



THE CITY OF
HALF MOON BAY
CALIFORNIA

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2024

CITY OF HALF MOON BAY, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2024

Prepared by
Finance Department



**THIS PAGE IS
INTENTIONALLY BLANK**

CITY OF HALF MOON BAY, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2024

Table of Contents

| | <u>Page</u> |
|-----------------------------------------------------------------------------------------------------------------------|--------------------|
| INTRODUCTORY SECTION: | |
| Letter of Transmittal | i |
| GFOA Certificate of Achievement | ix |
| City Limits of Half Moon Bay | x |
| City Council | xi |
| Executive Team | xii |
| Organizational Chart | xiii |
| FINANCIAL SECTION: | |
| Independent Auditors’ Report | 1 |
| Management’s Discussion and Analysis | 7 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position..... | 25 |
| Statement of Activities | 26 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 28 |
| Reconciliation of the Governmental Funds-Balance Sheet with the Statement of Net Position | 30 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 32 |
| Reconciliation of the Net Change in Fund Balances – Total Governmental Funds with the Statement of Activities..... | 34 |
| Proprietary Funds: | |
| Statement of Net Position | 35 |
| Statement of Revenues, Expenses and Changes in Fund Net Position..... | 36 |
| Statement of Cash Flows | 37 |
| Notes to the Basic Financial Statements | 39 |

CITY OF HALF MOON BAY, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2024

Table of Contents

| | <u>Page</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| FINANCIAL SECTION (Continued): | |
| Required Supplementary Information: | |
| Cost-Sharing Employer-Defined Pension Plan | |
| Schedule of the Plan’s Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date – Miscellaneous Plan | 81 |
| Schedule of Contributions – Miscellaneous Plan..... | 81 |
| Schedule of the Plan’s Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date – Safety Plan | 82 |
| Schedule of Contributions – Safety Plan..... | 82 |
| Other Post-Employment Benefits Plan (OPEB) | |
| Schedule of Changes in the Net OPEB Liability and Related Ration..... | 83 |
| Schedule of Employer Contributions | 84 |
| Schedule of Revenues and Expenditures and Changes in Fund Balance – Budget and Actual: | |
| General Fund..... | 85 |
| Streets and Roads Special Revenue Fund | 86 |
| Lot Acquisition and Retirement Special Revenue Fund | 87 |
| Affordable Housing Special Revenue Fund..... | 88 |
| Parks Development Special Revenue Fund | 89 |
| Note to Required Supplementary Information | 90 |
| Supplementary Information: | |
| Capital Projects Fund | 92 |
| Non-Major Governmental Funds: | |
| Combining Balance Sheet | 94 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances..... | 96 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual: | |
| Special Revenue Funds: | |
| Police Grants..... | 98 |
| Storm Drain Operating | 99 |
| Traffic Mitigation | 100 |
| CZI Grant..... | 101 |
| Opportunity Center Coastside..... | 102 |

CITY OF HALF MOON BAY, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2024

Table of Contents

| | <u>Page</u> |
|----------------------------------------------------------------------------------|--------------------|
| FINANCIAL SECTION (Continued): | |
| Debt Service Fund: | |
| Judgment Obligations Bonds | 103 |
| Capital Project Funds: | |
| Library | 104 |
| Public Facilities | 105 |
| Storm Drain Improvements | 106 |
| Internal Service Funds: | |
| Combining Statement of Net Position..... | 108 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position | 109 |
| Combining Statement of Cash Flows..... | 110 |
| STATISTICAL SECTION: | |
| Financial Trends: | |
| Net Position by Component..... | 115 |
| Changes in Net Position..... | 116 |
| Fund Balances of Governmental Funds..... | 118 |
| Changes in Fund Balances of Governmental Funds | 119 |
| Revenue Capacity: | |
| Transient Occupancy Tax (TOT) Rate..... | 120 |
| Transient Occupancy Tax (TOT) by Lodging Type (BASE) | 121 |
| Transient Occupancy Taxpayers by Type of Establishment..... | 122 |
| Debt Capacity: | |
| Ratios of Outstanding Debt by Type | 123 |
| Ratio of General Bonded Debt Outstanding | 124 |
| Direct and Overlapping Debt..... | 125 |
| Legal Debt Margin Information..... | 126 |
| Demographic and Economic Information: | |
| Principal Employers..... | 127 |

CITY OF HALF MOON BAY, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2024

Table of Contents

| | <u>Page</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| STATISTICAL SECTION (Continued): | |
| Operating Information: | |
| Full-Time Equivalent City Employees by Function. | 128 |
| Operating Indicators by Function. | 129 |
| Capital Asset Statistics by Function. | 130 |
| Property Tax Information: | |
| 2023/24 Use Category Summary | 131 |
| Property Tax Dollar Breakdown..... | 132 |
| 2023/24 Roll Summary | 133 |
| Net Taxable Assessed Value History..... | 134 |
| Assessed Value of Taxable Property | 135 |
| 2023/24 Top Ten Property Taxpayers | 136 |
| 2014/15 Top Ten Property Taxpayers | 137 |
| Direct & Overlapping Property Tax Rates..... | 138 |
| Demographic and Economic Statistics | 139 |
| Sales Value History..... | 140 |
| | |
| Independent Auditor Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 141 |

INTRODUCTORY SECTION



**THIS PAGE IS
INTENTIONALLY BLANK**



CITY OF HALF MOON BAY

501 Main Street
Half Moon Bay, CA 94019

December 3, 2024

Honorable Mayor,
Members of the City Council,
And Citizens of Half Moon Bay

It is a pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Half Moon Bay (the City) for the fiscal year ended June 30, 2024. The intent of this report is to provide a full and transparent understanding of the City's financial activities and position during that fiscal year. The report is prepared in compliance with California Government Sections 25250 and 25253, in accordance with Generally Accepted Accounting Principles (GAAP) set by the Governmental Accounting Standards Board (GASB), and continuing disclosure requirements of the Securities and Exchange Commission (SEC) related to the City's debt.

This report consists of management's representations concerning the finances of the City of Half Moon Bay. Consequently, responsibility for both the accuracy of the data and the fairness of this presentation, including all disclosures, rests with the City's management. To present a reasonable basis for making these representations, management personnel of the City have established and maintained a comprehensive internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgment by management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to represent fairly the financial position and results of operation of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State statutes require an annual audit by independent certified public accountants. The City's financial statements have been audited by Maze & Associates, a firm of licensed certified public accountants in Pleasant Hill, California. The independent auditor has issued an unmodified (or "clean") opinion on the City's financial statements for the year ended June 30, 2024.

GAAP requires that management provide a narrative of introductions, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the report of the independent auditors in the financial section. This letter complements the MD&A and should be read in conjunction with it.

PROFILE OF THE CITY

Named San Benito in the 1840's and later Spanishtown, Half Moon Bay received its current name in 1874 and is the oldest settlement in San Mateo County. Considered a rural coastal community, the City is home to approximately 11,000 people. There is a rich culture of different traditions and multi-generational families who have lived in Half Moon Bay for well over 100 years. In any given neighborhood you will find farmers, high tech entrepreneurs, and artists living together. At the crossroads of Highway 1 and Highway 92, Half Moon Bay is approximately 25 miles south of San Francisco and at-most a 45-minute drive from almost anywhere in the Bay Area.

