, 1993, the San Diego Unified Port District agreed to fund an Escrow Reserve Account in the amount of \$300,000 for the purpose of reimbursing the City for any claim costs not covered by the insurance risk sharing pool, provided the claim is directly related to services provided to the District and arising from incidents actually occurring on tidelands and/or lands leased by the City to the District.

Workers Compensation

The City is a member of Public Risk Innovation and Management (PRISM). The City is self-insured for the first \$125,000 of workers' compensation claims. Claims between \$125,000 and \$5,000,000 are covered through the City's risk sharing membership in PRISM. Claims between \$5,000,000 and \$50,000,000 are covered by excess purchased insurance.

The City established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risk of loss when it became a member of SANDPIPA, PEPPI and PRISM for liability, property casualty and workers' compensation coverage. All funds of the City participate in the program and make payments to the Self-Insurance Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The estimated claims liability of \$370,000 reported at June 30, 2024, is based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The above amount includes an estimate for incurred but not reported claims.

**Notes to Financial Statements
June 30, 2024**

Note 12: Self-Insurance Program (Continued)

During the last three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Changes in the reported liability for the last three fiscal years are as follows:

| | <u>2021-2022</u> | <u>2022-2023</u> | <u>2023-2024</u> |
|---|-------------------|-------------------|-------------------|
| Claims outstanding at beginning of year | \$ 792,000 | \$ 700,000 | \$ 828,000 |
| Claims and changes in estimates | (40,582) | 141,247 | (93,747) |
| Claim payments | <u>(51,418)</u> | <u>(13,247)</u> | <u>(364,253)</u> |
| Claims outstanding at end of year | <u>\$ 700,000</u> | <u>\$ 828,000</u> | <u>\$ 370,000</u> |

Note 13: Commitments and Contingencies

THE AFFORDABLE HOUSING COALITION OF SAN DIEGO V. TRACY SASNOVAL, ET AL-. the San Diego County Affordable Housing Coalition of San Diego County (“Petitioner”) filed a petition for a writ of mandate seeking to have unmet affordable housing development obligations, including the projects and /or funds need to meet them, as well as repayment of all deferrals and loans owed to the Low and Moderate Income Housing Fund (“Housing Fund”), to be recognized as “enforceable obligations” under the Dissolution Laws and placed on the Successor Agency’s Recognized Obligation Payment Schedule (“ROPS”) for future payment with the Redevelopment Property Tax Trust Funds (“RPTTF”) (See Health and Safety Code §§34172(c) and (d); 34182(c)(2); 34183). The City is named in the action as a real party in interest. The Successor Agency is named as a respondent and defendant. On September 27, 2016, Judge Michael Kenny ruled that the Affordable Housing obligations are not enforceable obligations and denied the Petition for Writ of Mandate. The ruling was appealed by Petitioner. After oral argument, on July 20, 2020, the Third Appellate District ruled that repayment of all deferrals and loans owed to the Housing Fund were “enforceable obligations” under the Dissolution Laws but denied the remaining claims of Petitioner. On remand to the Trial Court, Judge Shelleyanne W.L. Chang ordered that all respondents file “returns” identifying the status of repayment of deferrals and loans owed to the Housing Fund. The City and the Successor Agency reported that it had no such deferrals or loans. Petitioner never formally challenged the “returns” with a Motion nor did the Petitioner claim that the “return” of Imperial Beach was incorrect. It appears that the case on the claims is over, although there is no statutory provision which limits the time for a challenge to the “returns” by Petitioner.

Note 13: Commitments and Contingencies (Continued)

While it is not anticipated that such a challenge by Petitioner will be filed on Imperial Beach's "return", there is no certainty that such a challenge will not occur. Petitioner, however, did file a Motion for Attorneys' Fees, but did not name the City or the Successor Agency as party against whom a demand for attorneys' fees was made. If Petitioner does not dismiss the City and Successor Agency from the action in the near future, a Motion to the Court of Appeal will be filed requesting a Dismissal Order. As there were no claims for attorneys' fees against the City or the Successor Agency, the attorneys' fees claim appears to be concluded as to the City and Successor Agency in this matter.

Note 14: Successor Agency Trust for Assets of the Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1 X 26 ("the Bill ") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Imperial Beach that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On November 1, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011,) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

a. Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

| | |
|---|-------------------|
| Cash and investments pooled with the City | \$ 618,607 |
| Cash and investments with fiscal agent | 2,093 |
| | <u>\$ 620,700</u> |

**Notes to Financial Statements
June 30, 2024**

**Note 14: Successor Agency Trust for Assets of the Former Redevelopment Agency
(Continued)**

b. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2024, follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|--------------------------------------|----------------------|-------------|-----------------------|----------------------|------------------------|
| Public Offerings: | | | | | |
| 2020 Tax Allocation Bonds | \$ 13,780,000 | \$ - | \$ - | \$ 13,780,000 | \$ - |
| 2020 Tax Allocation Bonds Premium | 2,334,880 | - | (140,009) | 2,194,871 | - |
| 2022 Tax Allocation Bonds | 10,915,000 | - | (910,000) | 10,005,000 | 955,000 |
| 2022 Tax Allocation Bonds Premium | 1,356,905 | - | (140,224) | 1,216,681 | - |
| Total Public Offerings | <u>\$ 28,386,785</u> | <u>\$ -</u> | <u>\$ (1,190,233)</u> | <u>\$ 27,196,552</u> | <u>\$ 955,000</u> |

Tax Allocation Bonds, 2020

In March 2020, the Imperial Beach Public Financing Authority issued \$14,490,000 Tax Allocation Bonds, 2020. The proceeds of the bonds were to defease the 2010 Tax Allocation Bonds. Interest on the bonds is payable semiannually and principal payments are due annually. Debt service payments occur on June 1, 2021, and then from June 1, 2034, through June 1, 2040. Interest rates on the bonds is 4% per annum. The balance at June 30, 2024, excluding unamortized original issue premium of \$2,194,871 is \$13,780,000.

The outstanding 2020 bonds contain a provision that upon the occurrence and during the continuance of any event of default the timing of the principal of the bonds, together with the accrued interest thereon, become due and payable immediately.

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City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 14: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

The following is a schedule by years, of future debt service payments as of June 30, 2024, follows:

| Year Ending June 30, | 2020 Tax Allocation Refunding Bonds | |
|-------------------------|-------------------------------------|---------------------|
| | Principal | Interest |
| 2025 | \$ - | \$ 551,200 |
| 2026 | - | 551,200 |
| 2027 | - | 551,200 |
| 2028 | - | 551,200 |
| 2029 | - | 551,200 |
| 2030-2034 | 1,535,000 | 2,756,000 |
| 2035-2039 | 9,860,000 | 1,736,600 |
| 2040 | 2,385,000 | 47,700 |
| Totals | \$ 13,780,000 | \$ 7,296,300 |

Tax Allocation Bonds, 2022

In March 2022, the Imperial Beach Public Financing Authority issued \$11,800,000 Tax Allocation Bonds, 2022. The proceeds of the bonds were to defease the 2013 Tax Allocation Bonds. Interest on the bonds is payable semiannually and principal payments are due annually. Debt service payments occur from June 1, 2022, through June 1, 2033. Interest rates on the bonds is 4% per annum. The balance at June 30, 2024, excluding unamortized original issue premium of \$1,216,681 is \$10,005,000.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$6,610. This difference is being amortized on a straight-line basis as interest expense (interest on debt). The City refunded the Series 2013 Tax Allocation Bonds to reduce its total debt service payments by \$2,144,313 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt, less any prior funds on hand) of \$1,783,298.

The outstanding 2022 bonds contain a provision that the principal due on the Bonds is subject to acceleration upon the occurrence of an event of default. As a practical matter in the event of a payment default by the Successor Agency, it is unlikely the Successor Agency would have the financial resources to meet accelerated obligations. No real or personal property in the project area is pledged to secure the bonds, and it is not anticipated that the Successor Agency will have available moneys sufficient to redeem all of the Bonds in the event of a default.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 14: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

The following is a schedule by years, of future debt service payments as of June 30, 2024, follows:

| Year Ending June 30, | 2022 Tax Allocation Refunding Bonds | |
|-------------------------|-------------------------------------|---------------------|
| | Principal | Interest |
| 2025 | \$ 955,000 | \$ 400,200 |
| 2026 | 985,000 | 362,000 |
| 2027 | 1,015,000 | 322,600 |
| 2028 | 1,065,000 | 282,000 |
| 2029 | 1,105,000 | 216,000 |
| 2030-2033 | 4,880,000 | 520,600 |
| Totals | \$ 10,005,000 | \$ 2,103,400 |

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low- and Moderate-Income Housing set-aside and pass-through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low- and Moderate-Income Housing projects and to defease previously issued bonds. Assembly Bill 1 X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency.

c. Insurance

The Successor Agency is covered under the City of Imperial Beach's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 12.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

Note 15: Restricted Components of Net Position

The restricted component of net position are assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. In fiscal year 2024, the City did not have any components of net position restricted by enabling legislation.

