



**CITY OF IMPERIAL BEACH, CALIFORNIA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**Lance Soll & Lunghard, LLP**

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CITY OF IMPERIAL BEACH, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2009

CITY OF IMPERIAL BEACH  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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CITY OF IMPERIAL BEACH  
FINANCIAL STATEMENTS  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Imperial Beach, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Imperial Beach's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Imperial Beach as of June 30, 2009, and the respective changes in financial position and cash flows where applicable thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2010 on our consideration of the City of Imperial Beach's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lance, Soll & Lunghard, LLP*

April 12, 2010

CITY OF IMPERIAL BEACH

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 36,548,793	\$ 2,616,229	\$ 39,165,022
Receivables:			
Accounts	261,964	168,408	430,372
Notes and loans	3,791,541	-	3,791,541
Accrued interest	107,109	-	107,109
Internal balances	61,631	(61,631)	-
Due from other governments	1,709,836	250,172	1,960,008
Inventories	6,642	-	6,642
Unamortized debt issuance costs	379,988	-	379,988
Land held for resale	11,618,972	-	11,618,972
Restricted assets:			
Cash with fiscal agent	1,555,590	-	1,555,590
Capital assets not being depreciated	20,539,180	54,998	20,594,178
Capital assets, net of depreciation	14,250,860	5,182,831	19,433,691
<b>Total Assets</b>	<b>90,832,106</b>	<b>8,211,007</b>	<b>99,043,113</b>
<b>Liabilities:</b>			
Accounts payable	6,304,418	16,537	6,320,955
Accrued liabilities	408,413	14,433	422,846
Accrued interest	88,637	-	88,637
Unearned revenue	947,639	-	947,639
Deposits payable	438,026	-	438,026
Noncurrent liabilities:			
Due within one year	714,319	13,443	727,762
Due in more than one year	20,048,897	31,772	20,080,669
<b>Total Liabilities</b>	<b>28,950,349</b>	<b>76,185</b>	<b>29,026,534</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	24,494,406	-	24,494,406
Restricted for:			
Public safety	24,897	-	24,897
Highways and streets	701,038	-	701,038
Capital projects	9,271,917	-	9,271,917
Debt service	9,212,937	-	9,212,937
Unrestricted	18,176,562	8,134,822	26,311,384
<b>Total Net Assets</b>	<b>\$ 61,881,757</b>	<b>\$ 8,134,822</b>	<b>\$ 70,016,579</b>

CITY OF IMPERIAL BEACH

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Contributions and Grants</b>	<b>Capital Contributions and Grants</b>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 5,086,834	\$ 711,351	\$ 338,938	\$ -
Public safety	9,860,142	665,952	3,641,946	-
Parks, recreation and senior center	1,639,902	84,761	-	-
Public works	2,257,523	410,728	1,461,723	1,910,211
Interest on long-term debt	1,606,513	-	-	-
<b>Total Governmental Activities</b>	<b>20,450,914</b>	<b>1,872,792</b>	<b>5,442,607</b>	<b>1,910,211</b>
Business-Type Activities:				
Sewer	3,878,297	4,079,065	-	-
<b>Total Business-Type Activities</b>	<b>3,878,297</b>	<b>4,079,065</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 24,329,211</b>	<b>\$ 5,951,857</b>	<b>\$ 5,442,607</b>	<b>\$ 1,910,211</b>

**General Revenues:**

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- ABC Charges
- Motor vehicle in lieu, unrestricted
- Investment earnings
- Other

**Total General Revenues**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

**Net Assets at End of Year**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (4,036,545)	\$ -	\$ (4,036,545)
(5,552,244)	-	(5,552,244)
(1,555,141)	-	(1,555,141)
1,525,139	-	1,525,139
(1,606,513)	-	(1,606,513)
<b>(11,225,304)</b>	<b>-</b>	<b>(11,225,304)</b>
-	200,768	200,768
<b>-</b>	<b>200,768</b>	<b>200,768</b>
<b>(11,225,304)</b>	<b>200,768</b>	<b>(11,024,536)</b>
11,080,327	-	11,080,327
182,063	-	182,063
867,847	-	867,847
805,892	-	805,892
347,634	-	347,634
1,988,080	-	1,988,080
95,861	-	95,861
2,115,069	64,567	2,179,636
334,277	234,200	568,477
<b>17,817,050</b>	<b>298,767</b>	<b>18,115,817</b>
6,591,746	499,535	7,091,281
55,058,491	7,588,949	62,647,440
231,520	46,338	277,858
<b>\$ 61,881,757</b>	<b>\$ 8,134,822</b>	<b>\$ 70,016,579</b>

CITY OF IMPERIAL BEACH

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	Capital Projects Funds			Debt Service Fund
	General	Housing Redevelopment	Redevelopment Agency	Redevelopment Agency
<b>Assets:</b>				
Pooled cash and investments	\$ 14,626,717	\$ 6,865,784	\$ 2,379,106	\$ 5,138,631
Receivables:				
Accounts	254,992	-	750	-
Contract and notes	-	3,782,791	8,750	-
Accrued interest	107,109	-	-	-
Due from other governments	1,211,996	38,292	-	153,168
Advances to other funds	3,738,100	-	-	-
Inventories	3,559	-	-	-
Land held for resale	-	330,691	11,288,281	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	1,555,590
<b>Total Assets</b>	<b>\$ 19,942,473</b>	<b>\$ 11,017,558</b>	<b>\$ 13,676,887</b>	<b>\$ 6,847,389</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,560,968	\$ 606,433	\$ 518,577	\$ 1,243,041
Accrued liabilities	347,006	3,255	42,477	-
Deferred revenues	110,271	123,829	-	-
Unearned revenues	945,773	-	-	-
Deposits payable	429,331	-	8,695	-
Advances from other funds	-	-	3,738,100	-
<b>Total Liabilities</b>	<b>5,393,349</b>	<b>733,517</b>	<b>4,307,849</b>	<b>1,243,041</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	679,512	21,319	229,666	-
Reserved for land held for resale	-	330,691	11,288,281	-
Reserved for loans receivable	-	3,658,962	8,750	-
Reserved for advances to other funds	3,738,100	-	-	-
Reserved for inventories	3,559	-	-	-
Reserved for capital projects	2,322,138	-	-	-
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Designated for capital improvement projects	-	6,273,069	-	-
Designated for debt service	-	-	-	5,604,348
Designated for OPEB	261,496	-	-	-
Undesignated	7,544,319	-	(2,157,659)	-
<b>Total Fund Balances</b>	<b>14,549,124</b>	<b>10,284,041</b>	<b>9,369,038</b>	<b>5,604,348</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 19,942,473</b>	<b>\$ 11,017,558</b>	<b>\$ 13,676,887</b>	<b>\$ 6,847,389</b>

CITY OF IMPERIAL BEACH

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>		
Pooled cash and investments	\$ 1,562,201	\$ 30,572,439
Receivables:		
Accounts	-	255,742
Contract and notes	-	3,791,541
Accrued interest	-	107,109
Due from other governments	287,905	1,691,361
Advances to other funds	-	3,738,100
Inventories	-	3,559
Land held for resale	-	11,618,972
Restricted assets:		
Cash and investments with fiscal agents	-	1,555,590
<b>Total Assets</b>	<b>\$ 1,850,106</b>	<b>\$ 53,334,413</b>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 321,275	\$ 6,250,294
Accrued liabilities	162	392,900
Deferred revenues	129,646	363,746
Unearned revenues	1,866	947,639
Deposits payable	-	438,026
Advances from other funds	-	3,738,100
<b>Total Liabilities</b>	<b>452,949</b>	<b>12,130,705</b>
<b>Fund Balances:</b>		
Reserved:		
Reserved for encumbrances	19,563	950,060
Reserved for land held for resale	-	11,618,972
Reserved for loans receivable	-	3,667,712
Reserved for advances to other funds	-	3,738,100
Reserved for inventories	-	3,559
Reserved for capital projects	-	2,322,138
Unreserved:		
Unreserved, reported in nonmajor:		
Special revenue funds	1,308,988	1,308,988
Capital projects funds	68,606	68,606
Designated for capital improvement projects	-	6,273,069
Designated for debt service	-	5,604,348
Designated for OPEB	-	261,496
Undesignated	-	5,386,660
<b>Total Fund Balances</b>	<b>1,397,157</b>	<b>41,203,708</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,850,106</b>	<b>\$ 53,334,413</b>

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**CITY OF IMPERIAL BEACH**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

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Fund balances of governmental funds	\$ 41,203,708
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	33,795,392
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets.	379,988
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term liabilities	(19,540,524)
Compensated absences	(659,012)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(88,637)
Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	363,746
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 assets.	<u>6,427,096</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 61,881,757</u></b>