The City and Coastside are a thriving agricultural, fishing, and tourism destination. The local and growing organic agricultural community hosts a Saturday farmers' market and many rural roadside stands sell the bounty of the local farms and nurseries. About 3,000 tons of pumpkins are grown on the Coastside every year and the ripening pumpkins are featured in the Art and Pumpkin Festival held each October on the downtown historic Main Street. The annual festival draws more than 200,000 visitors for the two-day event.

As a popular tourist destination, Half Moon Bay offers a wide variety of public and private attractions. Main Street is home to shops, art galleries, and fine dining. The Coastal Trail provides recreation for biking, pedestrian, and equestrian users. Golf can be enjoyed at two acclaimed golf courses. Half Moon Bay boasts truly unique lodging with breathtaking ocean views, world-class hotels, and quaint cottages, and the enduring natural beauty of the beaches is enjoyed by all.

The City of Half Moon Bay was incorporated in 1959 and operates under a Council-Manager form of government. Policy-making and legislative authority are vested in the governing City Council, which consists of five Councilmembers representing five districts. Councilmembers are elected to overlapping four-year terms and, from amongst themselves, select a Mayor and Vice Mayor each December. The Council is responsible for passing ordinances, adopting the budget, appointing Planning Commission and Volunteer Committee members, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, providing leadership to the City's programs, overseeing the day-to-day operations of the City, and appointing City staff.

By means of its own employees and through other shared or contract services, the City provides a variety of municipal services including law enforcement; library; disaster preparedness; recreation programs; maintenance of streets, parks and buildings; sanitary sewer utility treatment, distribution and maintenance; planning, zoning and building inspection; storm drain maintenance; code and parking enforcement; engineering; and general administrative services. Fire protection

and water infrastructure services are provided by special districts that are not part of the City's reporting entity.

FINANCIAL OPERATIONS

BUDGET PROCESS

The annual budget serves as the foundation for the City's financial planning and control of expenditures. The City's budget document also reflects the One-Year and Five-Year Capital Improvement Program and the Five-Year Forecast.

The City prepares and adopts its budget in accordance with California Government Sections 29000 and 29143. The Council holds a public hearing on the proposed budget and adopts a final budget by the end of June, the close of the City's fiscal year.

A program budget is used to plan, prioritize, and guide municipal operations. The City uses the modified accrual basis of accounting for all Governmental Funds and the accrual basis of accounting for Proprietary Funds and Fiduciary Funds. Budgetary controls ensure compliance with the annual appropriated budget approved by the City Council. The City Council may amend the annual budget by resolution. Transfers of appropriations between departments or programs within the same fund can be approved administratively by the City Manager and Finance Director. Transfers between funds require the approval of the City Council. Accordingly, the lowest level of budgetary control established by the City Council is at the department level.

Budget-to-actual comparisons are presented in the supplementary section of the accompanying financial statements for each individual governmental fund for which an appropriated annual budget has been adopted.

FINANCIAL CONTROL

The Administrative Services Department of the City is responsible for establishing and maintaining an appropriate internal control structure. The internal control system is designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the City's systems of internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

The City's Reserve Policy per Resolution C-2020-60 states that a reserve equal to 50% of General Fund annual operating expenditures is to be set aside to: reduce the risk of financial impacts from catastrophic disasters; respond to the challenges of changing economic environment, including prolonged downturns in the local, state, and national economy; and demonstrate continued prudent fiscal management and creditworthiness.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Several important initiatives were delivered in the past year. These projects included increased engagement with the community, continued work on affordable housing, and improvement of infrastructure. Accomplishments include:

1. City Operations:

- Negotiated a Memorandum of Understanding (MOU) with San Mateo County, helped to secure an Emergency Coastal Development Permit (CDP), and facilitated commencement of construction of 47 affordable manufactured homes for farmworkers at the new Stone Pine Cove neighborhood.
- Launched the Opportunity Center of the Coastside to support small businesses, entrepreneurs, job seekers, and job growth; launched a new business incubator, Coastside Venture Studio, with a focus on resiliency tech.
- Completed a Downtown Streetscape Master Plan which will serve as a road map for downtown revitalization efforts and assist in applying for funding.
- Completed the second Public Review Draft of the Cycle 6 Housing Element; certification from the California Department of Housing and Community Development (HCD) is expected fall of 2024.
- Convened a new Farmworker Memorial and Remembrance Advisory Committee (FMRAC) and held a one-year remembrance ceremony to celebrate the seven lives lost from the January 2023 mass shooting. Attended by 250+ community members.
- Secured \$785,000 in private, public, and philanthropic donations for short-term housing for forty individuals displaced from the January 2023 mass shooting.
- Hosted a historic visit of the Mexican Consulate that served 200 Coastside residents / Mexican Nationals.
- Completed work on new Rental Registry Program, Rent Stabilization Program, and enhanced Tenant Protections provisions.
- Planned and executed the fourth annual Summer's End Music Festival Event.
- Continued to support the Make It Main Street first Thursday events in downtown Half Moon Bay, bringing Coastside artists, creators, and makers together with non-profits and community to connect, exchange, and share while stimulating the downtown economy on a monthly basis from Spring through Fall of each year.
- Implemented the Short-Term Rental and Home Occupation Ordinance following the June 2023 City Council adoption.
- Completed numerous building permit inspections to help facilitate the Main and Kelly Mixed-Use Project currently under construction with expected completion fall 2024.
- Conducted both the N.E.T and FLCA civics and leadership academies for adults and youth.
- Received Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the FY 22-23 Operating and Capital Budget documents, representing compliance with best practices in budgeting.
- Remodeled Mac Dutra Restrooms.
- Implemented the County's first disposable food ware ordinance.

- Hosted two community recycling days offering free paper shredding, compost pick-up, and e-waste recycling.
 - Adopted the City’s Fats, Oils, and Grease (FOG) ordinance and implemented the inaugural program.
 - Piloted the use of Automated License Plate Reader (ALPR) technology in the Pilarcitos (Oak Avenue Park) neighborhood in response to community requests following several high-profile crimes.
 - Initiated Mounted Patrol and additional Sheriff beach patrols on Poplar Beach to enforce dogs on leash every weekend daytime for the whole summer.
2. Major Capital Projects in Progress:
- Carter Park
 - Highway 1 Safety – North
 - Poplar Street Traffic Calming and Safety Project – Phase 1
 - Eastside Parallel Trail North – Segment 4
 - Pilarcitos Creek Restoration and Remediation Project

Much of the work focuses on enhancing and improving infrastructure, as well as creating processes and organizational improvements which allow Staff to better carry out their core functions in serving the public. The 2023-24 through 2027-28 Five-Year Capital Improvement Program (CIP) provides in depth project-by-project information and how it aligns with the City’s Strategic Plan.

FACTORS AFFECTING FINANCIAL CONDITION

The information in the financial statements is best understood within the context of the City’s operating environment. During Fiscal Year 2023-24, the City faced a shortfall in economically sensitive revenues, including Transient Occupancy Tax and Sales Tax. While fully funded reserves offer temporary stability, the City anticipates a structural deficit in future fiscal years, as expenditures currently exceed revenues.