The restricted component of net position at June 30, 2024, for governmental activities is as follows:

| | | |
|---|-----------|---------------------|
| Restricted for Community Development Projects: | | |
| Housing Authority | | \$ 925,451 |
| Total | | |
| Restricted for Public Works: | | |
| Gas Tax | \$ 13,905 | |
| RMRA | 1,465,794 | |
| Capital Projects | 794,697 | |
| Total | | 2,274,396 |
| Restricted for Parks, Recreation and Senior Center: | | |
| Miscellaneous Grants | 306,727 | |
| Parks Maintenance | 1,483,241 | |
| Total | | 1,789,968 |
| Restricted for Pension section 115 trust: | | |
| General | | 862,244 |
| Total Restricted Component of Net Position - Government Activities | | <u>\$ 5,852,059</u> |

Note 16: Tax Abatement

The City entered into an agreement Sudberry-Palm Avenue LLC on June 6, 2018. The Developer is the owner of certain real property totaling approximately 1.4 acres and located in the City of Imperial Beach on which the Developer operates and maintains a hotel known as "Hampton Inn by Hilton". In order to induce the Developer to construct and operate the hotel on the property for the Operating Period, and upon the fulfillment of the City Disbursement Conditions, the City agreed provide to the Developer TOT Incentive Payments upon the terms set and as follows:

The City shall pay TOT Incentive Payments to Developer pursuant to and in accordance with the terms of the Agreement in an amount equal to fifty percent (50%) of the Net Transient Occupancy Tax Revenues collected and remitted to the City from the Hotel during the first ten (10) years of operation of the Hotel commencing upon the City's receipt of the Opening Certification from Developer ("Payment Period") provided, however, that the aggregate total of TOT Incentive Payments shall not exceed a total amount of Two Million Five Hundred Thousand Dollars (\$2,500,000), subject to the limitations set forth in the definitions of Net Transient Occupancy Tax Collected and TOT Incentive Payments.

Upon commencement of the Payment Period, TOT Incentive Payments shall be made by the City to Developer every six (6) months thereafter no later than sixty (60) Days after the applicable six (6) month period. The amount of the TOT Incentive Payments due on each such payment date shall be calculated and based upon the Net Transient Occupancy Tax Revenues Collected and remitted to the City from the Hotel in the immediate prior six (6) month period, subject to the limitations set forth in the definitions of Net Transient Occupancy Tax Collected and TOT Incentive Payments.

The City's making of TOT Incentive Payments pursuant to the Agreement shall not be deemed to constitute a pledge of any particular funds by the City, but instead an obligation contingent upon the construction and operation of the Hotel and the City's receipt of Transient Occupancy Tax from the Hotel in accordance with the terms of the Agreement.

For the year ended of June 30, 2024, the City abated TOT taxes totaling \$271,532 under this agreement.

City of Imperial Beach

**Schedule of Proportionate Share of the Net Pension Liability
And Related Ratios as of the Measurement Date
As of June 30, for the Last Ten Fiscal Years**

| Measurement Date | Employer's Proportion of the Collective Net Pension Liability ¹ | Employer's Proportionate Share of the Collective Net Pension Liability | Employer's Covered Payroll | Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll | Pension Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------------------|--|--|----------------------------|--|--|
| 6/30/2014 | 0.09955% | \$ 6,194,125 | \$ 4,376,672 | 141.53% | 79.82% |
| 6/30/2015 | 0.11650% | 7,997,144 | 4,287,307 | 186.53% | 80.86% |
| 6/30/2016 | 0.12284% | 10,629,198 | 4,984,408 | 213.25% | 75.81% |
| 6/30/2017 | 0.12522% | 12,418,086 | 5,217,228 | 238.02% | 74.88% |
| 6/30/2018 | 0.12807% | 12,341,076 | 5,241,053 | 235.47% | 76.23% |
| 6/30/2019 | 0.08029% | 8,227,242 | 5,670,863 | 145.08% | 85.11% |
| 6/30/2020 | 0.08736% | 9,504,977 | 5,774,101 | 164.61% | 83.84% |
| 6/30/2021 | 0.04211% | 2,277,672 | 5,971,175 | 38.14% | 96.28% |
| 6/30/2022 | 0.10509% | 12,138,749 | 6,625,249 | 183.22% | 81.29% |
| 6/30/2023 | 0.10852% | 13,537,936 | 7,370,969 | 183.67% | 80.18% |

¹ Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

City of Imperial Beach

Schedule of Plan Contributions As of June 30, for the Last Ten Fiscal Years

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|--|----------------------------------|----------------------------|--|
| 6/30/2015 | \$ 757,141 | \$ (757,141) | \$ - | \$ 4,287,307 | 17.66% |
| 6/30/2016 | 928,277 | (928,277) | - | 4,984,408 | 18.62% |
| 6/30/2017 | 1,015,261 | (1,015,261) | - | 5,217,228 | 19.46% |
| 6/30/2018 | 1,159,776 | (1,159,776) | - | 5,241,053 | 22.13% |
| 6/30/2019 | 3,424,387 | (8,454,260) | (5,029,873) | 5,670,863 | 149.08% |
| 6/30/2020 | 1,226,832 | (1,226,832) | - | 5,774,101 | 21.25% |
| 6/30/2021 | 1,386,331 | (1,386,331) | - | 5,971,175 | 23.22% |
| 6/30/2022 | 1,498,066 | (1,498,066) | - | 6,625,249 | 22.61% |
| 6/30/2023 | 1,697,620 | (1,697,620) | - | 7,370,969 | 23.03% |
| 6/30/2024 | 1,769,672 | (1,769,672) | - | 8,128,064 | 21.77% |

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

See Notes to Required Supplementary Information

City of Imperial Beach

Schedule of Changes in the Net OPEB Liability and Related Ratios As of June 30, 2024 for the Last Ten Fiscal Years ⁽¹⁾

| Measurement Date (June 30) Report Date (June 30) | 2023 2024 | 2022 2023 | 2021 2022 | 2020 2021 | 2019 2020 | 2018 2019 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Total OPEB Liability | | | | | | |
| Service cost | \$ 83,991 | \$ 132,985 | \$ 141,432 | \$ 136,440 | \$ 42,506 | \$ 37,920 |
| Interest on TOL / Return on FNP | 96,732 | 72,880 | 52,597 | 51,105 | 31,887 | 28,462 |
| Differences between expected and actual experience | - | - | (90,018) | - | 170,621 | - |
| Experian | (103,280) | | | | | |
| Changes in assumptions | 166,089 | (546,410) | (400,373) | 13,465 | 1,180,019 | 41,088 |
| Benefit payments | (70,226) | (65,703) | (85,701) | (97,152) | (23,042) | (770) |
| Net change in total OPEB liability | 173,306 | (406,248) | (382,063) | 103,858 | 1,401,991 | 106,700 |
| Total OPEB liability - beginning | 1,618,858 | 2,025,106 | 2,407,169 | 2,303,311 | 901,320 | 794,620 |
| Total OPEB liability - ending (a) | \$ 1,792,164 | \$ 1,618,858 | \$ 2,025,106 | \$ 2,407,169 | \$ 2,303,311 | \$ 901,320 |
| Plan Fiduciary Net Position | | | | | | |
| Contribution - employer | 70,226 | 365,703 | - | - | - | - |
| Interest on TOL / Return on FNP | 42,639 | 16,932 | - | - | - | - |
| Benefit payments | (70,226) | (65,703) | - | - | - | - |
| Administrative expense | (1,900) | (715) | - | - | - | - |
| Net change in Plan Fiduciary Net Position | 40,739 | 316,217 | - | - | - | - |
| Plan Fiduciary Net Position - beginning | 316,217 | - | - | - | - | - |
| Plan Fiduciary Net Position - ending (b) | 356,956 | 316,217 | - | - | - | - |
| Net OPEB Liability - ending (a) - (b) | \$ 1,435,208 | \$ 1,302,641 | \$ 2,025,106 | \$ 2,407,169 | \$ 2,303,311 | \$ 901,320 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 19.92% | 19.53% | 0.00% | 0.00% | 0.00% | 0.00% |
| Covered-employee payroll | \$ 8,128,064 | \$ 7,502,746 | \$ 6,625,249 | \$ 6,059,385 | \$ 5,878,059 | \$ 5,484,385 |
| Net OPEB liability as a percentage of covered-employee payroll | 17.66% | 17.36% | 30.57% | 39.73% | 39.18% | 16.43% |

Notes to Schedule:

Prior to fiscal year 2023, the City did not accumulate assets in a qualifying trust for future OPEB benefits.

Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

City of Imperial Beach

Schedule of Plan Contributions As of June 30, 2024 for the Last Ten Fiscal Years ⁽¹⁾

| SCHEDULE OF CONTRIBUTIONS | | |
|--|-----------------|---------------------|
| Fiscal Year Ended June 30, | 2024 | 2023 |
| Contractually Determined Contributions (CDC) | \$ 32,130 | \$ 29,520 |
| Contributions in relation to the CDC | <u>(31,127)</u> | <u>(329,520)</u> |
| Contribution deficiency/(excess) | <u>\$ 1,003</u> | <u>\$ (300,000)</u> |
| Covered-employee payroll | \$ 8,285,467 | \$ 7,502,746 |
| Contribution as a percentage of covered-employee payroll | 0.38% | 4.39% |

Notes to schedule:

Prior to fiscal year 2023, the City did not accumulate assets in a qualifying trust for future OPEB benefits, and as such, only information for fiscal year ended June 30, 2023 is presented.

Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

| | |
|-----------------------------|--------------------|
| Valuation date used | <u>6/30/2024</u> |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level % of pay |
| Amortization period | 12.3 years |
| Asset valuation method | Fair Value |
| Inflation | 2.50% |
| Healthcare cost trend rates | 4.00% |
| Salary increases | 2.75% |
| Investment rate of return | 5.95% |
| Retirement age | From 50 to 62 |
| Mortality | 2021 CalPERS Study |

¹ Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

City of Imperial Beach

Budgetary Comparison Schedule by Department General Fund Year Ended June 30, 2024

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 18,578,766 | \$ 18,578,766 | \$ 18,578,766 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 19,315,700 | 20,633,600 | 20,624,799 | (8,801) |
| Licenses and permits | 737,200 | 704,700 | 713,882 | 9,182 |
| Intergovernmental | 215,153 | 227,553 | 127,792 | (99,761) |
| Charges for services | 6,698,500 | 6,953,600 | 6,970,229 | 16,629 |
| Use of money and property | 389,800 | 362,898 | 1,136,749 | 773,851 |
| Fines and forfeitures | 223,000 | 239,100 | 339,213 | 100,113 |
| Miscellaneous | 982,300 | 882,900 | 1,061,701 | 178,801 |
| Subscription acquisition | - | 32,696 | 32,696 | - |
| Transfers in | 940,700 | 900,400 | 900,444 | 44 |
| Amounts Available for Appropriations | 48,081,119 | 49,516,213 | 50,486,271 | 970,058 |
| Charges to Appropriation (Outflow): | | | | |
| General government | | | | |
| Mayor/City Council | 317,200 | 303,100 | 292,570 | 10,530 |
| City Clerk's Office | 534,700 | 529,600 | 496,684 | 32,916 |
| City Manager | 795,505 | 803,205 | 798,983 | 4,222 |
| Human Resources | 417,900 | 444,000 | 426,101 | 17,899 |
| Administrative Services | 1,085,693 | 1,125,193 | 1,138,323 | (13,130) |
| City Attorney | 233,000 | 280,500 | 280,533 | (33) |
| Facilities Maintenance | 644,820 | 591,020 | 578,021 | 12,999 |
| Non-Departmental | 2,945,200 | 2,923,900 | 2,896,313 | 27,587 |
| Public safety | | | | |
| Law Enforcement Contract | 8,609,500 | 8,371,800 | 8,367,260 | 4,540 |
| Fire Protection | 3,266,600 | 3,387,000 | 3,385,965 | 1,035 |
| Ocean/Beach Safety | 1,726,498 | 1,746,998 | 1,742,229 | 4,769 |
| Building and Housing Inspection | 645,600 | 626,900 | 614,424 | 12,476 |
| Animal Control | 381,900 | 381,900 | 386,592 | (4,692) |
| Code Enforcement | 177,500 | 189,000 | 193,521 | (4,521) |
| Community Development | 710,875 | 1,053,175 | 653,628 | 399,547 |
| Parks, recreation and senior center | | | | |
| Recreation | 1,284,400 | 1,069,056 | 1,013,593 | 55,463 |
| Park Maintenance | 799,300 | 793,300 | 795,570 | (2,270) |
| Senior Services | 98,153 | 175,153 | 175,269 | (116) |
| Tideland Maintenance | 1,071,527 | 1,104,210 | 1,109,224 | (5,014) |
| Community and neighborhood services | 414,600 | 303,400 | 277,590 | 25,810 |
| Public works | | | | |
| Street Maintenance | 1,416,760 | 1,552,060 | 1,543,759 | 8,301 |
| Administration | 533,000 | 445,600 | 433,221 | 12,379 |
| Solid Waste Management | 147,600 | 111,900 | 99,146 | 12,754 |
| Storm Water | 405,900 | 381,800 | 378,088 | 3,712 |
| Tidelands Maintenance | - | - | - | - |
| Debt Service | | | | |
| Principal | - | 10,710 | 42,824 | (32,114) |
| Interest | - | 209 | 1,178 | (969) |
| Capital outlay | 705,864 | 575,602 | 472,825 | 102,777 |
| Transfers out | 1,750,200 | 2,817,970 | 2,815,755 | 2,215 |
| Total Charges to Appropriations | 31,119,795 | 32,098,261 | 31,409,189 | 689,072 |
| Budgetary Fund Balance, June 30 | \$ 16,961,324 | \$ 17,417,952 | \$ 19,077,082 | \$ 1,659,130 |

See Notes to Required Supplementary Information

City of Imperial Beach

**Budgetary Comparison Schedule
Miscellaneous Grants Fund
Year Ended June 30, 2024**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-----------------------|-----------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ 167,936 | \$ 167,936 | \$ 167,936 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 4,875,205 | 4,875,205 | 3,905,735 | (969,470) |
| Use of money and property | - | - | 181,582 | 181,582 |
| Amounts Available for Appropriations | 5,043,141 | 5,043,141 | 4,255,253 | (787,888) |
| Charges to Appropriation (Outflows): | | | | |
| Public safety | 20,000 | 20,000 | - | 20,000 |
| Community development | 2,790,714 | 2,790,714 | 245,750 | 2,544,964 |
| Parks and recreation | 150,872 | 150,872 | 42,709 | 108,163 |
| Public works | 4,364,741 | 4,364,741 | 616,951 | 3,747,790 |
| Capital outlay | 6,055,518 | 6,055,518 | 3,043,116 | 3,012,402 |
| Total Charges to Appropriations | 13,381,845 | 13,381,845 | 3,948,526 | 9,433,319 |
| Budgetary Fund Balance, June 30 | \$ (8,338,704) | \$ (8,338,704) | \$ 306,727 | \$ 8,645,431 |

See Notes to Required Supplementary Information

Note 1: General Budget Policies

The two-year operating budget adopted by the City Council provides for the general operations of the City. It includes proposed expenditures and the means of financing them on a departmental basis. Budgets are legally adopted for the General Fund and the Special Revenue Funds.

The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. All amendments made during the year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures, with the exception of debt service on bond issues and capital improvement projects carried forward from prior years, which expenditures constitute the legally authorized "non-appropriated budget." Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of control for the Capital Projects Funds. All other funds use the departmental level as the legal level of control.

Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations that are encumbered lapse at year-end and then are added to the following years' budgeted appropriations.

Budgets for the General Fund and Special Revenue Funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Appropriations for capital projects authorized but not constructed or completed during the year are carried forward as continuing appropriations into the following year's budget.

Under Article XIII-B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following year. For the fiscal year ended June 30, 2024, based on calculations by City staff, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIII-B allows the City to designate a portion of fund balance for general contingencies to be used for any purpose.

Appropriations lapse at the end of the fiscal year except for the Capital Projects Funds, which may be carried over to the next fiscal year if not completed at year-end. Expenditures may not exceed budget appropriations at the department level for the General Fund and at the function level for the Special Revenue Funds.

