



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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June 30, 2024**

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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 Activities		Business-Type Activities		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	\$ 79,573,580	\$ 74,183,867	\$ 14,703,346	\$ 14,088,192	\$ 94,276,926	\$ 88,272,059

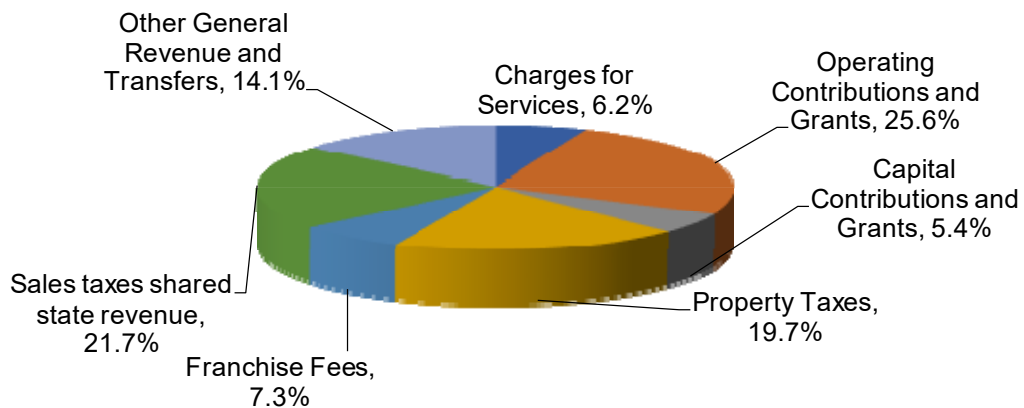
City of Imperial Beach

**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**

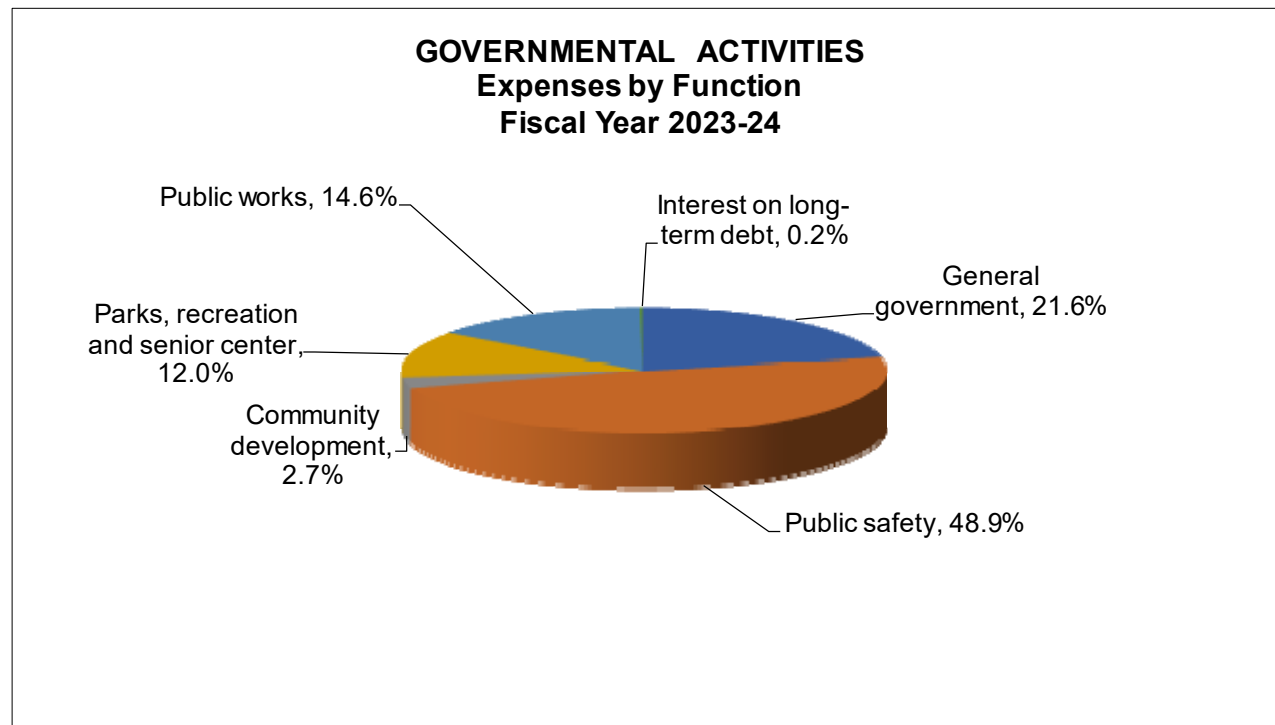


City of Imperial Beach

**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	Internal
	Sewer	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.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

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.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

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.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

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	<u>\$ 300,557</u>	<u>\$ 300,557</u>
 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	<u>\$ -</u>	<u>\$ 1,999,470</u>	<u>\$ 816,285</u>	<u>\$ 2,815,755</u>
Other Governmental Funds	<u>900,444</u>	<u>-</u>	<u>116,708</u>	<u>1,017,152</u>
 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.

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 Pension Liability	Plan Fiduciary Net Position	Plan Net Pension 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%

City of Imperial Beach

Notes to Financial Statements June 30, 2024

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).

City of Imperial Beach

Notes to Financial Statements June 30, 2024

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.

City of Imperial Beach

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.

City of Imperial Beach

Notes to Financial Statements June 30, 2024

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>

City of Imperial Beach

**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

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.

City of Imperial Beach

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	1,880,770	1,845,470	1,906,069	60,599
Charges to Appropriation (Outflows):				
Capital outlay	1,627,600	1,627,600	440,275	1,187,325
Total Charges to Appropriations	1,627,600	1,627,600	440,275	1,187,325
Budgetary Fund Balance, June 30	\$ 253,170	\$ 217,870	\$ 1,465,794	\$ 1,247,924

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**

	<u>Special Assessment Districts</u>		
	<u>Assessment District #63</u>	<u>Assessment District #64</u>	<u>Assessment District #66</u>
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	<u>3,762</u>	<u>959</u>	<u>5,425</u>
Changes in Net Position	<u>3,762</u>	<u>959</u>	<u>5,425</u>
Net Position at Beginning of Year	<u>122,573</u>	<u>31,240</u>	<u>176,761</u>
Net Position at End of Year	<u><u>\$ 126,335</u></u>	<u><u>\$ 32,199</u></u>	<u><u>\$ 182,186</u></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>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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