Local Economy

Employment in Half Moon Bay is concentrated in three major sectors: professional services; farm and agriculture; and retail/food services. The 2023 average unemployment rate for California was 4.8%, San Mateo County was 3%, and Half Moon Bay was 1.2%. Due to the COVID-19 pandemic, the unemployment rate peaked as high as 11.4% for San Mateo County during the month of April 2020. Since then, the unemployment rate has decreased to pre-pandemic levels of 1.6% for Half Moon Bay.

A significant driver of the economy has continued to be the local real estate market, which saw another year-over-year increase in assessed value. Half Moon Bay’s total assessed value for 2023-24 is \$3.9 billion, which is a 4.9% increase over 2022-23. Although housing prices continue to remain strong, the economy appears to be stagnating.

The City faces two major challenges: heavy reliance on Transient Occupancy Tax (TOT) revenues and rising costs of existing services. For the fiscal year ending June 30, 2024, TOT revenues accounted for 40% of all General Fund revenues. While TOT is the City's largest revenue source, it is also highly vulnerable during downturns in tourism, as shown by an 8% year-over-year decline.

The City also saw a sharp increase in costs for existing services, resulting in expenditures surpassing revenues and creating a structural deficit. Ongoing operating costs rose by \$2.7 million, or 14%, primarily due to public safety and legal expenses. Consequently, the City anticipates continued deficits in future years and is actively looking to both cost-containment and revenue-enhancement strategies.

Existing obligations that are still likely to increase in future years include public safety, sewer treatment, and pension costs. These costs coupled with increased demand for essential City services and enhanced infrastructure investment, to maintain and enhance City assets, will strain City finances. Staff will continue to monitor these conditions moving forward, and make budgetary adjustments as necessary, to ensure the City can sustain long-term financial health.

Long-Term Financial Planning

The City's long-term financial plan remains focused on cost containment, cost recovery, revenue enhancements, and maintaining adequate reserves to secure its financial health. These proactive measures reflect the City's commitment to responsible financial management. While the City faces a structural deficit, these strategies are designed to guide the City toward achieving sustainable fiscal balance.

In developing the fiscal year 2024-25 budget, the City reviewed all budget items to reduce expenses wherever possible. Cost containment efforts included ending a leased office agreement and consolidating staff at City Hall, holding vacated positions open to reassess staffing needs, and an overall reduction in discretionary spending. These reductions were designed to address the deficit while preserving essential services.

To address rising costs and use of reserves, voters passed Measure R in November 2024. This measure will increase the sales tax rate by 0.50% to a total of 9.875%, effective April 1, 2025. The City expects this change to generate approximately \$2 million in general fund revenue, supporting the continuation of current services. Additionally, the City is conducting a Cost Allocation and Fee Study to identify the true cost of services provided and align fees with Council's cost recovery policies.

In FY 2019-20, the City Council created a new reserve fund, the Economic Uncertainty Reserve, to smooth the effects of dramatic downturns in the economy that may negatively impact revenues. The goal of this new reserve is to retain 20% of budgeted annual operating expenditures. While the use of this reserve is anticipated in future fiscal years, the City's long-term goals include fully funding both the Economic Uncertainty and the Operating Reserve funds to be a total of 50% of annual operating expenditures. On June 30, 2024, both reserves are fully funded.

The City's long term strategic plan, adopted on March 15, 2018, addresses the following four Strategic Elements:

- Fiscal Sustainability
- Healthy Communities and Public Safety
- Inclusive Governance
- Infrastructure and Environment

Based on these Strategic Elements, the City Council annually adopts strategic initiatives to guide the City's actions, work plans, and efforts on addressing the City's priorities. The Council addresses the City's long-term fiscal sustainability by retiring debt early, improving reserves, investing in infrastructure, and marketing the City to visitors to improve key revenue sources, such as Transient Occupancy and Sales Tax. The City continues to maintain a balance between ongoing revenues and ongoing costs as part of its overall long-range strategic financial planning.

Risk Management

Comprehensive general liability coverage is provided through the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA). The PLAN consists of a self-insurance pool involving a number of cities in the San Francisco-Oakland area. The cities contract with the PLAN through a liability coverage agreement that is very similar to a comprehensive general liability, commercial auto, and public officials' errors and omissions policy. The City's limit in the pool is \$5,000,000 with a \$50,000 per occurrence deductible for which it self-insures.

For Workers' Compensation coverage, the City participates in the Cities Group, created by a joint powers agreement to provide workers compensation coverage of up to \$10,000,000 per occurrence in excess of \$1,000,000 for miscellaneous employees. The Group acts as administrator, claim adjuster and provides other risk management services as required by State law. Each member of the Group pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the Group. Additional information concerning the City's participation in risk pools for liability and workers' compensation is provided in Note 10 to the financial statements.

The City focuses on identification of hazards and dangerous conditions and provides on-going training in an effort to reduce exposure and ensure public safety and welfare.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Half Moon Bay for its annual comprehensive financial report for the fiscal year ended June 30, 2023. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized

annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are pleased to submit it to the GFOA to determine its eligibility.

We would like to take this opportunity to thank the Administrative Services Department staff. Special thanks to Kenneth Stiles, Finance Manager; Bryan Lopez, Senior Management Analyst; Ernest Azevedo, Management Analyst; Raymond Cruz, Payroll Technician; Margaret Jeanne Geiger, Accounting Technician; and Whitney Rescino, Administrative Assistant for their efforts during the annual audit process and contribution to this report. We also would like to express deep appreciation to the audit team from Maze and Associates for their professional work and assistance during the audit process and throughout the year.

Finally, we would like to express our appreciation to the City Council, the operating departments, and the Council Finance Committee for their interest and support toward conducting the financial operations of the City in a responsible manner with emphasis on transparency, ethics, and fiscal responsibility.

Respectfully submitted,



Signed: _____

Matthew Chidester
City Manager



Lisa Rossi
Administrative Services Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Half Moon Bay
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Half Moon Bay City Limits