**Notes to Required Supplementary Information
June 30, 2024**

Note 1: General Budget Policies (Continued)

A project-length budget is adopted for the capital projects funds. The debt service fund is governed by bond covenants; therefore, a formal budget is not adopted. Thus, the City does not show a budget comparison debt service funds. In addition, the Housing Authority did not adopt a budget; therefore, a budget comparison is not shown.

a. Excess of Expenditures Over Appropriations

Excess expenditures over appropriations were as follows:

| | <u>Expenditures</u> | <u>Appropriations</u> | <u>Excess</u> |
|--|---------------------|-----------------------|---------------|
| General Fund: | | | |
| General government | | | |
| Administrative Services | \$ 1,138,323 | \$ 1,125,193 | \$ (13,130) |
| City Attorney | 280,533 | 280,500 | (33) |
| Public safety | | | |
| Animal Control | 386,592 | 381,900 | (4,692) |
| Code Enforcement | 193,521 | 189,000 | (4,521) |
| Parks, recreation and senior center | | | |
| Park Maintenance | 795,570 | 793,300 | (2,270) |
| Senior Services | 175,269 | 175,153 | (116) |
| Tideland Maintenance | 1,109,224 | 1,104,210 | (5,014) |
| Debt Service | | | |
| Principal | 42,824 | 10,710 | (32,114) |
| Interest | 1,178 | 209 | (969) |

b. Basis of Budgeting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that for budgeting purposes only encumbrances are treated as expenditures. A reconciliation has been provided on the applicable schedule when the basis of budgeting differs from GAAP.

City of Imperial Beach

**Combining Balance Sheet
Other Governmental Funds
June 30, 2024**

| | Special Revenue Funds | | | Supplemental Law Enforcement |
|--|------------------------------|-------------------|-------------------|---|
| | Gas Tax | Prop A Tax | CDBG Grant | |
| Assets: | | | | |
| Pooled cash and investments | \$ - | \$ - | \$ - | \$ 25,990 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Due from other governments | 63,315 | - | - | - |
| Total Assets | \$ 63,315 | \$ - | \$ - | \$ 25,990 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 133,296 | \$ - | \$ 25,990 |
| Accrued liabilities | - | - | - | - |
| Due to other funds | 49,410 | 251,146 | 1 | - |
| Total Liabilities | 49,410 | 384,442 | 1 | 25,990 |
| Fund Balances (Deficit): | | | | |
| Restricted for: | | | | |
| Community development projects | - | - | - | - |
| Parks, recreation and senior center | - | - | - | - |
| Public works | 13,905 | - | - | - |
| Unassigned | - | (384,442) | (1) | - |
| Total Fund Balance (Deficit) | 13,905 | (384,442) | (1) | - |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit) | \$ 63,315 | \$ - | \$ - | \$ 25,990 |

City of Imperial Beach

**Combining Balance Sheet
Other Governmental Funds
June 30, 2024**

(Continued)

| | <u>Special Revenue Funds</u> | | <u>Capital Projects Funds</u> | |
|--|------------------------------|--------------------------|-------------------------------|-------------------------|
| | <u>RMRA</u> | <u>Housing Authority</u> | <u>Parks Maintenance CIP</u> | <u>Capital Projects</u> |
| Assets: | | | | |
| Pooled cash and investments | \$ 1,418,108 | \$ 869,092 | \$ 1,542,664 | \$ 913,369 |
| Receivables: | | | | |
| Accounts | - | 64,509 | - | - |
| Due from other governments | 55,179 | - | - | - |
| Total Assets | \$ 1,473,287 | \$ 933,601 | \$ 1,542,664 | \$ 913,369 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 7,493 | \$ 8,150 | \$ 56,469 | \$ 118,672 |
| Accrued liabilities | - | - | 2,954 | - |
| Due to other funds | - | - | - | - |
| Total Liabilities | 7,493 | 8,150 | 59,423 | 118,672 |
| Fund Balances (Deficit): | | | | |
| Restricted for: | | | | |
| Community development projects | - | 925,451 | - | - |
| Parks, recreation and senior center | - | - | 1,483,241 | - |
| Public works | 1,465,794 | - | - | 794,697 |
| Unassigned | - | - | - | - |
| Total Fund Balance (Deficit) | 1,465,794 | 925,451 | 1,483,241 | 794,697 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit) | \$ 1,473,287 | \$ 933,601 | \$ 1,542,664 | \$ 913,369 |

City of Imperial Beach

**Combining Balance Sheet
Other Governmental Funds
June 30, 2024**

| | Total Other Governmental Funds |
|--|---|
| Assets: | |
| Pooled cash and investments | \$ 4,769,223 |
| Receivables: | |
| Accounts | 64,509 |
| Due from other governments | <u>118,494</u> |
| Total Assets | <u>\$ 4,952,226</u> |
| Liabilities and Fund Balances: | |
| Liabilities: | |
| Accounts payable | \$ 350,070 |
| Accrued liabilities | 2,954 |
| Due to other funds | <u>300,557</u> |
| Total Liabilities | <u>653,581</u> |
| Fund Balances (Deficit): | |
| Restricted for: | |
| Community development projects | 925,451 |
| Parks, recreation and senior center | 1,483,241 |
| Public works | 2,274,396 |
| Unassigned | <u>(384,443)</u> |
| Total Fund Balance (Deficit) | <u>4,298,645</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit) | <u>\$ 4,952,226</u> |

City of Imperial Beach

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2024**

| | Special Revenue Funds | | | Supplemental Law |
|--|------------------------------|---------------------|-------------------|-----------------------------|
| | Gas Tax | Prop A Tax | CDBG Grant | Enforcement |
| Revenues: | | | | |
| Licenses and permits | \$ - | \$ 46,613 | \$ - | \$ - |
| Intergovernmental | 735,744 | 741,869 | 118,098 | 186,159 |
| Use of money and property | 9,683 | 4,670 | - | - |
| Total Revenues | 745,427 | 793,152 | 118,098 | 186,159 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | 187,159 |
| Community development | - | - | - | - |
| Parks and recreation | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | 438,258 | - | - |
| Interest | - | 3,643 | - | - |
| Capital outlay | - | 908,487 | 1,391 | - |
| Total Expenditures | - | 1,350,388 | 1,391 | 187,159 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 745,427 | (557,236) | 116,707 | (1,000) |
| Other Financing Sources (Uses): | | | | |
| Proceeds of commercial paper | - | 196,000 | - | - |
| Transfers in | - | - | - | - |
| Transfers out | (735,744) | (164,700) | (116,708) | - |
| Total Other Financing Sources (Uses) | (735,744) | 31,300 | (116,708) | - |
| Net Change in Fund Balances | 9,683 | (525,936) | (1) | (1,000) |
| Fund Balances, Beginning of Year | 4,222 | 141,494 | - | 1,000 |
| Fund Balances (Deficits), End of Year | \$ 13,905 | \$ (384,442) | \$ (1) | \$ - |

City of Imperial Beach

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2024**

(Continued)

| | <u>Special Revenue Funds</u> | | <u>Capital Projects Funds</u> | |
|--|------------------------------|--------------------------|-------------------------------|-------------------------|
| | <u>RMRA</u> | <u>Housing Authority</u> | <u>Parks Maintenance CIP</u> | <u>Capital Projects</u> |
| Revenues: | | | | |
| Licenses and permits | \$ - | \$ - | \$ 33,617 | \$ - |
| Intergovernmental | 620,028 | - | - | - |
| Use of money and property | 60,571 | 103,958 | 45,467 | 34,620 |
| Total Revenues | 680,599 | 103,958 | 79,084 | 34,620 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | - |
| Community development | - | 15,605 | - | 181 |
| Parks and recreation | - | - | - | 124,778 |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Capital outlay | 440,275 | - | 948,879 | 404,162 |
| Total Expenditures | 440,275 | 15,605 | 948,879 | 529,121 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 240,324 | 88,353 | (869,795) | (494,501) |
| Other Financing Sources (Uses): | | | | |
| Proceeds of commercial paper | - | - | - | - |
| Transfers in | - | - | 1,256,170 | 743,300 |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | 1,256,170 | 743,300 |
| Net Change in Fund Balances | 240,324 | 88,353 | 386,375 | 248,799 |
| Fund Balances, Beginning of Year | 1,225,470 | 837,098 | 1,096,866 | 545,898 |
| Fund Balances (Deficits), End of Year | \$ 1,465,794 | \$ 925,451 | \$ 1,483,241 | \$ 794,697 |