CITY OF IMPERIAL BEACH

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

	General	Capital Projects Funds		Debt Service Fund
		Housing Redevelopment	Redevelopment Agency	Redevelopment Agency
<b>Revenues:</b>				
Taxes	\$ 6,357,430	\$ 1,666,758	\$ -	\$ 4,931,764
Assessments	-	-	-	-
Licenses and permits	517,840	-	-	-
Intergovernmental	2,479,238	-	-	-
Charges for services	4,920,593	-	43,832	-
Use of money and property	1,063,452	210,688	206,053	358,756
Fines and forfeitures	224,134	-	-	-
Services provided	2,002,224	-	-	-
Miscellaneous	333,277	1,000	-	-
<b>Total Revenues</b>	<b>17,898,188</b>	<b>1,878,446</b>	<b>249,885</b>	<b>5,290,520</b>
<b>Expenditures:</b>				
Current:				
General government	2,356,939	280,603	2,237,848	12,319
Public safety	9,583,644	-	-	-
Parks, recreation and senior center	1,471,623	-	-	-
Public works	1,465,960	-	-	-
Capital outlay	2,450,838	-	1,512,715	-
Debt service:				
Principal retirement	-	83,000	-	332,000
Interest and fiscal charges	-	226,554	-	1,354,790
<b>Total Expenditures</b>	<b>17,329,004</b>	<b>590,157</b>	<b>3,750,563</b>	<b>1,699,109</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	569,184	1,288,289	(3,500,678)	3,591,411
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,083,207	-	7,200,000	-
Transfers out	(593,000)	-	(2,347,773)	(7,200,000)
<b>Total Other Financing Sources (Uses)</b>	<b>2,490,207</b>	<b>-</b>	<b>4,852,227</b>	<b>(7,200,000)</b>
Net Change in Fund Balances	3,059,391	1,288,289	1,351,549	(3,608,589)
Fund Balances, Beginning of Year, as previously reported	11,334,056	8,995,752	8,017,489	9,212,937
Restatements	155,677	-	-	-
Fund Balances, Beginning of Year, as restated	11,489,733	8,995,752	8,017,489	9,212,937
<b>Fund Balances, End of Year</b>	<b>\$ 14,549,124</b>	<b>\$ 10,284,041</b>	<b>\$ 9,369,038</b>	<b>\$ 5,604,348</b>

CITY OF IMPERIAL BEACH

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>		
Taxes	\$ -	\$ 12,955,952
Assessments	10,736	10,736
Licenses and permits	5,500	523,340
Intergovernmental	1,530,201	4,009,439
Charges for services	4,000	4,968,425
Use of money and property	59,153	1,898,102
Fines and forfeitures	-	224,134
Services provided	-	2,002,224
Miscellaneous	-	334,277
<b>Total Revenues</b>	<b>1,609,590</b>	<b>26,926,629</b>
<b>Expenditures:</b>		
Current:		
General government	53,670	4,941,379
Public safety	162,880	9,746,524
Parks, recreation and senior center	23,944	1,495,567
Public works	374,350	1,840,310
Capital outlay	942,440	4,905,993
Debt service:		
Principal retirement	-	415,000
Interest and fiscal charges	-	1,581,344
<b>Total Expenditures</b>	<b>1,557,284</b>	<b>24,926,117</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	52,306	2,000,512
<b>Other Financing Sources (Uses):</b>		
Transfers in	43,635	10,326,842
Transfers out	(761,069)	(10,901,842)
<b>Total Other Financing Sources (Uses)</b>	<b>(717,434)</b>	<b>(575,000)</b>
Net Change in Fund Balances	(665,128)	1,425,512
Fund Balances, Beginning of Year, as previously reported	2,054,296	39,614,530
Restatements	7,989	163,666
Fund Balances, Beginning of Year, as restated	2,062,285	39,778,196
<b>Fund Balances, End of Year</b>	<b>\$ 1,397,157</b>	<b>\$ 41,203,708</b>

CITY OF IMPERIAL BEACH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2009

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Net change in fund balances - total governmental funds \$ 1,425,512

Amounts reported for governmental activities in the statement of activities 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. 4,350,262

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 388,696

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 1,135

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. (41,960)

Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (35,019)

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. 503,120

**Change in net assets of governmental activities \$ 6,591,746**

CITY OF IMPERIAL BEACH

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, as restated	\$ 11,489,733	\$ 11,489,733	\$ 11,489,733	\$ -
<b>Resources (Inflows):</b>				
Taxes	7,073,074	6,473,924	6,357,430	(116,494)
Licenses and permits	593,282	532,300	517,840	(14,460)
Intergovernmental	2,798,640	1,349,150	2,479,238	1,130,088
Charges for services	7,151,813	4,724,980	4,920,593	195,613
Use of money and property	1,058,872	913,472	1,063,452	149,980
Fines and forfeitures	421,600	335,900	224,134	(111,766)
Contributions	2,491,600	2,008,077	2,002,224	(5,853)
Miscellaneous	453,000	154,000	333,277	179,277
Transfers from other funds	2,519,847	3,045,713	3,083,207	37,494
<b>Amounts Available for Appropriation</b>	<b>36,051,461</b>	<b>31,027,249</b>	<b>32,471,128</b>	<b>1,443,879</b>
<b>Charges to Appropriation (Outflow):</b>				
General government				
Mayor/City Council	85,068	108,837	91,412	17,425
City Clerk's office	249,618	272,984	253,309	19,675
City Manager	280,763	235,351	236,986	(1,635)
Personnel	236,880	261,663	268,845	(7,182)
Administrative services	598,282	623,831	602,768	21,063
City Attorney	268,125	275,000	175,856	99,144
Community development	284,387	364,287	316,081	48,206
Facilities maintenance	261,224	261,224	223,032	38,192
Non-departmental	255,727	210,056	188,650	21,406
Public safety				
Law enforcement contract	6,180,541	6,077,875	5,683,606	394,269
Fire protection rescue	1,948,652	2,129,249	2,083,124	46,125
Ocean beach safety	1,199,355	1,236,355	1,250,758	(14,403)
Building inspection	312,911	336,241	283,066	53,175
Animal control	209,700	209,700	174,778	34,922
Disaster preparedness	36,706	54,706	34,520	20,186
Code enforcement	48,158	48,158	43,221	4,937
AVA program	39,061	39,061	30,571	8,490
Parks, recreation and senior center				
Recreation services and skatepark	240,984	241,184	240,908	276
Park maintenance	375,094	408,228	358,506	49,722
Senior services	27,527	27,527	26,250	1,277
Tidelands maintenance	886,966	896,576	845,959	50,617
Public works				
Street maintenance	723,576	819,546	781,153	38,393
Public works administration	444,797	513,044	439,383	73,661
Graffiti removal	-	-	665	(665)
Solid waste management	104,538	1,399,874	244,759	1,155,115
Capital outlay	132,695	239,788	2,450,838	(2,211,050)
Transfers to other funds	-	597,000	593,000	4,000
<b>Total Charges to Appropriations</b>	<b>15,431,335</b>	<b>17,887,345</b>	<b>17,922,004</b>	<b>(34,659)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 20,620,126</b>	<b>\$ 13,139,904</b>	<b>\$ 14,549,124</b>	<b>\$ 1,478,538</b>

CITY OF IMPERIAL BEACH

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2009

	<u>Enterprise Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Sewer</u>	
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and investments	\$ 2,616,229	\$ 5,976,354
Receivables:		
Accounts	168,408	6,222
Due from other governments	250,172	18,475
Inventories	-	3,083
<b>Total Current Assets</b>	<b><u>3,034,809</u></b>	<b><u>6,004,134</u></b>
<b>Noncurrent Assets:</b>		
Capital assets - net of accumulated depreciation	5,237,829	994,648
<b>Total Noncurrent Assets</b>	<b><u>5,237,829</u></b>	<b><u>994,648</u></b>
<b>Total Assets</b>	<b><u>\$ 8,272,638</u></b>	<b><u>\$ 6,998,782</u></b>
<b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 16,537	\$ 54,124
Accrued liabilities	14,433	15,513
Accrued compensated absences	13,443	-
Accrued claims and judgments	-	625
<b>Total Current Liabilities</b>	<b><u>44,413</u></b>	<b><u>70,262</u></b>
<b>Noncurrent Liabilities:</b>		
Compensated absences	31,772	52,661
Claims payable	-	510,394
<b>Total Noncurrent Liabilities</b>	<b><u>31,772</u></b>	<b><u>563,055</u></b>
<b>Total Liabilities</b>	<b><u>76,185</u></b>	<b><u>633,317</u></b>
<b>Net Assets:</b>		
Unrestricted	8,196,453	6,365,465
<b>Total Net Assets</b>	<b><u>8,196,453</u></b>	<b><u>6,365,465</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 8,272,638</u></b>	<b><u>\$ 6,998,782</u></b>
<b>Reconciliation of Net Assets to the Statement of Net Assets</b>		
Net Assets per Statement of Net Assets - Proprietary Funds	\$ 8,196,453	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	(33,611)	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	(28,020)	
<b>Net Assets per Statement of Net Assets</b>	<b><u>\$ 8,134,822</u></b>	