Unincorporated
San Mateo County

Unincorporated
San Mateo County

Unincorporated
San Mateo County

City of
Half Moon Bay



 Map not to Scale

City of Half Moon Bay City Council



Mayor
Joaquin Jimenez



Vice Mayor
Harvey Rarback



Council Member
Robert Brownstone



Council Member
Debbie Ruddock



Council Member
Deborah Penrose

Executive Team



City Manager
Matthew Chidester



City Attorney
Catherine Engberg



Assistant City Manager
John Doughty



Communications/City Clerk
Director Jessica Blair



Public Works Director
Maz Bozorginia



Administrative Services
Director Lisa Rossi

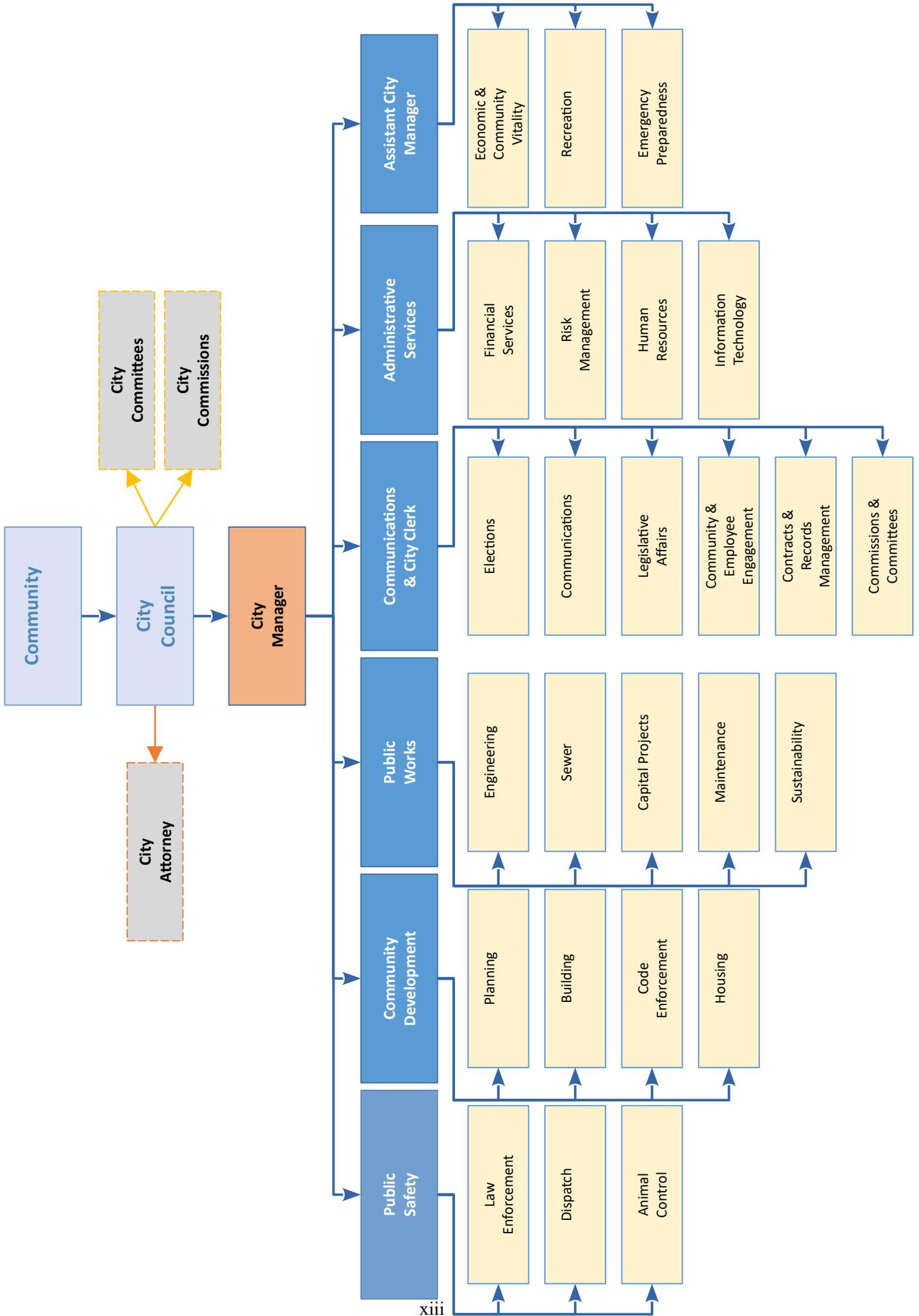
Photo Coming Soon

Community Development
Director [Vacant]



Captain
San Mateo County Sheriff

City of Half Moon Bay Organizational Chart





**THIS PAGE IS
INTENTIONALLY BLANK**

FINANCIAL SECTION



**THIS PAGE IS
INTENTIONALLY BLANK**

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Half Moon Bay, California

Report on the Audit of the Financial Statements

Opinions

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 Half Moon Bay, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the report of the other auditors, 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 funds information of the City as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Sewer Authority Mid-Coastside (SAM) as of and for the year ended June 30, 2023, related to the calculation of the Investment in SAM. The Investment in SAM, represents 51%, 52% and 17%, respectively, of the assets, net position and revenues of the City's business-type activities. The financial statements of SAM were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the calculation of the Investment in SAM, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Maye & Associates

Pleasant Hill, California
December 3, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS



**THIS PAGE IS
INTENTIONALLY BLANK**

CITY OF HALF MOON BAY, CALIFORNIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Half Moon Bay (the City), we offer readers of the City of Half Moon Bay's financial statements this overview of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have provided in our letter of transmittal and the City's basic financial statements.

Financial Highlights

- The City's government-wide assets and deferred outflows exceed its liabilities and deferred inflows at June 30, 2024, by \$161.8 million, which is a 2.4% or \$3.8 million increase from the prior year. Of this amount, \$41.7 million may be used to meet the City's ongoing obligations to citizens and creditors, which is a 10% decrease from the prior year's unrestricted net position of \$46.5 million.
- The City's cash and investments on June 30, 2024, totaled \$51.4 million, of which \$47.4 million is classified as government activities and \$4 million as Business-type activity. The City's cash and investments increased by \$1.4 million, or 2.7% compared to the prior year.
- At June 30, 2024, the City had outstanding long-term obligations of \$23 million, of which \$22.4 million is classified as governmental activities and \$564 thousand as business activities. Obligations have increased by \$1 million or 5% compared to the prior year. This increase is primarily due to an increase in net pension liability.
- During the 2014-15 fiscal year, the City implemented the Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27, which resulted in adjustments to pension expenses and reporting the City's long-term net pension liability of \$14.5 million on the FY 2023-24 Statement of Net Position. GASB No. 68 is intended to improve accounting and financial reporting by state and local governments that provide pension benefits. The Net Pension Liability increased by \$756 thousand from the \$13.8 million recorded last year. This increase is due to a decrease in the market value of pension assets held at CalPERS on the measurement date of June 30, 2023.
- City-wide revenues were \$38.8 million, of which \$31.1 million was generated by governmental activities and \$7.7 million by Business-type activities. Revenues increased by 15% from the prior year primarily due to an increase in capital grants and contributions.
- City-wide expenditures were \$34.9 million, of which \$28.3 million was incurred by governmental activities and \$6.6 million by Business-type activities. Expenditures increased by 35% from the prior year mostly due to increases in public works, public safety and general government expenditures.
- The City's General Fund balance as of June 30, 2024, was \$14.4 million, a decrease of \$1.8 million as compared to the prior year's amount of \$16.2 million. This decrease is due to expenditures exceeding revenues from increased costs in existing services.
- For the fiscal year ended June 30, 2024, Governmental Funds expenditures exceeded revenues and net transfers by \$509 thousand, primarily attributed to increased public safety and capital expenditures. The governmental funds' combined ending fund balance as of June 30, 2024, is \$68 million, a less than 1% decrease from the prior year.

CITY OF HALF MOON BAY, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis section is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains a transmittal letter, other required supplementary information, an optional section that presents combining statements for non-major governmental funds and internal service funds, and a statistical section.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Both are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City's financial condition.

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

These two statements that comprise the government-wide financial statements both distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type activities). The governmental activities of the City include its general government, public safety, public works and building regulation, parks and recreation, and planning programs. The sole Business-type activity of the City is the City's sewer utility.