City of Imperial Beach

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2024

| | Total Other Governmental Funds |
|--|---|
| Revenues: | |
| Licenses and permits | \$ 80,230 |
| Intergovernmental | 2,401,898 |
| Use of money and property | <u>258,969</u> |
| Total Revenues | <u>2,741,097</u> |
| Expenditures: | |
| Current: | |
| Public safety | 187,159 |
| Community development | 15,786 |
| Parks and recreation | 124,778 |
| Debt Service: | |
| Principal | 438,258 |
| Interest | 3,643 |
| Capital outlay | <u>2,703,194</u> |
| Total Expenditures | <u>3,472,818</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(731,721)</u> |
| Other Financing Sources (Uses): | |
| Proceeds of commercial paper | 196,000 |
| Transfers in | 1,999,470 |
| Transfers out | <u>(1,017,152)</u> |
| Total Other Financing Sources (Uses) | <u>1,178,318</u> |
| Net Change in Fund Balances | 446,597 |
| Fund Balances, Beginning of Year | <u>3,852,048</u> |
| Fund Balances (Deficits), End of Year | <u>\$ 4,298,645</u> |

City of Imperial Beach

**Budgetary Comparison Schedule – Special Revenue Funds
Gas Tax
Year Ended June 30, 2024**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|------------------|---------------------------|---------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 4,222 | \$ 4,222 | \$ 4,222 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 767,600 | 741,700 | 735,744 | (5,956) |
| Use of money and property | - | - | 9,683 | 9,683 |
| Amounts Available for Appropriations | 771,822 | 745,922 | 749,649 | 3,727 |
| Charges to Appropriation (Outflows): | | | | |
| Transfers out | 767,600 | 735,700 | 735,744 | (44) |
| Total Charges to Appropriations | 767,600 | 735,700 | 735,744 | (44) |
| Budgetary Fund Balance, June 30 | \$ 4,222 | \$ 10,222 | \$ 13,905 | \$ 3,683 |

City of Imperial Beach

**Budgetary Comparison Schedule – Special Revenue Funds
Prop A Tax
Year Ended June 30, 2024**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ 141,494 | \$ 141,494 | \$ 141,494 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 26,900 | 46,600 | 46,613 | 13 |
| Intergovernmental | 888,500 | 300,000 | 741,869 | 441,869 |
| Use of money and property | - | - | 4,670 | 4,670 |
| Miscellaneous | 195,100 | 195,100 | - | (195,100) |
| Commercial paper acquisition | - | - | 196,000 | 196,000 |
| Amounts Available for Appropriations | 1,251,994 | 683,194 | 1,130,646 | 447,452 |
| Charges to Appropriation (Outflows): | | | | |
| Debt Service | | | | |
| Principal | - | - | 438,258 | (438,258) |
| Interest | - | - | 3,643 | (3,643) |
| Capital outlay | 992,571 | 1,057,871 | 908,487 | 149,384 |
| Transfers out | 164,700 | 164,700 | 164,700 | - |
| Total Charges to Appropriations | 1,157,271 | 1,222,571 | 1,515,088 | (292,517) |
| Budgetary Fund Balance (Deficit), June 30 | \$ 94,723 | \$ (539,377) | \$ (384,442) | \$ 154,935 |

City of Imperial Beach

**Budgetary Comparison Schedule – Special Revenue Funds
CDBG Grant
Year Ended June 30, 2024**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|--|-----------------------|--------------------|---------------------------|---------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance (Deficit), July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 129,000 | 128,999 | 118,098 | (10,901) |
| Amounts Available for Appropriations | 129,000 | 128,997 | 118,098 | (10,899) |
| Charges to Appropriation (Outflows): | | | | |
| Capital outlay | 79,527 | 79,527 | 1,391 | 78,136 |
| Transfers out | 129,000 | 129,000 | 116,708 | 12,292 |
| Total Charges to Appropriations | 208,527 | 208,527 | 118,099 | 90,428 |
| Budgetary Fund Balance (Deficit), June 30 | \$ (79,527) | \$ (79,530) | \$ (1) | \$ 79,529 |

City of Imperial Beach

**Budgetary Comparison Schedule – Special Revenue Funds
Supplemental Law Enforcement
Year Ended June 30, 2024**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-----------------------|----------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 125,000 | 186,200 | 186,159 | (41) |
| Amounts Available for Appropriations | 126,000 | 187,200 | 187,159 | (41) |
| Charges to Appropriation (Outflows): | | | | |
| Public safety | 125,000 | 187,200 | 187,159 | 41 |
| Total Charges to Appropriations | 125,000 | 187,200 | 187,159 | 41 |
| Budgetary Fund Balance, June 30 | \$ 1,000 | \$ - | \$ - | \$ - |

City of Imperial Beach

**Budgetary Comparison Schedule – Special Revenue Funds
RMRA
Year Ended June 30, 2024**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-----------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ 1,225,470 | \$ 1,225,470 | \$ 1,225,470 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 655,300 | 620,000 | 620,028 | 28 |
| Use of money and property | - | - | 60,571 | 60,571 |
| Amounts Available for Appropriations | <u>1,880,770</u> | <u>1,845,470</u> | <u>1,906,069</u> | <u>60,599</u> |
| Charges to Appropriation (Outflows): | | | | |
| Capital outlay | 1,627,600 | 1,627,600 | 440,275 | 1,187,325 |
| Total Charges to Appropriations | <u>1,627,600</u> | <u>1,627,600</u> | <u>440,275</u> | <u>1,187,325</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 253,170</u> | <u>\$ 217,870</u> | <u>\$ 1,465,794</u> | <u>\$ 1,247,924</u> |

City of Imperial Beach

**Budgetary Comparison Schedule – Special Revenue Funds
Housing Authority
Year Ended June 30, 2024**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-----------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ 837,098 | \$ 837,098 | \$ 837,098 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | 103,958 | 103,958 |
| Amounts Available for Appropriations | 837,098 | 837,098 | 941,056 | 103,958 |
| Charges to Appropriation (Outflows): | | | | |
| Community development | - | 14,700 | 15,605 | (905) |
| Total Charges to Appropriations | - | 14,700 | 15,605 | (905) |
| Budgetary Fund Balance, June 30 | \$ 837,098 | \$ 822,398 | \$ 925,451 | \$ 103,053 |

City of Imperial Beach

**Budgetary Comparison Schedule – Capital Projects Funds
Parks Maintenance CIP
Year Ended June 30, 2024**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|--------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ 1,096,866 | \$ 1,096,866 | \$ 1,096,866 | \$ - |
| Resources (Inflows): | | | | |
| Licenses and permits | 40,000 | 40,000 | 33,617 | (6,383) |
| Use of money and property | - | - | 45,467 | 45,467 |
| Transfers in | 180,000 | 1,256,170 | 1,256,170 | - |
| Amounts Available for Appropriations | 1,316,866 | 2,393,036 | 2,432,120 | 39,084 |
| Charges to Appropriation (Outflows): | | | | |
| Capital outlay | 1,390,413 | 2,466,583 | 948,879 | 1,517,704 |
| Total Charges to Appropriations | 1,390,413 | 2,466,583 | 948,879 | 1,517,704 |
| Budgetary Fund Balance (Deficit), June 30 | \$ (73,547) | \$ (73,547) | \$ 1,483,241 | \$ 1,556,788 |

City of Imperial Beach

**Budgetary Comparison Schedule – Capital Projects Funds
Capital Projects
Year Ended June 30, 2024**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|--------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance (Deficit), July 1 | \$ 545,898 | \$ 545,898 | \$ 545,898 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | 34,620 | 34,620 |
| Transfers in | 743,300 | 743,300 | 743,300 | - |
| Amounts Available for Appropriations | 1,289,198 | 1,289,198 | 1,323,818 | 34,620 |
| Charges to Appropriation (Outflows): | | | | |
| Community development | - | - | 181 | (181) |
| Parks and recreation | 343,000 | 343,000 | 124,778 | 218,222 |
| Capital outlay | 983,090 | 983,090 | 404,162 | 578,928 |
| Total Charges to Appropriations | 1,326,090 | 1,326,090 | 529,121 | 796,969 |
| Budgetary Fund Balance (Deficit), June 30 | \$ (36,892) | \$ (36,892) | \$ 794,697 | \$ 831,589 |