CITY OF IMPERIAL BEACH

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009

	<u>Enterprise Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Sewer</u>	
<b>Operating Revenues:</b>		
Sales and service charges	\$ 4,079,065	\$ 1,316,405
Miscellaneous	234,200	139,231
<b>Total Operating Revenues</b>	<b><u>4,313,265</u></b>	<b><u>1,455,636</u></b>
<b>Operating Expenses:</b>		
Services and supplies	3,201,752	489,485
Personnel and administrative	491,606	508,933
Claims expenses	-	517,831
Depreciation	156,919	190,337
<b>Total Operating Expenses</b>	<b><u>3,850,277</u></b>	<b><u>1,706,586</u></b>
Operating Income (Loss)	<u>462,988</u>	<u>(250,950)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Interest revenue	64,567	151,050
Contribution from City	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>64,567</u></b>	<b><u>151,050</u></b>
Income (Loss) Before Transfers	527,555	(99,900)
Transfers in	-	575,000
Changes in Net Assets	<u>527,555</u>	<u>475,100</u>
<b>Net Assets:</b>		
Beginning of Year, as previously reported	7,622,560	5,890,365
Restatements	46,338	-
Beginning of Fiscal Year, as restated	<u>7,668,898</u>	<u>5,890,365</u>
<b>End of Fiscal Year</b>	<b><u>\$ 8,196,453</u></b>	<b><u>\$ 6,365,465</u></b>
<b>Reconciliation of Changes in Net Assets to the Statement of Activities:</b>		
Changes in Net Assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	\$ 527,555	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	<u>(28,020)</u>	
<b>Changes in Net Assets of Business-Type Activities per Statement of Activities</b>	<b><u>\$ 499,535</u></b>	

CITY OF IMPERIAL BEACH

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2009

	<u>Enterprise Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Sewer</u>	
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers and users	\$ 4,278,685	\$ -
Cash received from/(paid to) interfund service provided	-	1,476,163
Cash paid to suppliers for goods and services	(3,369,295)	(869,516)
Cash paid to employees for services	(488,729)	(502,180)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>420,661</b>	<b>104,467</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Cash transfers in	-	575,000
<b>Net Cash Provided (Used) by Non-Capital Financing Activities Capital and Related Financing Activities</b>	<b>-</b> <b>(41,344)</b>	<b>575,000</b> <b>(151,564)</b>
<b>Cash Flows from Investing Activities:</b>		
Interest received	64,567	151,050
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>64,567</b>	<b>151,050</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>443,884</b>	<b>678,953</b>
Cash and Cash Equivalents at Beginning of Year	2,172,345	5,297,401
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,616,229</b>	<b>\$ 5,976,354</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ 462,988	\$ (250,950)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>		
Depreciation	156,919	190,337
(Increase) decrease in accounts receivable	(35,364)	(2,086)
(Increase) decrease in due from other governments	784	22,613
Increase (decrease) in accounts payable	(167,543)	9,215
Increase (decrease) in accrued liabilities	1,740	4,593
Increase (decrease) in claims and judgments	-	128,585
Increase (decrease) in compensated absences	1,137	2,160
<b>Total Adjustments</b>	<b>(42,327)</b>	<b>355,417</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 420,661</b>	<b>\$ 104,467</b>

CITY OF IMPERIAL BEACH

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2009

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	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	<u>\$ 580,466</u>
<b>Total Assets</b>	<b><u>\$ 580,466</u></b>
<b>Liabilities:</b>	
Due to bondholders	<u>\$ 580,466</u>
<b>Total Liabilities</b>	<b><u>\$ 580,466</u></b>

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**CITY OF IMPERIAL BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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, highways and streets, planning and zoning, and public improvements. Police services are contracted through the 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 of Imperial Beach (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 of Imperial Beach'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. The following component units of the City have been included in the financial reporting entity as blended component units.

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 Redevelopment Agency

The Imperial Beach Redevelopment Agency (RDA) was activated in October 1995 pursuant to Section 33101 of the California Health and Safety Code. The purpose of the RDA is to eliminate deteriorating conditions and conserve, rehabilitate and revitalize project areas in accordance with the redevelopment plan. The RDA is designed to encourage cooperation and participation of residents, businesspersons, community organizations and public agencies in the revitalization area. The RDA has established an Amended Project Area that encompasses nearly the entire city. Separate financial statements for the Imperial Beach Redevelopment Agency of the City of Imperial Beach can be obtained at the City of Imperial Beach's City Hall.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 1: Summary of Significant Accounting Policies (Continued)**

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 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.

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

**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, with the exception of gas tax which is 120 days. 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. Fiduciary Funds are accounted for on a full accrual basis.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 1: Summary of Significant Accounting Policies (Continued)**

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.

Private-sector standards of accounting and financial reporting issued prior to December 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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 Housing Redevelopment Capital Projects Fund accounts for the general activity of the Redevelopment Agency.
- The Redevelopment Agency Capital Projects Fund accounts for the general activity of the Redevelopment Agency.
- The Redevelopment Agency Debt Service Fund accounts for the general activity of the Redevelopment Agency.

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:

- 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.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 1: Summary of Significant Accounting Policies (Continued)**

- Agency 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 agency funds account for its special assessment districts.

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.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

**d. Assets, Liabilities and Net Assets 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 financial statement presentation 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 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."

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 1: Summary of Significant Accounting Policies (Continued)**

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

**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.
- 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 park department development and maintenance.
- Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

**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 and is equally offset by a reservation of fund balance in the fund-level statements, which indicates that it does not constitute “available spendable resources.”

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. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

**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 \$1,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 1: Summary of Significant Accounting Policies (Continued)**

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired in prior and current years.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	25 - 50
Improvements Other than Buildings	10 - 50
Sewer lines and Pump Stations	35 - 50
Equipment	3 - 20
Vehicles	5 - 10
<u>Infrastructure</u>	<u>Years</u>
Pavement	33
Curb and Gutter	50
Sidewalk	50

**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 1,000 hours and for safety employees is 1,400 hours. 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 for half the accumulated sick leave. Compensated absences are paid out of the General Fund, Redevelopment Agency Capital Project Fund, Internal Service Funds and Enterprise Funds and are reported there as a liability when they have matured.

Accumulated vested sick pay and vacation pay at June 30, 2009, 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.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 1: Summary of Significant Accounting Policies (Continued)**

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

**e. Reconciliation of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance-governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term debt and compensated absences that have not been included in the governmental fund activity." The detail of the \$(19,540,524) long-term debt difference is as follows:

Tax Allocation Bonds	\$ (19,805,000)
Unamortized Bond Discount	<u>264,476</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u>\$ (19,540,524)</u>

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 1: Summary of Significant Accounting Policies (Continued)**

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

The details of this \$4,350,262 difference are as follows:

Capital Outlay	\$ 4,940,726
Depreciation Expense	<u>(590,464)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,350,262</u>

**II. STEWARDSHIP**

**Note 2: Stewardship, Compliance and Accountability**

**a. 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 in the General Fund, special revenue funds, except for the Traffic Safety, Parks Grant and Prop 1B Funds, enterprise funds and the internal service 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 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.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 3: Cash and Investments (Continued)**

Capital projects are included in the City's multi-year capital budget and are appropriated on a project basis rather than a fiscal year basis. The capital budget has been excluded from these statements for comparability purposes.

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, 2009, 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.

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 for these funds.

**b. Excess of Expenditures Over Appropriations are as Follows:**

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
City Manager	\$ 236,986	\$ 235,351	\$ 1,635
Personnel	268,845	261,663	7,182
Ocean beach safety	1,250,758	1,236,355	14,403
Graffiti removal	665	-	665

**III. DETAILED NOTES ON ALL FUNDS**

**Note 3: Cash and Investments**

As of June 30, 2009, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 38,104,383
Business-Type activities	2,616,229
Fiduciary funds	<u>580,466</u>
Total Cash and Investments	<u><u>\$ 41,301,078</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 provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly 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 (Continued)**

**Note 3: Cash and Investments (Continued)**

Deposits

At June 30, 2009, the carrying amount of the City's deposits was \$948,311 and the bank balance was \$1,031,390. The \$83,079 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.

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

**City of Imperial Beach**  
**Notes to Financial Statements (Continued)**

**Note 3: Cash and Investments (Continued)**

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.

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.

GASB Statement No. 31

The City adopted GASB Statement of 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.

Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "AA" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2009, the City had no investments in medium-term notes. In addition, the City's investments in Federal Home Loan Bank, Federal Farm Credit Bank and Federal National Mortgage Association were rated "AAA" by Moody's and by S&P and the investment in Bank of America Corporation was rated "A" 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. As of June 30, 2009, the City's investments in external investment pools, money market mutual funds and investment agreements are unrated.

Custodial Credit Risk

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a specific policy addressing custodial credit risk.