The government-wide financial statements normally include, not only the City of Half Moon Bay itself (known as the primary government), but also a legally separate Community Development Agency of the City of Half Moon Bay for which the City of Half Moon Bay is financially accountable. Although the Agency is an integral part of the primary government, no financial information has been included for this component unit since it has been inactive for over ten years.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Half Moon Bay uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

CITY OF HALF MOON BAY, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds

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

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

The City of Half Moon Bay maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Streets and Roads Fund, the Lot Acquisition Fund, the Affordable Housing Fund, the Land Assets Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Combining Balance Sheet and Individual Fund Statements of Revenues, Expenditures and Changes in Fund Balances sections of the report.

The City of Half Moon Bay adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison schedule has been provided for each governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28-34 of this report. The budgetary comparison schedule for the General Fund can be found on page 85.

Proprietary Funds

The City of Half Moon Bay maintains two types of proprietary funds: Internal Service funds and Enterprise (Proprietary) funds.

Internal Service Funds

Internal Service funds are used to accumulate resources and allocate costs internally among the City's various functions. The City uses internal service funds to account and reserve for the purchase and maintenance of City vehicles and equipment, to account and reserve for risk management activities, and to stabilize for fluctuations in pension costs. Because these services exclusively benefit the governmental functions, they have been included within governmental activities in the government-wide financial statements.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily by user charges. The City uses an enterprise fund to account for the financial activity of the City's sewer operation.

CITY OF HALF MOON BAY, CALIFORNIA MANAGEMENT'S DISCUSSION AND ANALYSIS

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The enterprise funds are also combined into a single, aggregated presentation in the proprietary fund financial statements that can be found on pages 35-37 of this report.

Notes to the Basic Financial Statements

The notes provide additional information essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-78 of this report.

Other Information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including schedule of proportionate share of the net pension liability, contributions, funding progress for the City's obligation to provide other post-employment benefits to its employees and budgetary comparison schedules for the General Fund and the other funds. Required supplementary information can be found on pages 80-90 of this report.

The combining statements for non-major governmental funds and internal service funds are presented on pages 94-110, and the Statistical Section follows on page 113.

CITY OF HALF MOON BAY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table provides a condensed statement of net position as of June 30, 2024, and 2023:

CITY OF HALF MOON BAY
Comparative Statement
Statement of Net Position
Year Ended on June 30, 2024

| | Governmental Activities | | Business Type Activities | | Total | |
|-------------------------------------------------|------------------------------------|--------------------|-------------------------------------|-------------------|--------------------|--------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | 51,986,855 | 50,091,872 | 15,482,216 | 15,252,242 | 67,469,071 | 65,344,114 |
| Land held for resale | 26,823,920 | 26,823,920 | - | - | 26,823,920 | 26,823,920 |
| Capital Assets | 82,889,996 | 78,346,957 | 6,831,129 | 6,981,850 | 89,721,125 | 85,328,807 |
| Total assets | 161,700,771 | 155,262,749 | 22,313,345 | 22,234,092 | 184,014,116 | 177,496,841 |
| Related to OPEB | 78,302 | 60,710 | 5,290 | 4,634 | 83,592 | 65,344 |
| Related to pension | 5,308,118 | 5,593,021 | 235,072 | 232,715 | 5,543,190 | 5,825,736 |
| Total deferred outflows of resources | 5,386,420 | 5,653,731 | 240,362 | 237,349 | 5,626,782 | 5,891,080 |
| Long-term liabilities outstanding | 19,882,281 | 19,654,785 | 564,424 | 541,207 | 20,446,705 | 20,195,992 |
| Other liabilities | 6,392,443 | 3,837,847 | 114,068 | 134,964 | 6,506,511 | 3,972,811 |
| Total liabilities | 26,274,724 | 23,492,632 | 678,492 | 676,171 | 26,953,216 | 24,168,803 |
| Related to OPEB | 99,786 | 113,746 | 8,489 | 9,009 | 108,275 | 122,755 |
| Related to pension | 684,592 | 1,043,360 | 68,596 | 74,781 | 753,188 | 1,118,141 |
| Total deferred inflows of resources | 784,378 | 1,157,106 | 77,085 | 83,790 | 861,463 | 1,240,896 |
| Net Position: | | | | | | |
| Net investment in capital assets | 76,826,570 | 71,854,949 | 6,831,129 | 6,981,850 | 83,657,699 | 78,836,799 |
| Restricted | 25,081,978 | 22,502,708 | 11,397,062 | 10,092,582 | 36,479,040 | 32,595,290 |
| Unrestricted | 38,119,541 | 41,909,085 | 3,569,939 | 4,637,048 | 41,689,480 | 46,546,133 |
| Total Net Position | 140,028,089 | 136,266,742 | 21,798,130 | 21,711,480 | 161,826,219 | 157,978,222 |

Note: Total assets + deferred outflows – total liabilities – deferred inflows = total net position

CITY OF HALF MOON BAY, CALIFORNIA MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Position reflects the difference between assets and liabilities. Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Half Moon Bay, assets exceeded liabilities by \$161.8 million on June 30, 2024, with invested capital assets of \$83.7 million, \$36.5 million restricted and an unrestricted net position of \$41.7 million. Portions of the unrestricted net position may by law or contract be used only for specified purposes and may not necessarily be used for any general governmental purpose.

The net investment in capital assets reflecting the investment in capital assets (e.g. land, buildings, facilities, vehicles, equipment, and infrastructure) is \$83.7 million and represents 52% percent of the City's net position. This portion has increased by \$4.8 million or 6%. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the net investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position accounts for \$36.5 million, or 23% percent, of the City's total net position. The restricted net position increased by \$3.8 million or 12% percent in fiscal year 2023-24. This portion of the net position can only be spent for specific purposes stipulated by external resource providers or legislation. This increase is from restricted revenues exceeding allowed expenditures in the governmental funds. Restricted revenues generally include grants, project specific capital contributions and other intergovernmental funding.

The unrestricted net position of \$41.7 million, or 25.8% percent of the City's total net position, decreased by \$4.8 million or 10% percent. The increase is primarily from the City completing the fiscal year with expenditures under budget. This portion of the net position may be used to meet the government's ongoing obligations to residents and creditors, although portions of the unrestricted net position may by law or contract be only used for specified purposes and may not necessarily be used for any general governmental purpose.

CITY OF HALF MOON BAY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities

The following table provides a condensed statement of activities for the fiscal year ended June 30, 2024, as compared to June 30, 2023:

CITY OF HALF MOON BAY
 Comparative Statement
Statement of Activities
 Year Ended on June 30, 2024

| | Governmental Activities | | Business-type Activities | | Total | | Variance |
|------------------------------------------------------|-------------------------|--------------------|--------------------------|-------------------|--------------------|--------------------|-----------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | |
| Program revenues: | | | | | | | |
| Charges for services | 2,505,538 | 2,882,242 | 6,207,200 | 5,994,167 | 8,712,738 | 8,876,409 | -2% |
| Operating grants and contributions | 1,285,182 | 3,628,574 | - | - | 1,285,182 | 3,628,574 | -65% |
| Capital grants and contributions | 6,738,537 | 1,252,880 | 1,304,480 | 537,739 | 8,043,017 | 1,790,619 | 349% |
| Subtotal | 10,529,257 | 7,763,696 | 7,511,680 | 6,531,906 | 18,040,937 | 14,295,602 | 26% |
| General revenues: | | | | | | | |
| Property taxes | 4,283,589 | 4,129,317 | - | - | 4,283,589 | 4,129,317 | 4% |
| Sales and use taxes | 3,665,449 | 3,740,219 | - | - | 3,665,449 | 3,740,219 | -2% |
| Transient occupancy taxes | 8,167,938 | 8,852,640 | - | - | 8,167,938 | 8,852,640 | -8% |
| Other taxes | 1,343,633 | 1,276,299 | - | - | 1,343,633 | 1,276,299 | 5% |
| Other general revenues | 3,092,976 | 1,289,743 | 242,911 | 129,865 | 3,335,887 | 1,419,608 | 135% |
| Subtotal | 20,553,585 | 19,288,218 | 242,911 | 129,865 | 20,796,496 | 19,418,083 | 7% |
| Total revenues | 31,082,842 | 27,051,914 | 7,754,591 | 6,661,771 | 38,837,433 | 33,713,685 | 15% |
| Expenses | | | | | | | |
| General government | 7,811,794 | 6,018,989 | - | - | 7,811,794 | 6,018,989 | 30% |
| Public safety | 6,875,457 | 5,275,682 | - | - | 6,875,457 | 5,275,682 | 30% |
| Public works | 6,255,645 | 4,129,117 | - | - | 6,255,645 | 4,129,117 | 52% |
| Recreation Services | 1,534,752 | 597,127 | - | - | 1,534,752 | 597,127 | 157% |
| Planning | 3,931,872 | 2,965,787 | - | - | 3,931,872 | 2,965,787 | 33% |
| Community and Economic Development | 1,894,276 | 843,267 | - | - | 1,894,276 | 843,267 | 125% |
| Sewer Utility | - | - | 6,685,640 | 5,998,227 | 6,685,640 | 5,998,227 | 11% |
| Total expenses | 28,303,796 | 19,829,968 | 6,685,640 | 5,998,227 | 34,989,436 | 25,828,195 | 35% |
| Increase (Decrease) in net position before transfers | 2,779,046 | 7,221,946 | 1,068,951 | 663,544 | 3,847,997 | 7,885,490 | -51% |
| Transfers | 982,301 | 957,438 | (982,301) | (957,438) | - | - | 0% |
| Increase (Decrease) in net position | 3,761,347 | 8,179,384 | 86,650 | (293,894) | 3,847,997 | 7,885,490 | -51% |
| Net position - As of July 1 | 136,266,742 | 128,087,358 | 21,711,480 | 22,005,374 | 157,978,222 | 150,092,732 | 5% |
| Prior Period Adjustment | | - | - | - | - | - | |
| Net position - As of July 1, as restated | 136,266,742 | 128,087,358 | 21,711,480 | 22,005,374 | 157,978,222 | 150,092,732 | 5% |
| Net position - As of June 30 | 140,028,089 | 136,266,742 | 21,798,130 | 21,711,480 | 161,826,219 | 157,978,222 | 2% |

CITY OF HALF MOON BAY, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

The City's Governmental net position increased by \$3.7 million or 2.8% in fiscal year 2024, primarily due to revenues exceeding expenses.

Revenues Highlights:

- Total governmental revenues increased by \$4 million or 15% from the prior year, primarily due to increases in capital grants and contributions.
 - Program revenues increased by \$2.7 million or 36%. This increase is primarily from increases in capital grants and contributions. These receipts are generally project specific and/or one-time funds. During the fiscal year, the City was awarded three grants totaling \$4.7 million. These funds are designated for affordable housing efforts.
 - Transient Occupancy Tax (TOT), the City's largest source of general revenue, decreased by \$684 thousand or 8% from the prior year. This is primarily due to a decrease in tourism to the coast.
 - Sales Tax, the second largest source of general revenue, decreased by \$74 thousand or 2% from the prior year. This is primarily due to a decrease in tourism to the coast and the overall economy.
 - Property Tax, the third largest source of general revenue, increased by \$154 thousand or 4% from the prior year. This increase is primarily due growth in base property taxes.
 - Other General Revenues include investment income and other miscellaneous revenues. The amount from government activities increased by \$1.8 million or 140% from the prior year. This is primarily due to increases in interest and unrealized gains on investments.

Expenses for Government Activities increased by \$8.4 million from the prior year primarily due to a one-time debt service payment of \$3 million along with increases in capital projects, public safety and general government expenditures.

Business-type Activities

The City's sole Business-type activity is the sewer fund. The City's total Business-type net position increased by \$86 thousand. This is primarily due to the following factors:

- The City is a member of the SAM joint power authority and exercises significant influence over SAM's operations; therefore, the share of the City's investment in SAM's net position is reflected in the City's financial statements. For the fiscal year 2023-24 the City recognized a gain on this investment of \$1.3 million. However, this gain is non-cash transaction, contributing no additional liquidity. As seen on page 37, the sewer fund cash decreased by \$1 million, primarily due to rising expenditures.
- Charges for Services revenues increased by \$213 thousand or 3.6% from the prior year. This increase is primarily due to the sewer rate changes as adopted by voters in fiscal year 2019-2020. Rates are scheduled to increase year over year through fiscal year 2024-25.
- Expenses from Business-type Activities increased by \$687 thousand as compared to fiscal year 2022-23. This is primarily due to increases in sewer treatment and contributions to the SAM joint power authority.

**CITY OF HALF MOON BAY, CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS**

FUND FINANCIAL ANALYSIS

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

Governmental Funds

The Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balance of resources that are available for spending. Such information is useful in assessing the City’s financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs.

The following is a schedule of revenues, expenditures, and changes in fund balances for each of the major governmental and aggregate non-major governmental funds recorded on the modified accrual basis of accounting:

**CITY OF HALF MOON BAY
Comparative Statement
Governmental Funds Statement of Revenues, Expenditures and Fund Balance
Year Ended on June 30, 2024**

| | <u>2024</u> | <u>2023</u> | <u>Variance</u> |
|------------------------------------|-------------------|-------------------|-----------------|
| Revenues | \$ 30,506,165 | \$ 26,942,159 | 13% |
| Expenditures | (32,988,058) | (23,706,716) | 39% |
| Other Financing Sources (Uses) | 1,972,994 | (747,983) | -364% |
| Net Change in Fund Balances | <u>(508,899)</u> | <u>2,487,460</u> | <u>-120%</u> |
| Fund balances at beginning of year | 68,524,929 | 66,037,469 | 4% |
| Fund balances at end of year | <u>68,016,030</u> | <u>68,524,929</u> | <u>-1%</u> |
| Non-spendable | 26,823,920 | 27,096,226 | |
| Restricted | 24,590,954 | 22,258,032 | 10% |
| Committed | 11,091,587 | 9,841,012 | 13% |
| Assigned | 2,233,226 | 2,942,767 | -24% |
| Unassigned | 3,276,343 | 6,386,892 | -49% |
| Total fund balances | <u>68,016,030</u> | <u>68,524,929</u> | <u>-1%</u> |

As of June 30, 2024, the City’s governmental funds reported combined fund balances of \$68 million, a decrease of \$508 thousand in comparison with June 30, 2023. This is primarily attributed to expenditures exceeding revenues. The governmental funds expenditures were \$32.9 million in fiscal year 2023-24, a \$9 million increase from the prior year which is primarily due to capital expenditures and increases in public safety expenditures.