City of Imperial Beach

Combining Statement of Net Position Internal Service Funds June 30, 2024

| | Vehicle Replacement & Maintenance | Self- Insurance | Technology & Communication | Facilities Repair & Maintenance | Total |
|--|---|---------------------|-------------------------------|---------------------------------------|---------------------|
| Assets: | | | | | |
| Current: | | | | | |
| Pooled Cash and investments | \$ 1,024,000 | \$ 2,093,455 | \$ 598,614 | \$ 279,263 | \$ 3,995,332 |
| Prepaid costs | - | - | 23,198 | - | 23,198 |
| Due from other governments | 32,212 | - | - | - | 32,212 |
| Total Current Assets | 1,056,212 | 2,093,455 | 621,812 | 279,263 | 4,050,742 |
| Noncurrent: | | | | | |
| Capital assets, not being depreciated | 1,009,858 | - | - | - | 1,009,858 |
| Capital assets, net of depreciation | 323,952 | - | 230,859 | 58,873 | 613,684 |
| Total Noncurrent Assets | 1,333,810 | - | 230,859 | 58,873 | 1,623,542 |
| Total Assets | 2,390,022 | 2,093,455 | 852,671 | 338,136 | 5,674,284 |
| Deferred Outflows of Resources: | | | | | |
| Deferred pension related items | 63,366 | 39,511 | 40,256 | - | 143,133 |
| Deferred OPEB related items | 8,458 | 5,274 | 5,373 | - | 19,105 |
| Total Deferred Outflows of Resources | 71,824 | 44,785 | 45,629 | - | 162,238 |
| Liabilities: | | | | | |
| Current: | | | | | |
| Accounts payable | 32,611 | 6,042 | 17,455 | 15,740 | 71,848 |
| Accrued liabilities | 28,612 | 5,898 | 20,105 | - | 54,615 |
| Compensated absences due in one year | 10,959 | 9,427 | 12,577 | - | 32,963 |
| Claims and judgments due in one year | - | 77,000 | - | - | 77,000 |
| Long-term liabilities due in one year | 96,236 | - | - | - | 96,236 |
| Total Current Liabilities | 168,418 | 98,367 | 50,137 | 15,740 | 332,662 |
| Noncurrent: | | | | | |
| Compensated absences due in more than one year | - | 5,882 | - | - | 5,882 |
| Claims and judgments due in more than one year | - | 293,000 | - | - | 293,000 |
| Long-term liabilities | 318,183 | - | 184,638 | - | 502,821 |
| Net pension liability | 115,072 | 71,751 | 73,105 | - | 259,928 |
| Net OPEB liability | 12,199 | 7,607 | 7,750 | - | 27,556 |
| Total Noncurrent Liabilities | 445,454 | 378,240 | 265,493 | - | 1,089,187 |
| Total Liabilities | 613,872 | 476,607 | 315,630 | 15,740 | 1,421,849 |
| Deferred Inflows of Resources: | | | | | |
| Deferred pension related items | 12,270 | 7,651 | 7,795 | - | 27,716 |
| Deferred OPEB related items | 8,097 | 5,049 | 5,144 | - | 18,290 |
| Total Deferred Inflows of Resources | 20,367 | 12,700 | 12,939 | - | 46,006 |
| Net Position: | | | | | |
| Investment in capital assets | 919,391 | - | 46,221 | 58,873 | 1,024,485 |
| Unrestricted | 908,216 | 1,648,933 | 523,510 | 263,523 | 3,344,182 |
| Total Net Position | \$ 1,827,607 | \$ 1,648,933 | \$ 569,731 | \$ 322,396 | \$ 4,368,667 |

City of Imperial Beach

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2024**

| | Vehicle Replacement & Maintenance | Self- Insurance | Technology & Communication | Facilities Repair & Maintenance | Total |
|---|---|---------------------|-------------------------------|---------------------------------------|---------------------|
| Operating Revenues: | | | | | |
| Sales and service charges | \$ 599,000 | \$ 867,400 | \$ 902,800 | \$ 150,000 | \$ 2,519,200 |
| Miscellaneous | 191,892 | - | - | - | 191,892 |
| Total Operating Revenues | 790,892 | 867,400 | 902,800 | 150,000 | 2,711,092 |
| Operating Expenses: | | | | | |
| Services and supplies | 390,444 | 103,238 | 381,540 | 76,146 | 951,368 |
| Claims expense | - | 420,000 | - | - | 420,000 |
| Personnel and administrative | 259,972 | 147,224 | 366,140 | 3,238 | 776,574 |
| Depreciation/ Amortization expense | 92,162 | - | 118,400 | 11,053 | 221,615 |
| Total Operating Expenses | 742,578 | 670,462 | 866,080 | 90,437 | 2,369,557 |
| Operating Income (Loss) | 48,314 | 196,938 | 36,720 | 59,563 | 341,535 |
| Nonoperating Revenues (Expenses): | | | | | |
| Investment income | 28,051 | 71,252 | 13,391 | 11,000 | 123,694 |
| Miscellaneous revenue | - | 425,066 | - | - | 425,066 |
| Interest expense | (21,314) | - | (4,439) | - | (25,753) |
| Gain on sale of capital assets | 11,750 | - | - | - | 11,750 |
| Total Nonoperating Revenues (Expenses) | 18,487 | 496,318 | 8,952 | 11,000 | 534,757 |
| Income (Loss) Before Transfers | 66,801 | 693,256 | 45,672 | 70,563 | 876,292 |
| Transfers in | 451,708 | - | 481,285 | - | 932,993 |
| Total Transfers | 451,708 | - | 481,285 | - | 932,993 |
| Changes in Net Position | 518,509 | 693,256 | 526,957 | 70,563 | 1,809,285 |
| Net Position: | | | | | |
| Beginning of Year | 1,309,098 | 955,677 | 42,774 | 251,833 | 2,559,382 |
| End of Year | \$ 1,827,607 | \$ 1,648,933 | \$ 569,731 | \$ 322,396 | \$ 4,368,667 |

City of Imperial Beach

Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2024

| | Vehicle Replacement & Maintenance | Self- Insurance | Technology & Communication | Facilities Repair & Maintenance | Total |
|--|---|---------------------|-------------------------------|---------------------------------------|---------------------|
| Cash Flows from Operating Activities: | | | | | |
| Cash received from/(paid to) interfund service provided | \$ 782,932 | \$ 941,423 | \$ 902,800 | \$ 150,000 | \$ 2,777,155 |
| Cash paid to suppliers for goods and services | (380,919) | (1,000,502) | (389,575) | (70,246) | (1,841,242) |
| Cash paid to employees for services | (237,505) | (134,339) | (345,903) | (3,238) | (720,985) |
| Net Cash Provided (Used) by Operating Activities | 164,508 | (193,418) | 167,322 | 76,516 | 214,928 |
| Cash Flows from Non-Capital Financing Activities: | | | | | |
| Cost reimbursements | - | 425,066 | - | - | 425,066 |
| Transfers from other funds | 451,708 | - | 481,285 | - | 932,993 |
| Net Cash Provided by Non-Capital Financing Activities | 451,708 | 425,066 | 481,285 | - | 1,358,059 |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Principal Paid on subscription lease | (95,439) | - | (51,361) | - | (146,800) |
| Interest paid on subscription lease | (21,314) | - | (4,439) | - | (25,753) |
| Proceeds from sale of capital asset | 11,750 | - | - | - | 11,750 |
| Acquisition and construction of capital assets | - | - | (197,971) | (28,105) | (226,076) |
| Net Cash Used by Capital and Related Financing Activities | (105,003) | - | (253,771) | (28,105) | (386,879) |
| Cash Flows from Investing Activities: | | | | | |
| Investment income | 28,051 | 71,252 | 13,391 | 11,000 | 123,694 |
| Net Cash Provided by Investing Activities | 28,051 | 71,252 | 13,391 | 11,000 | 123,694 |
| Net Increase in Cash and Cash Equivalents | 539,264 | 302,900 | 408,227 | 59,411 | 1,309,802 |
| Cash and Cash Equivalents, Beginning of Year | 484,736 | 1,790,555 | 190,387 | 219,852 | 2,685,530 |
| Cash and Cash Equivalents, End of Year | \$ 1,024,000 | \$ 2,093,455 | \$ 598,614 | \$ 279,263 | \$ 3,995,332 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | | | | |
| Operating income | \$ 48,314 | \$ 196,938 | \$ 36,720 | \$ 59,563 | \$ 341,535 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | 92,162 | - | 118,400 | 11,053 | 221,615 |
| (Increase) decrease in prepaid costs | - | - | (20,498) | - | (20,498) |
| (Increase) decrease in due from other governments | (7,960) | 74,023 | - | - | 66,063 |
| (Increase) decrease in deferred outflows - pension | 9,820 | 6,123 | 6,239 | - | 22,182 |
| (Increase) decrease in deferred outflows - OPEB | (344) | (214) | (218) | - | (776) |
| Increase (decrease) in accounts payable | 9,525 | (19,264) | 12,463 | 5,900 | 8,624 |
| Increase (decrease) in accrued liabilities | 5,115 | 1,808 | 5,884 | - | 12,807 |
| Increase (decrease) in compensated absences | 69 | 299 | 3,372 | - | 3,740 |
| Increase (decrease) in claims and judgments | - | (458,000) | - | - | (458,000) |
| Increase (decrease) in net pension liability | 11,893 | 7,416 | 7,556 | - | 26,865 |
| Increase (decrease) in net OPEB liability | 1,127 | 703 | 716 | - | 2,546 |
| Increase (decrease) in deferred inflows - pension | (5,430) | (3,386) | (3,450) | - | (12,266) |
| Increase (decrease) in deferred inflows - OPEB | 217 | 136 | 138 | - | 491 |
| Total Adjustments | 116,194 | (390,356) | 130,602 | 16,953 | (126,607) |
| Net Cash Provided by Operating Activities | \$ 164,508 | \$ (193,418) | \$ 167,322 | \$ 76,516 | \$ 214,928 |