As of June 30, 2009, none of the City's deposits or investments was exposed to custodial credit risk.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 3: 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 25% of the total investment pool. With respect to concentration risk, as of June 30, 2009, the City has not invested more than 25% 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, 2009, the City has investments with the following issuers, which exceed 5% of the total investment value:

Federal Home Loan Bank	\$ 3,022,500	7.7%
Federal Farm Credit Bank	2,031,260	5.2%
Federal National Mortgage Association	2,000,000	5.1%

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, 2009, the City had the following investments and original maturities:

Investment Type:	Investment Maturities (in Years)				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
California Local Agency Investment Fund	\$ 30,715,579	\$ -	\$ -	\$ -	\$ 30,715,579
Federal Farm Credit Bank	-	-	-	2,031,260	2,031,260
Federal Home Loan Bank	-	-	3,022,500	-	3,022,500
Federal National Meeting Association	-	-	-	2,000,000	2,000,000
Corporate Bonds	-	1,027,840	-	-	1,027,840
Money Market Mutual Funds - held by fiscal agent	1,555,588	-	-	-	1,555,588
	<u>\$ 32,271,167</u>	<u>\$ 1,027,840</u>	<u>\$ 3,022,500</u>	<u>\$ 4,031,260</u>	<u>\$ 40,352,767</u>

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 4: Capital Assets**

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Adjustments*	Adjusted Beginning Balance	Transfers	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>							
Capital assets, not being depreciated:							
Land	\$ 1,638,532	\$ -	\$ 1,638,532	\$ -	\$ -	\$ -	\$ 1,638,532
Infrastructure right-of-way	12,406,327	-	12,406,327	-	-	-	12,406,327
Construction-in-progress	2,548,901	176,697	2,725,598	(812,477)	4,581,200	-	6,494,321
<b>Total Capital Assets, Not Being Depreciated</b>	<b>16,593,760</b>	<b>176,697</b>	<b>16,770,457</b>	<b>(812,477)</b>	<b>4,581,200</b>	<b>-</b>	<b>20,539,180</b>
Capital assets, being depreciated:							
Structures and improvements	4,954,597	-	4,954,597	812,477	254,157	-	6,021,231
Equipment and vehicles	3,661,965	-	3,661,965	5,813	207,815	65,237	3,810,356
Infrastructure	12,978,544	-	12,978,544	-	43,305	-	13,021,849
<b>Total Capital Assets, Being Depreciated</b>	<b>21,595,106</b>	<b>-</b>	<b>21,595,106</b>	<b>818,290</b>	<b>505,277</b>	<b>65,237</b>	<b>22,853,436</b>
Less accumulated depreciation:							
Structures and improvements	2,530,295	-	2,530,295	-	184,721	-	2,715,016
Equipment and vehicles	2,543,244	-	2,543,244	-	222,016	65,237	2,700,023
Infrastructure	2,813,473	-	2,813,473	-	374,064	-	3,187,537
<b>Total Accumulated Depreciation</b>	<b>7,887,012</b>	<b>-</b>	<b>7,887,012</b>	<b>-</b>	<b>780,801</b>	<b>65,237</b>	<b>8,602,576</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>13,708,094</b>	<b>-</b>	<b>13,708,094</b>	<b>818,290</b>	<b>(275,524)</b>	<b>-</b>	<b>14,250,860</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 30,301,854</b>	<b>\$ 176,697</b>	<b>\$ 30,478,551</b>	<b>\$ 5,813</b>	<b>\$ 4,305,676</b>	<b>\$ -</b>	<b>\$ 34,790,040</b>
<b>Business-Type Activities:</b>							
Capital assets, not being depreciated:							
Construction-in-progress	\$ 98,677	\$ -	\$ 98,677	\$ (107,867)	\$ 64,188	\$ -	\$ 54,998
<b>Total Capital Assets, Not Being Depreciated</b>	<b>98,677</b>	<b>-</b>	<b>98,677</b>	<b>(107,867)</b>	<b>64,188</b>	<b>-</b>	<b>54,998</b>
Capital assets, being depreciated:							
Sewer Lines and Pump Stations	8,164,234	-	8,164,234	102,054	29,307	-	8,295,595
<b>Total Capital Assets, Being Depreciated</b>	<b>8,164,234</b>	<b>-</b>	<b>8,164,234</b>	<b>102,054</b>	<b>29,307</b>	<b>-</b>	<b>8,295,595</b>
Less accumulated depreciation:							
Sewer Lines and Pump Stations	2,955,845	-	2,955,845	-	156,919	-	3,112,764
<b>Total Accumulated Depreciation</b>	<b>2,955,845</b>	<b>-</b>	<b>2,955,845</b>	<b>-</b>	<b>156,919</b>	<b>-</b>	<b>3,112,764</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>5,208,389</b>	<b>-</b>	<b>5,208,389</b>	<b>102,054</b>	<b>(127,612)</b>	<b>-</b>	<b>5,182,831</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 5,307,066</b>	<b>\$ -</b>	<b>\$ 5,307,066</b>	<b>\$ (5,813)</b>	<b>\$ (63,424)</b>	<b>\$ -</b>	<b>\$ 5,237,829</b>

\* Adjustments were to properly state capital asset balances.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 4: Capital Assets (Continued)**

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

Governmental Activities:	
General Government	\$ 63,674
Public Safety	34,823
Public Works	383,192
Parks, Recreation and Senior Center	108,775
Internal Service Funds	190,337
	<hr/>
Total Governmental Activities	<u>\$ 780,801</u>
Business-Type Activities:	
Sewer	<u>\$ 156,919</u>

**Note 5: Loans Receivable**

Loans receivable consist of the following:

Capital Project Funds

In November 2002, the Agency loaned \$25,000 to the Imperial Beach Community Clinic (IBCC) to be repaid on or before January 1, 2013. IBCC may receive credit toward the repayment of the Note in accordance with an Owner Participation Agreement (OPA) by and between the Agency and IBCC. The Agency will forgive \$2,500 of the loan for each year that IBCC complies with the OPA and operates the facility as a health clinic in substantially the same manner as on the date the OPA was executed (November 13, 2002). During fiscal year 2008-2009, \$2,500 of the debt was forgiven, leaving a balance of \$8,750.

Low and Moderate Income Housing Set-aside Funds

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. 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, 2009, amounts to \$46,946 and is offset by deferred revenue. The loan has not fully been disbursed at June 30, 2009. The outstanding balance at June 30, 2009, is \$653,758, including accrued interest.

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

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 5: Loans Receivable (Continued)**

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, 2009, amounts to \$42,306 and is offset by deferred revenue. The loan has not fully been disbursed at June 30, 2009. The outstanding balance at June 30, 2009, is \$528,761, including accrued interest.

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. Beachwind Court, LP intends to rent seven units to families earning 50% or below of the area median income and to rent all seven units to families earning 60% or below of the area median income, for a term 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, 2009, amounts to \$34,577 and is offset by deferred revenue. The loan has not fully been disbursed at June 30, 2009. The outstanding balance at June 30, 2009, is \$1,396,077, including accrued interest.

The Clean and Green Neighborhood Revitalization Program provides zero interest deferred payment loans for very low, low and moderate-income individuals and families to improve energy and water efficiency, health and safety, and/or enhance the physical appearance of their home and property. The loans are available to owner-occupants of single-family detached homes and manufactured homes on private lots. The loan is forgiven on a pro-rata basis over 15 years for each year of residency, with any balance due upon the sale, transfer to a new owner or lease to a tenant. The total of these loans and corresponding fund balance reservation as of June 30, 2009, amounts to \$620,695.

Total loans receivable at June 30, 2009, amounts to \$3,208,041.

**Note 6: Interfund Receivable, Payable and Transfers**

The composition of interfund balances as of June 30, 2009, is as follows:

Advances To/From Other Funds

<u>Funds</u>	<u>Advances from Other Funds</u>	<u>Total</u>
	Capital Projects Redevelopment	
Advances to Other Funds:		
General Fund	\$ 3,738,100	\$ 3,738,100
Total	<u>\$ 3,738,100</u>	<u>\$ 3,738,100</u>

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 6: Interfund Receivable, Payable and Transfers (Continued)**

During the current and previous fiscal years, the City of Imperial Beach has made loans to the Agency. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated with the next fiscal year. As of June 30, 2009, loans made from the General Fund to the Redevelopment Agency Capital Projects Fund, including accrued unpaid interest owed on those loans, were \$3,738,100.

Interfund Transfers

	Transfers In				Total
	General Fund	Capital Projects Redevelopment	Internal Service Funds	Nonmajor Funds	
Transfers Out:					
General Fund	\$ -	\$ -	\$ 575,000	\$ 18,000	\$ 593,000
Capital Projects Redevelopment	2,322,138	-	-	25,635	2,347,773
Debt Service Redevelopment	-	7,200,000	-	-	7,200,000
Nonmajor Funds	761,069	-	-	-	761,069
Total	<u>\$ 3,083,207</u>	<u>\$ 7,200,000</u>	<u>\$ 575,000</u>	<u>\$ 43,635</u>	<u>\$ 10,901,842</u>

Transfers were made to fund capital projects in the non-major funds and to reimburse the General Fund and the non-major Funds for expenditures incurred for grants and special revenue fund programs.

**Note 7: Deferred Revenue and Unearned Revenue**

General Fund deferred revenue of \$94,645 relates to sales tax revenue and grant revenue accrued but not yet received within the recognition periods.