CITY OF HALF MOON BAY, CALIFORNIA MANAGEMENT'S DISCUSSION AND ANALYSIS

The governmental funds' fund balance is comprised of the following:

- Non-spendable is \$26.8 million (39.4% of total balance) which represents the value of land held by the City. There has been no change in this amount from the prior year.
- Restricted is \$24.5 million (36.2% of the total balance), which can only be spent for specific purposes, set by external resource providers, or enabling legislation. The balance is primarily for restricted street funds, development fees, and reserves required by debt covenants.
- Committed balance is \$11 million (16.3% of the total balance), which can only be spent for specific purposes as determined by formal action of the City Council. This amount is to satisfy the City's general fund reserve policy, which states that 50 percent of budgeted operating expenditures for the year to be committed for contingencies and economic uncertainty.
- Assigned balance is \$2.2 million (3.3% of the total balance), which indicates City Council's intent to use these funds toward capital improvements in the future. This balance represents funds remaining in the capital project funds for future capital expenditures.
- Unassigned is \$3.2 million (4.8% of the total balance), which is available for any use.

FINANCIAL ANALYSIS OF CITY'S FUNDS

General Fund

The General Fund is the primary operating fund of the City of Half Moon Bay. All unrestricted revenues such as general taxes, fees and other revenues that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. The General Fund provides for the cost of operating City government and includes the services of the City Attorney, City Clerk, City Council, City Manager, City-wide costs (such as debt service), Finance and Risk Management, Human Resources and Information Technology, Recreation, Building and Planning, Public Works, Economic Vitality and Public Safety. In addition, the General Fund expenditures include transfers to fund capital projects and reserve funding.

As of June 30, 2024, the total General Fund balance was \$14.3 million, which includes an unassigned portion of \$3.2 million. The General Fund fund balance decreased by \$1.8 million for the fiscal year ended June 30, 2024.

**CITY OF HALF MOON BAY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table compares General Fund revenues and expenditures by category:

**CITY OF HALF MOON BAY
Comparative Statement
General Fund Statement of Revenues, Expenditures and Fund Balance
Year Ended on June 30, 2024**

| | <u>2024</u> | <u>2023</u> | <u>Variance</u> |
|-------------------------------------------|--------------------|----------------------|-----------------|
| Revenues | | | |
| Taxes | 16,991,811 | 17,500,650 | -3% |
| License and permits | 306,282 | 452,763 | -32% |
| Fines and forfeitures | 81,445 | 32,232 | 153% |
| Charges for services | 1,454,141 | 1,419,473 | 2% |
| Impact Fees | - | - | |
| Rents and Leases | 78,135 | 63,728 | 23% |
| Investment Income | 804,188 | 353,945 | 127% |
| Intergovernmental revenues | 117,400 | 1,552,805 | -92% |
| Miscellaneous | 833,965 | 970,404 | -14% |
| Total | <u>20,667,367</u> | <u>22,346,000</u> | <u>-8%</u> |
| Expenditures | | | |
| General government | 3,138,896 | 2,272,314 | 38% |
| General administration | 2,134,173 | 1,977,351 | 8% |
| Public safety | 6,452,977 | 4,914,582 | 31% |
| Public works | 2,174,611 | 2,176,714 | 0% |
| Recreation Services | 538,827 | 524,211 | 3% |
| Planning | 2,879,532 | 2,873,331 | 0% |
| Community and Economic Development | 1,008,276 | 843,267 | 20% |
| Capital Outlay | - | - | |
| Debt Service | 3,725,598 | 675,302 | 452% |
| Total | <u>22,052,890</u> | <u>16,257,072</u> | <u>36%</u> |
| Other financing sources (uses) | (474,451) | (5,446,177) | -91% |
| Net Change in Fund Balances | <u>(1,859,974)</u> | <u>642,751</u> | <u>-134%</u> |
| Fund Balances at beginning of year | 16,227,904 | 15,585,153 | 4% |
| Fund Balances at end of year | <u>14,367,930</u> | <u>\$ 16,227,904</u> | <u>-11%</u> |

General Fund Revenues

General Fund revenues for the year ended June 30, 2024, decreased by \$1.6 million or 8%, from the prior year. The preceding chart summarizes revenues into major categories for comparative purposes across two fiscal years.

Total tax revenues decreased by \$508 thousand or 3% from the prior year primarily from a decrease in transient occupancy taxes. Net other financing sources/uses decreased by \$4.9 million primarily due to a refinancing of a \$3 million loan with the County of San Mateo.

**CITY OF HALF MOON BAY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Fund Expenditures

General Fund expenditures for the 2023-24 fiscal year rose by \$5.7 million, or 36%. This increase is primarily attributed to debt service payments related to the refinancing mentioned above, along with higher expenditures in public safety and general government.

**CITY OF HALF MOON BAY
Budget to Actual Statement
General Fund Statement of Revenues, Expenditures and Fund Balance
Year Ended on June 30, 2024**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------------|--------------------------|--------------------------|-------------------------|
| Revenues | \$ 19,916,944 | \$ 20,667,367 | \$ 750,423 |
| Expenditures | (20,929,448) | (22,052,890) | (1,123,442) |
| Other Financing Sources (Uses) | (3,979,451) | (474,451) | 3,505,000 |
| Net Change in Fund Balance | <u>(4,991,955)</u> | <u>(1,859,974)</u> | <u>3,131,981</u> |
| Fund balances at beginning of year | 16,227,904 | 16,227,904 | - |
| Fund balances at end of year | <u><u>11,235,949</u></u> | <u><u>14,367,930</u></u> | <u><u>3,131,981</u></u> |

General Fund Budgetary Highlights

The final budget for the General Fund planned for a net decrease of fund balance by \$4.9 million, however the ending fund balance decreased by \$1.8 million. This is primarily due to the City successfully refinancing an existing loan and decreased operational spending than initially anticipated. A portion of these excess funds have been appropriated in the following budget for fiscal year 2024-25.

Other Major Governmental Funds

The following table compares governmental fund balances:

**CITY OF HALF MOON BAY
Comparative Statement
Governmental Funds Statement of Revenues, Expenditures and Fund Balance
Year Ended on June 30, 2024**

| | <u>2024</u> | <u>2023</u> | <u>Variance</u> |
|------------------------------|-----------------------------|-----------------------------|-------------------|
| Major Governmental Funds: | | | |
| General Fund | 14,367,930 | 16,227,904 | -11% |
| Streets and Road | 7,263,726 | 6,427,224 | 13% |
| Lot Acquisition | 1,420,599 | 1,348,210 | 5% |
| Affordable Housing | 5,954,709 | 2,164,621 | 175% |
| Parks Development | 894,568 | 2,589,695 | -65% |
| Land Asset | 26,823,920 | 26,823,920 | 0% |
| Capital Project Fund | 1,784,042 | 2,788,918 | -36% |
| Non-Major Governmental Funds | 9,506,536 | 10,154,437 | -6% |
| Total Fund Balances | <u><u>\$ 68,016,030</u></u> | <u><u>\$ 68,524,929</u></u> | <u><u>-1%</u></u> |

CITY OF HALF MOON BAY, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Streets and Roads Funds

The Streets and Roads Special Revenue funds provide for all proceeds of Gas Tax funds, Measure A/W Local Transportation Ordinance Tax funds and other grants. These funds are restricted for the purpose of these taxes and mainly used for streets and road maintenance and improvements. As of June 30, 2024, the Streets and Roads Funds had a fund balance of \$7.2 million, a \$836 thousand increase from the prior year, primarily due revenues exceeding expenditures.