City of Imperial Beach

**Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2024**

| | Special Assessment Districts | | |
|----------------------------------|-------------------------------------|------------------------------------|------------------------------------|
| | Assessment District #63 | Assessment District #64 | Assessment District #66 |
| Assets: | | | |
| Pooled cash and investments | <u>\$ 126,335</u> | <u>\$ 32,199</u> | <u>\$ 182,186</u> |
| Total Assets | <u>126,335</u> | <u>32,199</u> | <u>182,186</u> |
| Net Position: | | | |
| Held in trust for other purposes | <u>126,335</u> | <u>32,199</u> | <u>182,186</u> |
| Total Net Position | <u>\$ 126,335</u> | <u>\$ 32,199</u> | <u>\$ 182,186</u> |

City of Imperial Beach

**Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2024**

| | <u>Special Assessment Districts</u> | | <u>Custodial Funds Total</u> |
|----------------------------------|-------------------------------------|------------------------------------|--------------------------------------|
| | <u>Assessment District #68</u> | <u>Assessment District #71</u> | |
| Assets: | | | |
| Pooled cash and investments | <u>\$ 108,241</u> | <u>\$ 17,414</u> | <u>\$ 466,375</u> |
| Total Assets | <u>108,241</u> | <u>17,414</u> | <u>466,375</u> |
| Net Position: | | | |
| Held in trust for other purposes | <u>108,241</u> | <u>17,414</u> | <u>466,375</u> |
| Total Net Position | <u>\$ 108,241</u> | <u>\$ 17,414</u> | <u>\$ 466,375</u> |

City of Imperial Beach

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2024**

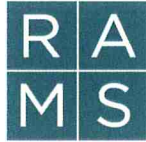
| | <u>Special Assessment Districts</u> | | |
|--|-------------------------------------|------------------------------------|------------------------------------|
| | <u>Assessment District #63</u> | <u>Assessment District #64</u> | <u>Assessment District #66</u> |
| Additions: | | | |
| Interest and change in fair value of investments | \$ 3,762 | \$ 959 | \$ 5,425 |
| Total Additions | 3,762 | 959 | 5,425 |
| Changes in Net Position | 3,762 | 959 | 5,425 |
| Net Position at Beginning of Year | 122,573 | 31,240 | 176,761 |
| Net Position at End of Year | \$ 126,335 | \$ 32,199 | \$ 182,186 |

City of Imperial Beach

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2024**

| | <u>Special Assessment Districts</u> | | <u>Custodial Funds Total</u> |
|--|-------------------------------------|------------------------------------|--------------------------------------|
| | <u>Assessment District #68</u> | <u>Assessment District #71</u> | |
| Additions: | | | |
| Interest and change in fair value of investments | \$ 3,223 | \$ 519 | \$ 13,888 |
| Total Additions | 3,223 | 519 | 13,888 |
| Changes in Net Position | 3,223 | 519 | 13,888 |
| Net Position at Beginning of Year | 105,018 | 16,895 | 452,487 |
| Net Position at End of Year | \$ 108,241 | \$ 17,414 | \$ 466,375 |

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REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

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To the Honorable City Council
City of Imperial Beach, California

Report on Compliance for the Housing Successor

Opinion

We have audited the City of Imperial Beach Housing Successor's (Housing Successor) compliance with the type of compliance requirements described in the California Health and Safety Code sections applicable to California Housing Successor Agencies for the year ending June 30, 2024.

In our opinion, the Housing Successor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Housing Successor for the year ending June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the audit guidelines issued by the California State Controller's Office. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the compliance section of our report.

We are required to be independent of the City of Imperial Beach Housing Successor and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Housing Successor. However, our audit does not provide a legal determination of the Housing Successor's compliance with those requirements.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Imperial Beach Housing Successor's general programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Imperial Beach Housing Successor's compliance based on our audit. 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, *Government Auditing Standards*, and the audit guidelines issued by the California State Controller's Office 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Imperial Beach Housing Successor's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the audit guidelines issued by the California State Controller's Office, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Imperial Beach Housing Successor's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Imperial Beach Housing Successor's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with GAAS, *Government Auditing Standards*, and the audit guidelines issued by the California State Controller's Office, but not for the purpose of expressing an opinion on the effectiveness of the City of Imperial Beach Housing Successor's internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of California Health and Safety Code sections applicable to California Housing Successor Agencies. Accordingly, this report is not suitable for any other purpose.

Report on Excess/Surplus Calculation

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Imperial Beach as of the year ended June 30, 2024, and have issued our report thereon dated November 11, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying report on excess/surplus calculation is presented for purposes of additional analysis only and is not a required part of the financial statements. Such information is the responsibility of management and was derived from the financial statements. The report on excess/surplus calculation has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 11, 2024

City of Imperial Beach

**Computation of Housing Successor Excess/Surplus (HSC 34176.1)
For the year ended June 30, 2024**

| | Low & Moderate Hosing Funds All Project Area July 1, 2023 | Low & Moderate Housing Funds All Project Area July 1, 2024 |
|--|--|---|
| | <u> </u> | <u> </u> |
| Opening Fund Balance, as restated | \$ 837,148 | \$ 925,451 |
| Available Low & Mod Funds | <u>837,148</u> | <u>925,451</u> |
| Limitation (Greater of \$1,000,000 or four years of deposits) | | |
| Aggregate amount deposited for last four years: | | |
| 2023-2024 | \$ - | \$ 103,957 |
| 2022-2023 | 135,808 | 135,808 |
| 2021-2022 | 49,012 | 49,012 |
| 2020-2021 | 31,606 | 31,606 |
| 2019-2020 | 23,670 | 23,670 |
| Total Amounts Deposited for Last 4 Years | <u>240,096</u> | <u>344,053</u> |
| Base Limitation | <u>1,000,000</u> | <u>1,000,000</u> |
| Greater Amount | <u>1,000,000</u> | <u>1,000,000</u> |
| Computed Excess Surplus | <u>\$ -</u> | <u>\$ -</u> |

ANNUAL HOUSING SUCCESSOR PROGRESS REPORT
HOUSING AUTHORITY OF THE CITY OF IMPERIAL BEACH – SUCCESSOR HOUSING ENTITY
Specified Activity Information in Accordance with HSC Section 34176.1 (f)
Year End June 30, 2024

The Imperial Beach Housing Authority serves as the housing successor (Housing Successor) of the former Imperial Beach Redevelopment Agency (Former RDA) designated under state laws governing dissolution of former redevelopment agencies set forth in Health and Safety Code (HSC) Sections 34161 through 34191.6 (referred to herein as the Dissolution Law).