General Fund unearned revenue consists of \$820,000 relating to a lease with the Unified Port District of San Diego and \$125,773 of other miscellaneous grant revenues received but not earned. The City entered into an agreement with the Port District in 1993 whereby the Port District leases the Pier Plaza and a parking lot from the city. The District paid the City \$1,800,000 at the beginning of the lease. Each year of the 30-year contract, the City recognizes \$60,000 of income and reduces the unearned revenue. As of June 30, 2009, \$820,000 remains of this unearned lease revenue.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 8: Long-Term Debt**

**a. Governmental Long-Term Debt**

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Compensated Absences	\$ 667,551	\$ 121,439	\$ 77,317	\$ 711,673	\$ 156,564
Tax Allocation Bonds	20,220,000	-	415,000	19,805,000	430,000
Claims & Judgments	382,436	250,460	121,877	511,019	127,755
	<u>\$ 21,269,987</u>	<u>\$ 371,899</u>	<u>\$ 614,194</u>	21,027,692	<u>\$ 714,319</u>
			Less: Unamortized discount	<u>264,476</u>	
			Net Long-Term Debt	<u>\$ 20,763,216</u>	

**Tax Allocation Bonds**

In December 2003, the Imperial Beach Public Financing Authority issued \$22,765,000 Tax Allocation Revenue Bonds, 2003 Series A. The proceeds of the bonds were loaned to the Imperial Beach Redevelopment Agency to fund redevelopment activities, to provide for a reserve fund and to provide for the costs of issuance of the bonds. Although the bonds were issued by the Authority and loaned to the Redevelopment Agency, the loan transaction has been eliminated from these financial statements, as the Public Financing Authority does not have its own financial statements or fund, and certain revenues of the Redevelopment Agency are pledged for repayment of the debt. Interest on the bonds is payable semiannually and principal payments are due annually. Debt service payments occur from June 1, 2004 through June 1, 2033. Interest rates on the bonds range from 1.75% to 6.10% per annum.

**Debt Service Repayment Schedule**

Debt service payments on the tax allocation bonds are as follows:

	<u>2003 Tax Allocation Bonds, Series A</u>	
	<u>Principal</u>	<u>Interest</u>
2009-2010	\$ 430,000	\$ 1,118,454
2010-2011	450,000	1,102,329
2011-2012	470,000	1,083,204
2012-2013	490,000	1,061,584
2013-2014	510,000	1,037,574
2014-2019	2,990,000	4,768,235
2019-2024	3,915,000	3,839,475
2024-2029	5,185,000	2,561,768
2029-2034	<u>5,365,000</u>	<u>828,000</u>
Totals	<u>\$ 19,805,000</u>	<u>\$ 17,400,623</u>

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 8: Long-Term Debt (Continued)**

The Agency's has pledged, as security for tax allocation bonds it has issued, a portion of tax increment revenues, including Low and Moderate Income Housing set-aside that it receives. These bonds were to provide financing for various capital projects and to accomplish Low and Moderate Income Housing projects. The Agency has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$37,205,623 with debt service requirements as indicated below. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Agency was \$6,647,579 and the debt service obligation on the bonds was \$1,547,771.

**b. Proprietary Fund Long-Term Debt**

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2009:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
Enterprise Fund:					
Compensated absences	\$ 44,078	\$ 1,720	\$ 583	\$ 45,215	\$ 13,443

**c. Special Assessment Bonds**

The City has four assessment districts that issued bonds from 1981 through 2004 that are outstanding with no City obligation. The bonds were issued to finance alley paving within the City. The bonds are secured by the unpaid assessments levied against the private property within the assessment districts. The bonds are not general obligations of the City, and neither the faith and credit, nor the taxing power of the City, is pledged to the payment of the bonds.

**d. Limited Obligation Improvement Bonds**

On March 21, 2005, the City of Imperial Beach Assessment District No. 71 issued \$70,000 in limited obligation improvement bonds with interest rates varying from 5.00% to 5.50% pursuant to the provisions of the Improvement Bond Act of 1915. The bonds were issued to finance certain public improvements to benefit property within the City's Assessment District No. 71. The issues described above are not reflected in the liabilities on the statement of net assets because they are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statement of the issues. Neither faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof is pledged for the payment of these bonds.

**IV. OTHER INFORMATION**

**Note 9: City Employees Retirement Plan (Defined Benefit Pension Plan)**

Plan Description

The City of Imperial Beach contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The current rate is 12.816% for miscellaneous employees, 23.786% for fire employees and 16.025% for ocean lifeguards, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2009, the City's annual pension cost of \$844,083 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method.

<u>Three-Year Trend Information for PERS</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Miscellaneous Members</u>			
6/30/2007	\$ 387,164	100%	-
6/30/2008	450,619	100%	-
6/30/2009	462,229	100%	-
<u>Safety Members</u>			
6/30/2007	\$ 311,479	100%	-
6/30/2008	320,046	100%	-
6/30/2009	381,854	100%	-

For fiscal year 2008-2009, the City participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 9: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)**

Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date, starting with the June 30, 2003 valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

**Note 10: Other Post Employment Benefits**

Plan Description

The City provides other postemployment benefits (OPEB) through a single-employer defined benefit healthcare plan by contributing up to a maximum of \$75.75 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.

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. A contribution of \$2,888 was made during the 2008-2009 fiscal year and was not included in the September 1, 2009, actuarial study. The purpose of the contribution was to pay current year premiums for retirees.

As a result, the City calculated and recorded a Net OPEB Liability, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC) *	\$ 31,066
Adjustment to ARC	-
Annual OPEB cost	31,066
Contributions made	<u>(2,888)</u>
(Decrease) increase in Net OPEB obligation	28,178
Net OPEB obligation (asset) - beginning of year	<u>-</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ 28,178</u></u>

\* The actuarial valuation was valued at September 1, 2009. The ARC for fiscal year 2008-2009 was estimated at the same amount to be conservative.

The contribution rate of 9.3% is based on the ARC of \$31,066 an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

For the fiscal year 2008-2009, the City's annual OPEB cost (expense) of \$2,888 was less than the ARC. Since this fiscal year is the transition year, information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is only available for the current fiscal year, as presented below:

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 10: Other Post Employment Benefits (Continued)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008-2009, and the two preceding years were as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution (Net of Adjustments)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2007	N/A	N/A	N/A	N/A
6/30/2008	N/A	N/A	N/A	N/A
6/30/2009	\$31,066	\$2,888	9.30%	\$28,178

**Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Only one year is presented as this is the first year of the plan.

<u>Type of Valuation</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Interest Rate</u>	<u>Salary Scale</u>
Actual	9/1/2009	\$ -	\$ 264,384	\$ 264,384	0.0%	5.00%	5.00%

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 1, 2009, actuarial valuation, the level percentage of payroll actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 4%. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level dollar on an open basis. The remaining amortization period at June 30, 2009, was thirty years. The number of active participants is 78.

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 11: Self-Insurance Program**

General Liability

On August 8, 1990, the City became one of twelve (13) members of the San Diego Pooled Insurance Program Authority (SANDPIPA) and San Diego County Cities Risk Management Authority (SDCCRMA). These organizations were created by a joint powers authority (JPA) to provide liability, property and casualty coverage to its members. Under the joint powers agreement SANDPIPA provides liability insurance coverage for the City for the difference between \$2,000,000 and the individual self-insured retention of \$125,000 each occurrence, \$15,000,000 annual aggregate for the pool. Commercial excess liability insurance is provided from the \$2,000,000 up to \$35,000,000 per occurrence. The premiums billed by the JPA to member cities are planned to match the expenses of the self-insurance as well as the cost of providing the excess layer coverage and the cost of administering the plan.

In addition to its coverage through the JPA, effective July 1, 1993, the San Diego Unified Port District agreed to fund an Escrow Reserve Account of \$300,000 for the purpose of reimbursing the City for any claim costs not covered by the JPA insurance, provided they are 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 CSAC Excess Insurance Authority. 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 CSAC. Claims between \$5,000,000 and \$300,000,000 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, SDCCRMA and CSAC 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 \$487,633 reported at June 30, 2009, 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.

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 two fiscal years are as follows:

	<u>2007-2008</u>	<u>2008-2009</u>
Claims outstanding at beginning of year	\$ 546,256	\$ 382,436
Claims and changes in estimates	(73,559)	250,458
Claim payments	<u>(90,261)</u>	<u>(121,875)</u>
Claims outstanding at end of year	<u>\$ 382,436</u>	<u>\$ 511,019</u>

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 12: Contingencies**

Litigation

The City is involved in various lawsuits of which the outcome was undetermined as of June 30, 2009. No amount has been accrued for these contingent amounts.

Major Service Contracts

The San Diego Unified Port District owns the beachfront and bayfront in the City of Imperial Beach. Starting in fiscal year 1989-1990, the City entered into a contractual agreement with the San Diego Unified Port District, whereby the Port District provides reimbursement to the City for costs incurred in the maintenance and public safety services for the over two million visitors to the Port's beach area. In October 2006, the City entered into a new contract with the San Diego Unified Port District whereby the Port District will provide reimbursement to the City for costs incurred relative to the beachfront from July 1, 2006 through June 30, 2009. This is a renewal of the previous contract which ended June 30, 2005. The new contract provides for cost reimbursement to the City of an amount not to exceed \$8,705,334 through June 30, 2009. A failure to renew the agreement either through the Port District's unwillingness or inability to do so would result in the City adjusting expenditures and service levels to meet the Port's level of reimbursement. There is no indication of any proposed substantial change to this contractual relationship. In fiscal year 2008-2009, the City received \$3,506,209 or 20% of its general fund revenue from the Port District.

**Note 13: Fund Equity**

a. Fund Equity and Net Assets Restatements

Beginning fund balance has been restated as follows:

Governmental Funds:

Major Governmental Funds:

General Fund	
To restate prior year developer deposits	\$ 46,834
To recognize deferred revenue recorded in prior years	108,843
	<u>155,677</u>

Non-Major Governmental Funds:

Capital Projects Redevelopment Agency	
To close out a fund that was no longer in use	7,989
	<u>\$ 163,666</u>

Enterprise Funds:

Sewer Fund	
To restate prior year accounts payable	<u>\$ 46,338</u>

**City of Imperial Beach  
Notes to Financial Statements (Continued)**

**Note 13: Fund Equity (Continued)**

Net assets have been restated as follows:

Governmental Activities:	
Governmental fund restatements from above	\$ 163,666
Correct deferred revenue recognized in prior years	(108,843)
To properly record capital assets	176,697
	<u>\$ 231,520</u>
Business-Type Activities:	
Enterprise fund restatements from above	<u>\$ 46,338</u>

**Note 14: Property Tax**

Property tax revenue is recognized on the basis of NCGA Interpretation No. 3; (adopted by GASB) that is, 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 as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

**Note 15: Subsequent Events**

Local Government Revenues Withheld by the State of California

On July 24, 2009, the legislation approved the "borrowing" of up to 8 percent of the local property tax under Proposition 1A (2004). The City is a participant in the Proposition 1A Securitization Program offered by California Communities, a joint powers authority sponsored by the League of California Cities and California State Association of Counties. California Communities sold bonds on November 10, 2009, securitizing the future payments by the State and remit the proceeds of the bonds to the local governments who opt to participate in the program. The purchase price paid on the sale of the City's receivable is 100% or \$333,341. Participants of the Securitization program have no obligation on the bonds and no credit exposure to the State. Distribution of the proceeds to the participants is expected 50% on January 15, 2010 and 50% on May 3, 2010.

SERAF Tax Increment Revenue Shift for fiscal year 2009-2010 and 2010-2011

On July 23, 2009, the California Legislature passed SB 26, requiring a shift in tax increment revenues during fiscal years 2009-2010 and 2010-2011 to be deposited into the county "Supplemental" Educational Revenue Augmentation Fund (SERAF) and which is to be distributed to meet the State's Prop 98 obligations to schools. It is estimated that the Agency's share of the SERAF shift for fiscal year 2009-2010 and 2010-2011 will amount to approximately \$2,664,935 and \$548,663, respectively. In October 2009, the California Redevelopment Association and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid. As of the date of this report, no legal determination has been made by the courts on that action.

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CITY OF IMPERIAL BEACH

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<u>Special Revenue Funds</u>			
	<u>Gas Tax</u>	<u>Prop A Tax</u>	<u>Residential Construction</u>	<u>CDBG Grant</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 708,519	\$ 483,008	\$ 179,258	\$ (89,986)
Due from other governments	97,528	-	-	90,377
<b>Total Assets</b>	<b><u>\$ 806,047</u></b>	<b><u>\$ 483,008</u></b>	<b><u>\$ 179,258</u></b>	<b><u>\$ 391</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 24,486	\$ 21,383	\$ -	\$ 12,009
Accrued liabilities	-	93	-	69
Deferred revenues	-	-	-	90,377
Unearned revenues	-	-	-	-
<b>Total Liabilities</b>	<b><u>24,486</u></b>	<b><u>21,476</u></b>	<b><u>-</u></b>	<b><u>102,455</u></b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	17,287	1,075	-	-
Unreserved:				
Undesignated	764,274	460,457	179,258	(102,064)
<b>Total Fund Balances</b>	<b><u>781,561</u></b>	<b><u>461,532</u></b>	<b><u>179,258</u></b>	<b><u>(102,064)</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 806,047</u></b>	<b><u>\$ 483,008</u></b>	<b><u>\$ 179,258</u></b>	<b><u>\$ 391</u></b>

CITY OF IMPERIAL BEACH

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

(Continued)

	<u>Special Revenue Funds</u>			
	<u>Supplemental Law Enforcement</u>	<u>Local Law Enforcement Block Grant</u>	<u>Lighting District #67</u>	<u>Traffic Safety Fund</u>
<b>Assets:</b>				
Pooled cash and investments	\$ (34,504)	\$ 26,900	\$ 32,013	\$ 98
Due from other governments	100,000	-	-	-
<b>Total Assets</b>	<b><u>\$ 65,496</u></b>	<b><u>\$ 26,900</u></b>	<b><u>\$ 32,013</u></b>	<b><u>\$ 98</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 95,738	\$ -	\$ 2,075	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	39,269	-	-	-
Unearned revenues	-	1,866	-	-
<b>Total Liabilities</b>	<b><u>135,007</u></b>	<b><u>1,866</u></b>	<b><u>2,075</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	-
Unreserved:				
Undesignated	(69,511)	25,034	29,938	98
<b>Total Fund Balances</b>	<b><u>(69,511)</u></b>	<b><u>25,034</u></b>	<b><u>29,938</u></b>	<b><u>98</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 65,496</u></b>	<b><u>\$ 26,900</u></b>	<b><u>\$ 32,013</u></b>	<b><u>\$ 98</u></b>

CITY OF IMPERIAL BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2009

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
	<u>Parks Grant Fund</u>	<u>Prop 1B</u>	<u>Capital Projects</u>	
<b>Assets:</b>				
Pooled cash and investments	\$ 87	\$ 134,835	\$ 121,973	\$ 1,562,201
Due from other governments	-	-	-	287,905
<b>Total Assets</b>	<b>\$ 87</b>	<b>\$ 134,835</b>	<b>\$ 121,973</b>	<b>\$ 1,850,106</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 112,217	\$ 53,367	\$ 321,275
Accrued liabilities	-	-	-	162
Deferred revenues	-	-	-	129,646
Unearned revenues	-	-	-	1,866
<b>Total Liabilities</b>	<b>-</b>	<b>112,217</b>	<b>53,367</b>	<b>452,949</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	1,201	-	19,563
Unreserved:				
Undesignated	87	21,417	68,606	1,377,594
<b>Total Fund Balances</b>	<b>87</b>	<b>22,618</b>	<b>68,606</b>	<b>1,397,157</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 87</b>	<b>\$ 134,835</b>	<b>\$ 121,973</b>	<b>\$ 1,850,106</b>

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CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

	<u>Special Revenue Funds</u>			
	<u>Gas Tax</u>	<u>Prop A Tax</u>	<u>Residential Construction</u>	<u>CDBG Grant</u>
<b>Revenues:</b>				
Assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	5,500	-
Intergovernmental	701,209	357,239	-	389,429
Charges for services	-	4,000	-	-
Use of money and property	24,972	22,434	5,408	(8,716)
<b>Total Revenues</b>	<b>726,181</b>	<b>383,673</b>	<b>10,908</b>	<b>380,713</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	53,670
Public safety	-	-	19,699	-
Parks, recreation and senior center	-	-	-	-
Public works	74,537	299,813	-	-
Capital outlay	-	268,615	-	220,606
<b>Total Expenditures</b>	<b>74,537</b>	<b>568,428</b>	<b>19,699</b>	<b>274,276</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	651,644	(184,755)	(8,791)	106,437
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(571,069)	(190,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(571,069)</b>	<b>(190,000)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	80,575	(374,755)	(8,791)	106,437
Fund Balances, Beginning of Year	700,986	836,287	188,049	(208,501)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	700,986	836,287	188,049	(208,501)
<b>Fund Balances, End of Year</b>	<b>\$ 781,561</b>	<b>\$ 461,532</b>	<b>\$ 179,258</b>	<b>\$ (102,064)</b>

## CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	Supplemental Law Enforcement	Local Law Enforcement Block Grant	Lighting District #67	Traffic Safety Fund
<b>Revenues:</b>				
Assessments	\$ -	\$ -	\$ 10,736	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	62,331	19,993	-	-
Charges for services	-	-	-	-
Use of money and property	(771)	994	516	46
<b>Total Revenues</b>	<b>61,560</b>	<b>20,987</b>	<b>11,252</b>	<b>46</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	131,928	11,253	-	-
Parks, recreation and senior center	-	-	23,944	-
Public works	-	-	-	-
Capital outlay	-	8,740	-	-
<b>Total Expenditures</b>	<b>131,928</b>	<b>19,993</b>	<b>23,944</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,368)	994	(12,692)	46
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	18,000	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>18,000</b>	<b>-</b>
Net Change in Fund Balances	(70,368)	994	5,308	46
Fund Balances, Beginning of Year	857	24,040	24,630	52
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	857	24,040	24,630	52
<b>Fund Balances, End of Year</b>	<b>\$ (69,511)</b>	<b>\$ 25,034</b>	<b>\$ 29,938</b>	<b>\$ 98</b>