The Dissolution Law imposes detailed reporting requirements on the Housing Successor. Specifically, HSC Section 34176.1(f) provides that the reporting requirements set forth in HSC Section 33080.1 and Government Code Section 12463.3 that previously applied to the Former RDA for affordable housing purposes no longer apply. Instead, the Housing Successor must conduct, and provide to its governing body (i.e. Board of Commissioners of the Housing Authority), an independent financial audit of the Low and Moderate Income Housing Asset Fund within six (6) months after the end of each fiscal year. Such audit may be included in the independent financial audit of the City. In addition, because the Housing Successor is not the City, the Housing Successor must provide to its governing body (i.e. the Board of Commissioners of the Housing Authority) and post on its Internet Website all of the following information for the previous fiscal year:

- 1. The amount the City received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4. [HSC Section 34176.1(f)(1)]**

| | |
|---------------------------------------|------|
| SA Loan Repayment completed in FY2024 | \$ 0 |
|---------------------------------------|------|

- 2. The amount deposited to the Low and Moderate Income Housing Asset Fund, distinguishing between amounts deposited pursuant to subparagraphs (B) and (C) of paragraph (3) of subdivision (b) of Section 34191.4 , amounts deposited for other items listed on the Recognized Obligation Payment Schedule, and other amounts deposited. [HSC Section 34176.1(f)(2)]**

| | |
|---|-------------------|
| Interest and other | \$ 103,958 |
| Recognized Obligation Payment Schedule amounts | \$ 0 |
| Other amounts (20% of SA Loan Repayment; above) | \$ 0 |
| TOTAL | \$ 103,958 |

- 3. A statement of the balance in the Low and Moderate Income Housing Asset Fund as of the close of the fiscal year, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule from other amounts. [HSC Section 34176.1(f)(3)]**

| | |
|--|-------------------|
| Recognized Obligation Payment Schedule amounts | \$ 0 |
| Other amounts (including SA Loan Repayment) | \$ 925,451 |
| TOTAL | \$ 925,451 |

4. A description of expenditures from the fund by category, including, but not limited to, expenditures (A) for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the Former RDA or the Housing Successor and administering the activities described in paragraphs (2) and (3) of subdivision (a) of HSC Section 34176.1, (B) for homeless prevention and rapid rehousing services for the development of housing described in paragraph (2) of subdivision (a) of HSC Section 34176.1, and (C) for the development of housing pursuant to paragraph (3) of subdivision (a) of HSC Section 34176.1. [HSC Section 34176.1(f)(4)]

| | |
|---|------------------|
| (A) Monitoring/preserving | \$ 15,605 |
| (B) Homeless prevention/rapid rehousing | \$ 0 |
| (C) Housing development | \$ 0 |
| TOTAL | \$ 15,605 |

5. As described in paragraph (1) of subdivision (a) of HSC Section 34176.1, the statutory value of real property owned by the Housing Successor, the value of loans and grants receivable, and the sum of these two amounts. [HSC Section 34176.1(f)(5)]

| | |
|-----------------------------|----------------------|
| Assets held for disposition | \$ 0 |
| Loans receivable | \$ 10,863,904 |
| TOTAL | \$ 10,863,904 |

6. A description of any transfers made pursuant to paragraph (2) of subdivision (c) of HSC Section 34176.1 in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service. [HSC Section 34176.1(f)(6)]

Not applicable. No Low and Moderate Income Housing Asset Fund monies were transferred during the fiscal year between the Housing Authority and other housing successors that are located within the County of San Diego or in contiguous jurisdiction.

7. A description of any project that the Housing Successor receives or holds property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project. [HSC Section 34176.1(f)(7)]

Not applicable.

8. For interests in real property acquired by the Former RDA before February 1, 2012, a status update on compliance with HSC Section 33334.16. For interests in real property acquired by the Housing Successor on or after February 1, 2012, a status update on the project. [HSC Section 34176.1(f)(8)]

Not applicable.

- 9. A description of any outstanding obligations pursuant to HSC Section 33413 that remained to transfer to the Housing Successor on February 1, 2012, of the Housing Successor's progress in meeting those obligations, and of the Housing Successor's plans to meet unmet obligations. In addition, the Housing Successor shall include in the report posted on its Internet Web site the implementation plans of the Former RDA. [HSC Section 34176.1(f)(9)]**

Not applicable.

- 10. The information required by subparagraph (B) of paragraph (3) of subdivision (a) of HSC Section 34176.1. [HSC Section 34176.1(f)(10)]**

Not applicable.

- 11. The percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its Former RDA, and the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its Former RDA, and the City within the same time period. [HSC Section 34176.1(f)(11)]**

Not applicable.

- 12. The amount of any excess surplus, the amount of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus. [HSC Section 34176.1(f)(12)]**

The Housing Successor has no excess housing funds as of June 30, 2024.

- 13. An inventory of homeownership units assisted by the Former RDA or the Housing Successor that are subject to covenants or restrictions or to an adopted program that protects the Former RDA's investment of moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of HSC Section 33334.3. The inventory shall include all of the following information (A) the number of those units, (B) the number of the units lost to the portfolio in the last fiscal year and the reason for those losses, (C) any funds returned to the Housing Successor as part of an adopted program that protects the Former RDA's investment of moneys from the Low and Moderate Income Housing Fund, and (D) whether the Housing Successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity. [HSC Section 34176.1(f)(13)]**

| <i>Project Name</i> | <i>Number of Units</i> | <i>Units Lost</i> | <i>Funds Returned</i> | <i>Contracted Management by Developer</i> |
|---|-------------------------------|--------------------------|------------------------------|--|
| Beachwind Court – 624 12 th Street | 15 | None | None | Beachwind Court LP |
| Southbay Community Services – 1260 Calla Ave | 8 | None | None | Southbay Community Services |
| Southbay Community Services – 1360 Hemlock | 7 | None | None | Southbay Community Services |
| American Legion – 1268 Palm Avenue | 30 | None | None | American Legion |
| Habitat for Humanity – 10 th and Donax | 6 | None | None | Habitat for Humanity |

- 14. In the annual report prepared in 2019 and every five (5) years thereafter (which includes the annual report for 2024), the Housing Successor must demonstrate that the Housing Successor's expenditures, from January 1, 2014 through the end of the latest fiscal year covered in the annual report, comply with the requirements of subparagraph (A) of subsection (3) of subsection (a) of HSC Section 34176.1, which states in pertinent part: "The housing successor shall expend all funds remaining in the Low and Moderate Income Housing Asset Fund after the expenditures allowed pursuant to paragraphs (1) and (2) for the development of housing affordable to and occupied by households earning 80 percent or less of the area median income, with at least 30 percent of these remaining funds expended for the development of rental housing affordable to and occupied by households earning 30 percent or less of the area median income and no more than 20 percent of these remaining funds expended for the development of housing affordable to and occupied by households earning between 60 percent and 80 percent of the area median income." [HSC Section 34176.1(a)(3)(A)]**

The Low and Moderate Income Housing Asset Fund has had minimal expense activity since January 1, 2014. The expenses that have been incurred pertain to professional services related to the Projects listed under #13 above and to legal services and other professional services related to a new proposed affordable housing project recently approved by the City Council and the Housing Successor on November 6, 2024. For informational purposes only, this new project involves the development of a new 50-unit affordable senior housing and neighborhood center project at 455 Palm Ave., Imperial Beach, CA providing for fifty (50) dwelling units serving Extremely Low Income, Very Low Income, and Low Income Senior Citizen Households. At the future close of escrow, and subject to satisfaction of conditions precedent, the Housing Successor intends on providing the developer with a construction to permanent phase loan of Low and Moderate Income Housing Asset Funds in the amount of \$625,000 to assist developer with acquisition and construction costs of the project.

RESOLUTION NO. 2024-085

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AUTHORIZING THE ALLOCATION OF FUND BALANCE AND AUTHORIZING NECESSARY ASSIGNMENTS, TRANSFERS, AND BUDGET AMENDMENTS

WHEREAS, the City Council has a fiduciary responsibility to maintain fund balance reserves and allocate adequate funding to protect and plan for the City’s future; and

WHEREAS, the City Council has adopted City Council Policy 420, Fund Balance Reserve Policy that identifies provisions of the fund balance standards for the City of Imperial Beach; and

WHEREAS, City Council Policy 420 sets a minimum Unassigned Fund Balance of 30% of the annual General Fund expenditures; and

WHEREAS, as of June 30, 2024, the General Fund Unassigned Fund Balance was \$12,623,886, which is approximately 40.2% of Fiscal Year 2023-2024 General Fund expenditures; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Imperial Beach as follows:

- 1. The above-listed findings are true and correct.
- 2. The City Council authorizes the following uses/allocations of General Fund Unassigned Fund Balance:
 - a) Contribute \$200,000 to PARS Sec 115 trust fund for pension obligations
 - b) Transfer \$100,000 from the General Fund Unassigned Fund Balance to the Facility Repair and Maintenance Fund (Fund 504) appropriate it to GL 504-1924-519.2006 for FY25 unanticipated emergency facility repairs and maintenance
- 3. The City Council hereby authorizes the Finance Director to make the necessary budget amendments.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 20th day of November 2024, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

PALOMA AGUIRRE, MAYOR

ATTEST:

JACQUELINE M. KELLY, MMC
CITY CLERK