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

	Special Revenue Fund		Capital Projects Fund	Total Governmental Funds
	Parks Grant Fund	Prop 1B	Capital Projects	
<b>Revenues:</b>				
Assessments	\$ -	\$ -	\$ -	\$ 10,736
Licenses and permits	-	-	-	5,500
Intergovernmental	-	-	-	1,530,201
Charges for services	-	-	-	4,000
Use of money and property	-	12,584	1,686	59,153
<b>Total Revenues</b>	<b>-</b>	<b>12,584</b>	<b>1,686</b>	<b>1,609,590</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	53,670
Public safety	-	-	-	162,880
Parks, recreation and senior center	-	-	-	23,944
Public works	-	-	-	374,350
Capital outlay	-	444,479	-	942,440
<b>Total Expenditures</b>	<b>-</b>	<b>444,479</b>	<b>-</b>	<b>1,557,284</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(431,895)	1,686	52,306
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	25,635	43,635
Transfers out	-	-	-	(761,069)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>25,635</b>	<b>(717,434)</b>
Net Change in Fund Balances	-	(431,895)	27,321	(665,128)
Fund Balances, Beginning of Year	87	454,513	33,296	2,054,296
Restatements	-	-	7,989	7,989
Fund Balances, Beginning of Year, as Restated	87	454,513	41,285	2,062,285
<b>Fund Balances, End of Year</b>	<b>\$ 87</b>	<b>\$ 22,618</b>	<b>\$ 68,606</b>	<b>\$ 1,397,157</b>

CITY OF IMPERIAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
GAS TAX  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 700,986	\$ 700,986	\$ 700,986	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	609,292	564,300	701,209	136,909
Use of money and property	14,400	14,400	24,972	10,572
<b>Amounts Available for Appropriation</b>	<b>1,324,678</b>	<b>1,279,686</b>	<b>1,427,167</b>	<b>147,481</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	222,000	74,537	147,463
Transfers to other funds	578,700	480,075	571,069	(90,994)
<b>Total Charges to Appropriations</b>	<b>578,700</b>	<b>702,075</b>	<b>645,606</b>	<b>56,469</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 745,978</b>	<b>\$ 577,611</b>	<b>\$ 781,561</b>	<b>\$ 203,950</b>

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE  
 PROP A TAX  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 836,287	\$ 836,287	\$ 836,287	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,271,600	750,000	357,239	(392,761)
Charges for services	-	-	4,000	4,000
Use of money and property	60,000	17,500	22,434	4,934
<b>Amounts Available for Appropriation</b>	<b>2,167,887</b>	<b>1,603,787</b>	<b>1,219,960</b>	<b>(383,827)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	525,000	1,195,776	299,813	895,963
Capital outlay	-	-	268,615	(268,615)
Transfers to other funds	230,250	224,000	190,000	34,000
<b>Total Charges to Appropriations</b>	<b>755,250</b>	<b>1,419,776</b>	<b>758,428</b>	<b>661,348</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,412,637</b>	<b>\$ 184,011</b>	<b>\$ 461,532</b>	<b>\$ 277,521</b>

CITY OF IMPERIAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
RESIDENTIAL CONSTRUCTION  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 188,049	\$ 188,049	\$ 188,049	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	100,000	27,400	5,500	(21,900)
Use of money and property	30,000	10,100	5,408	(4,692)
<b>Amounts Available for Appropriation</b>	<b>318,049</b>	<b>225,549</b>	<b>198,957</b>	<b>(26,592)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	50,000	-	19,699	(19,699)
<b>Total Charges to Appropriations</b>	<b>50,000</b>	<b>-</b>	<b>19,699</b>	<b>(19,699)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 268,049</b>	<b>\$ 225,549</b>	<b>\$ 179,258</b>	<b>\$ (46,291)</b>

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE  
 CDBG GRANT  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (208,501)	\$ (208,501)	\$ (208,501)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	447,037	136,099	389,429	253,330
Use of money and property	-	-	(8,716)	(8,716)
<b>Amounts Available for Appropriation</b>	<b>238,536</b>	<b>(72,402)</b>	<b>172,212</b>	<b>244,614</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	150,000	258,924	53,670	205,254
Capital outlay	-	43,175	220,606	(177,431)
<b>Total Charges to Appropriations</b>	<b>150,000</b>	<b>302,099</b>	<b>274,276</b>	<b>27,823</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 88,536</b>	<b>\$ (374,501)</b>	<b>\$ (102,064)</b>	<b>\$ 272,437</b>

CITY OF IMPERIAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
SUPPLEMENTAL LAW ENFORCEMENT  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 857	\$ 857	\$ 857	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	110,200	100,000	62,331	(37,669)
Use of money and property	6,400	927	(771)	(1,698)
<b>Amounts Available for Appropriation</b>	<b>117,457</b>	<b>101,784</b>	<b>62,417</b>	<b>(39,367)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	100,000	100,000	131,928	(31,928)
<b>Total Charges to Appropriations</b>	<b>100,000</b>	<b>100,000</b>	<b>131,928</b>	<b>(31,928)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 17,457</b>	<b>\$ 1,784</b>	<b>\$ (69,511)</b>	<b>\$ (71,295)</b>

CITY OF IMPERIAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
LOCAL LAW ENFORCEMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24,040	\$ 24,040	\$ 24,040	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	200,000	50,400	19,993	(30,407)
Use of money and property	1,000	500	994	494
Transfers from other funds	19,550	-	-	-
<b>Amounts Available for Appropriation</b>	<b>244,590</b>	<b>74,940</b>	<b>45,027</b>	<b>(29,913)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	25,000	25,000	11,253	13,747
Capital outlay	-	-	8,740	(8,740)
<b>Total Charges to Appropriations</b>	<b>25,000</b>	<b>25,000</b>	<b>19,993</b>	<b>5,007</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 219,590</b>	<b>\$ 49,940</b>	<b>\$ 25,034</b>	<b>\$ (24,906)</b>

CITY OF IMPERIAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
LIGHTING DISTRICT #67  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24,630	\$ 24,630	\$ 24,630	\$ -
<b>Resources (Inflows):</b>				
Assessments	75,000	12,000	10,736	(1,264)
Use of money and property	2,000	-	516	516
Transfers from other funds	65,200	18,000	18,000	-
<b>Amounts Available for Appropriation</b>	<b>166,830</b>	<b>54,630</b>	<b>53,882</b>	<b>(748)</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks, recreation and senior center	30,000	30,000	23,944	6,056
<b>Total Charges to Appropriations</b>	<b>30,000</b>	<b>30,000</b>	<b>23,944</b>	<b>6,056</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 136,830</b>	<b>\$ 24,630</b>	<b>\$ 29,938</b>	<b>\$ 5,308</b>

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 41,285	\$ 41,285	\$ 41,285	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	3,793,692	-	-	-
Charges for services	191,163	-	-	-
Use of money and property	336,200	-	1,686	1,686
Miscellaneous	1,830,000	-	-	-
Transfers in	13,013,496	-	25,635	25,635
<b>Amounts Available for Appropriation</b>	<b>19,205,836</b>	<b>41,285</b>	<b>68,606</b>	<b>27,321</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 19,205,836</b>	<b>\$ 41,285</b>	<b>\$ 68,606</b>	<b>\$ 27,321</b>

CITY OF IMPERIAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
HOUSING REDEVELOPMENT  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 8,995,752	\$ 8,995,752	\$ 8,995,752	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,809,100	1,496,000	1,666,758	170,758
Use of money and property	71,300	58,800	210,688	151,888
Miscellaneous	-	-	1,000	1,000
Transfers in	114,130	-	-	-
<b>Amounts Available for Appropriation</b>	<b>10,990,282</b>	<b>10,550,552</b>	<b>10,874,198</b>	<b>323,646</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	230,830	2,167,059	280,603	1,886,456
Debt service:				
Principal retirement	83,000	83,000	83,000	-
Interest and fiscal charges	226,554	226,554	226,554	-
Transfers out	-	(960,000)	-	(960,000)
<b>Total Charges to Appropriations</b>	<b>540,384</b>	<b>1,516,613</b>	<b>590,157</b>	<b>926,456</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 10,449,898</b>	<b>\$ 9,033,939</b>	<b>\$ 10,284,041</b>	<b>\$ 1,250,102</b>

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS RDA  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,017,489	\$ 8,017,489	\$ 8,017,489	\$ -
<b>Resources (Inflows):</b>				
Charges for services	-	16,338	43,832	27,494
Use of money and property	128,100	89,200	206,053	116,853
Miscellaneous	163,900	163,900	-	(163,900)
Transfers in	1,772,017	7,200,000	7,200,000	-
Other debts issued	800,000	-	-	-
<b>Amounts Available for Appropriation</b>	<b>10,881,506</b>	<b>15,486,927</b>	<b>15,467,374</b>	<b>(19,553)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	1,589,469	2,690,559	2,237,848	452,711
Capital outlay	398,350	431,350	1,512,715	(1,081,365)
Transfers out	-	10,000	2,347,773	(2,337,773)
<b>Total Charges to Appropriations</b>	<b>1,987,819</b>	<b>3,131,909</b>	<b>6,098,336</b>	<b>(2,966,427)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 8,893,687</b>	<b>\$ 12,355,018</b>	<b>\$ 9,369,038</b>	<b>\$ (2,985,980)</b>

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CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2009

	Governmental Activities - Internal Service Funds		
	Vehicle Replacement & Maintenance	Self-Insurance	Technology & Communication
<b>Assets:</b>			
Current:			
Cash and investments	\$ 1,413,477	\$ 3,477,069	\$ 750,859
Receivables (net of allowance for uncollectibles):			
Accounts	-	6,222	-
Due from other agencies	15,864	2,611	-
Inventories	3,083	-	-
<b>Total Current Assets</b>	<b>1,432,424</b>	<b>3,485,902</b>	<b>750,859</b>
Noncurrent:			
Capital assets - net of accumulated depreciation	940,720	-	53,928
<b>Total Noncurrent Assets</b>	<b>940,720</b>	<b>-</b>	<b>53,928</b>
<b>Total Assets</b>	<b>\$ 2,373,144</b>	<b>\$ 3,485,902</b>	<b>\$ 804,787</b>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ 10,682	\$ 13,258	\$ 30,184
Accrued liabilities	5,391	6,774	3,348
Accrued claims and judgments	-	625	-
<b>Total Current Liabilities</b>	<b>16,073</b>	<b>20,657</b>	<b>33,532</b>
Noncurrent:			
Accrued compensated absences	39,107	8,586	4,968
Accrued claims and judgments	-	510,394	-
<b>Total Noncurrent Liabilities</b>	<b>39,107</b>	<b>518,980</b>	<b>4,968</b>
<b>Total Liabilities</b>	<b>55,180</b>	<b>539,637</b>	<b>38,500</b>
<b>Net Assets:</b>			
Unrestricted	2,317,964	2,946,265	766,287
<b>Total Net Assets</b>	<b>2,317,964</b>	<b>2,946,265</b>	<b>766,287</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,373,144</b>	<b>\$ 3,485,902</b>	<b>\$ 804,787</b>

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2009

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>Facilities Repair &amp; Maintenance</b>	<b>Totals</b>
<b>Assets:</b>		
Current:		
Cash and investments	\$ 334,949	\$ 5,976,354
Receivables (net of allowance for uncollectibles):		
Accounts	-	6,222
Due from other agencies	-	18,475
Inventories	-	3,083
<b>Total Current Assets</b>	<b>334,949</b>	<b>6,004,134</b>
Noncurrent:		
Capital assets - net of accumulated depreciation	-	994,648
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>994,648</b>
<b>Total Assets</b>	<b>\$ 334,949</b>	<b>\$ 6,998,782</b>
<b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Current:		
Accounts payable	\$ -	\$ 54,124
Accrued liabilities	-	15,513
Accrued claims and judgments	-	625
<b>Total Current Liabilities</b>	<b>-</b>	<b>70,262</b>
Noncurrent:		
Accrued compensated absences	-	52,661
Accrued claims and judgments	-	510,394
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>563,055</b>
<b>Total Liabilities</b>	<b>-</b>	<b>633,317</b>
<b>Net Assets:</b>		
Unrestricted	334,949	6,365,465
<b>Total Net Assets</b>	<b>334,949</b>	<b>6,365,465</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 334,949</b>	<b>\$ 6,998,782</b>

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2009

	Governmental Activities - Internal Service Funds		
	Vehicle Replacement & Maintenance	Self-Insurance	Technology & Communication
<b>Operating Revenues:</b>			
Sales and service charges	360,068	\$ 620,857	\$ 335,480
Miscellaneous	133,611	5,239	381
<b>Total Operating Revenues</b>	<b>493,679</b>	<b>626,096</b>	<b>335,861</b>
<b>Operating Expenses:</b>			
Services and supplies	205,599	7,542	206,251
Claims expense	-	517,831	-
Depreciation expense	122,896	-	67,441
Personnel and administrative	233,017	131,605	139,514
<b>Total Operating Expenses</b>	<b>561,512</b>	<b>656,978</b>	<b>413,206</b>
Operating Income (Loss)	(67,833)	(30,882)	(77,345)
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	42,006	87,240	17,432
<b>Total Nonoperating Revenues (Expenses)</b>	<b>42,006</b>	<b>87,240</b>	<b>17,432</b>
Income (Loss) Before Transfers	(25,827)	56,358	(59,913)
Transfers in	-	300,000	75,000
Changes in Net Assets	(25,827)	356,358	15,087
<b>Net Assets:</b>			
Beginning of Year	2,343,791	2,589,907	751,200
<b>End of Fiscal Year</b>	<b>\$ 2,317,964</b>	<b>\$ 2,946,265</b>	<b>\$ 766,287</b>

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2009

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>Facilities Repair &amp; Maintenance</b>	<b>Totals</b>
<b>Operating Revenues:</b>		
Sales and service charges	\$ -	\$ 1,316,405
Miscellaneous	-	139,231
<b>Total Operating Revenues</b>	<b>-</b>	<b>1,455,636</b>
<b>Operating Expenses:</b>		
Services and supplies	70,093	489,485
Claims expense	-	517,831
Depreciation expense	-	190,337
Personnel and administrative	4,797	508,933
<b>Total Operating Expenses</b>	<b>74,890</b>	<b>1,706,586</b>
Operating Income (Loss)	(74,890)	(250,950)
<b>Nonoperating Revenues (Expenses):</b>		
Interest revenue	4,372	151,050
<b>Total Nonoperating Revenues (Expenses)</b>	<b>4,372</b>	<b>151,050</b>
Income (Loss) Before Transfers	(70,518)	(99,900)
Transfers in	200,000	575,000
Changes in Net Assets	129,482	475,100
<b>Net Assets:</b>		
Beginning of Year	205,467	5,890,365
<b>End of Fiscal Year</b>	<b>\$ 334,949</b>	<b>\$ 6,365,465</b>

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2009

	Governmental Activities - Internal Service Funds				
	Vehicle Replacement & Maintenance	Self-Insurance	Technology & Communication	Facilities Repair & Maintenance	Totals
<b>Cash Flows from Operating Activities:</b>					
Cash received from interfund service provided	\$ 519,782	\$ 620,520	\$ 335,861	\$ -	\$ 1,476,163
Cash paid to suppliers for goods and services	(213,561)	(388,611)	(187,326)	(80,018)	(869,516)
Cash paid to employees for services	(229,712)	(129,276)	(138,208)	(4,984)	(502,180)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>76,509</b>	<b>102,633</b>	<b>10,327</b>	<b>(85,002)</b>	<b>104,467</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers in	-	300,000	75,000	200,000	575,000
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>300,000</b>	<b>75,000</b>	<b>200,000</b>	<b>575,000</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(113,882)	-	(37,682)	-	(151,564)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(113,882)</b>	<b>-</b>	<b>(37,682)</b>	<b>-</b>	<b>(151,564)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	42,006	87,240	17,432	4,372	151,050
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>42,006</b>	<b>87,240</b>	<b>17,432</b>	<b>4,372</b>	<b>151,050</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>4,633</b>	<b>489,873</b>	<b>65,077</b>	<b>119,370</b>	<b>678,953</b>
Cash and Cash Equivalents at Beginning of Year	1,408,844	2,987,196	685,782	215,579	5,297,401
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,413,477</b>	<b>\$ 3,477,069</b>	<b>\$ 750,859</b>	<b>\$ 334,949</b>	<b>\$ 5,976,354</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (67,833)	\$ (30,882)	\$ (77,345)	\$ (74,890)	\$ (250,950)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	122,896	-	67,441	-	190,337
(Increase) decrease in accounts receivable	4,136	(6,222)	-	-	(2,086)
(Increase) decrease in due from other agencies	21,967	646	-	-	22,613
Increase (decrease) in accounts payable	(7,962)	8,177	18,925	(9,925)	9,215
Increase (decrease) in accrued liabilities	498	4,121	161	(187)	4,593
Increase (decrease) in claims and judgments	-	128,585	-	-	128,585
Increase (decrease) in compensated absences	2,807	(1,792)	1,145	-	2,160
<b>Total Adjustments</b>	<b>144,342</b>	<b>133,515</b>	<b>87,672</b>	<b>(10,112)</b>	<b>355,417</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 76,509</b>	<b>\$ 102,633</b>	<b>\$ 10,327</b>	<b>\$ (85,002)</b>	<b>\$ 104,467</b>

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2009

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<b><u>Special Assessment Districts</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 573,632	\$ 111,702	\$ 104,868	\$ 580,466
<b>Total Assets</b>	<b><u>\$ 573,632</u></b>	<b><u>\$ 111,702</u></b>	<b><u>\$ 104,868</u></b>	<b><u>\$ 580,466</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 573,632	\$ 6,834	\$ -	\$ 580,466
<b>Total Liabilities</b>	<b><u>\$ 573,632</u></b>	<b><u>\$ 6,834</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 580,466</u></b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 573,632	\$ 210,857	\$ 204,023	\$ 580,466
<b>Total Assets</b>	<b><u>\$ 573,632</u></b>	<b><u>\$ 210,857</u></b>	<b><u>\$ 204,023</u></b>	<b><u>\$ 580,466</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 573,632	\$ 6,834	\$ -	\$ 580,466
<b>Total Liabilities</b>	<b><u>\$ 573,632</u></b>	<b><u>\$ 6,834</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 580,466</u></b>

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