Lot Acquisition / Retirement Fund

The Lot Acquisition and Retirement fund is a fund used to account for in-lieu fees and expenses within the purpose of acquiring and retiring development rights on existing legal parcels. As of June 30, 2024, the fund had a fund balance of \$1.4 million, a \$72 thousand increase from the prior year.

Affordable Housing Fund

The Affordable Housing fund accounts for proceeds of construction and development fees, including in lieu fees with the restricted purpose of the development of affordable housing. As of June 30, 2024, the fund balance was \$5.9 million, which is a \$3.7 million increase from the prior year. This is primarily due to the receipt of affordable housing grants totaling \$4.7 million for the fiscal year.

Parks Development

The Parks Development Fund which accounts for development impact fees, Federal, State and County grants, and is restricted for acquisition, development and capital improvements of the City's parks and trails. This fund decreased by \$1.6 million, primarily due capital projects and expenditures. As of June 30, 2024, the fund balance was \$894 thousand.

Land Asset Fund

This is a restricted fund which was created in Fiscal Year 2014-15 for the purposes of recording land assets held for resale. The fund balance as of June 30, 2024 is \$26.8 million, which consists of transfers of land assets for Glenree and Beechwood properties from the General Fund and the Judgment Obligation Bond Funds. The Glenree property was donated to the City. The Beechwood property was acquired by the City as part of the settlement of the Yamagiwa litigation in 2007. With the receipt of the insurance settlement payments, the Beechwood properties are no longer required for the Judgement Obligation Bonds. There was no activity in this fund in fiscal year 2023-24.

Capital Project Funds

Capital Projects Funds accounts for capital projects as detailed in the City's Capital Improvement Plan. As of June 30, 2024, the fund balance was \$1.7 million, a \$1 million decrease from the prior year, primarily due to capital expenditures and progress on capital projects.

CITY OF HALF MOON BAY, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Non-Major Funds

Non-Major funds are comprised of Special Revenue, Debt Service and Capital Project funds.

Special Revenue funds include:

- Police Grants Fund that accounts for revenues received and expenditures made for police services,
- Storm Drain Operating Fund that accounts for the maintenance of the existing storm drain system,
- Traffic Mitigation Fund that provides for all proceeds from traffic mitigation fees imposed on new development and restricted to defray the cost of constructing improvements to mitigate traffic,
- CZI Grant Fund accounts for proceeds relating to the CZI Grant. These funds can be used to support learning and evaluation activities for groups currently engaged in the operation and implementation of economic advancement centers.
- Opportunity Center Coastside Fund accounts for proceeds and expenditures as they relate to the operation of the Opportunity Center Coastside. This fund is primarily sourced from American Rescue Plan Act (ARPA) funds.

Debt Service Funds include:

- Judgement Bonds Fund account for debt service on the judgment obligation bonds. The City has no outstanding bonds.

Capital Project Funds:

- Library Fund is used to account for the design, development, and construction of the new library and the maintenance thereafter.
- Public Facilities accounts for expenditures related to public facilities improvements.
- Storm Drain Improvements accounts for all proceeds from storm drainage improvement fees assessed against new and remodeled construction and used for drainage improvements.

As of June 30, 2024, the Non-Major Funds had a fund balance of \$9.5 million, a \$647 thousand decrease from the prior year. This decrease is primarily due capital projects and expenditures relating to the Opportunity Center Coastside.

Proprietary Fund Financial Statement Analysis

As of June 30, 2024, the City's Proprietary Fund net position was \$26.9 million (\$7.2 million invested in capital assets; \$11.4 million restricted for investment in Sewer Authority; \$3 thousand restricted for other post-retirement benefits and \$8.3 million in unrestricted net position). Additional information on this investment can be found in Note 6 of the financial statements. Unrestricted net position of \$4.7 million in the Internal Service Funds is primarily reserved for vehicle and equipment replacement, risk management and general liability claims, and pension cost stabilization.

**CITY OF HALF MOON BAY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's total net investment in capital assets for its Governmental and Business-type activities (net of accumulated depreciation) as of June 30, 2024, was \$89.7 million, an increase of \$4.3 million as compared to June 30, 2023.

Capital assets include land, buildings, equipment, vehicles and infrastructure. The following table presents summarized information on capital assets net of depreciation for fiscal years 2024 and 2023:

**CITY OF HALF MOON BAY
Comparative Statement
Capital Assets (net of depreciation)
Year Ended on June 30, 2024**

| | Governmental Activities | | Business Type Activities | | Total | | Variance |
|----------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|-----------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | |
| Land | \$ 4,756,385 | \$ 4,756,385 | \$ - | \$ - | \$ 4,756,385 | \$ 4,756,385 | 0% |
| Rights of Way | 6,990,396 | 6,990,396 | - | - | 6,990,396 | 6,990,396 | 0% |
| Construction in progress | 11,212,437 | 9,669,548 | - | - | 11,212,437 | 9,669,548 | 16% |
| Buildings and improvements | 28,935,520 | 29,731,961 | 6,801,334 | 6,950,907 | 35,736,854 | 36,682,868 | -3% |
| Machinery and equipment | 410,966 | 405,419 | 29,795 | 30,943 | 440,761 | 436,362 | 1% |
| Infrastructure | 30,584,292 | 26,793,248 | - | - | 30,584,292 | 26,793,248 | 14% |
| Total | \$ 82,889,996 | \$ 78,346,957 | \$ 6,831,129 | \$ 6,981,850 | \$ 89,721,125 | \$ 85,328,807 | 5% |

Construction in progress increased by \$1.5 million primarily due to the improvements to Carter Park, Seymour Ditch, and other capital projects. Additional information regarding the City's capital assets can be found in Note 4 in Notes to the Basic Financial Statements.

Long-term Obligations

As of June 30, 2024, the City's long-term obligations totaled \$22.9 million, primarily comprised of net pension liability and loans related to the library and the corporation yard.

**CITY OF HALF MOON BAY
Comparative Statement
Long Term Obligations
Year Ended on June 30, 2024**

| | Governmental Activities | | Business-type Activities | | Total | | Variance |
|-------------------------------|----------------------------|----------------------|-----------------------------|-------------------|----------------------|----------------------|-----------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | |
| Library Loan | 2,863,426 | 3,436,112 | - | - | 2,863,426 | 3,436,112 | -17% |
| 880 Stone Pine Loan | 3,200,000 | 3,055,896 | - | - | 3,200,000 | 3,055,896 | 5% |
| Claims liability | 1,670,731 | 1,064,830 | - | - | 1,670,731 | 1,064,830 | 57% |
| Employee compensated absences | 670,764 | 550,966 | - | - | 670,764 | 550,966 | 22% |
| Net Pension Liability | 14,029,383 | 13,296,353 | 564,424 | 541,207 | 14,593,807 | 13,837,560 | 5% |
| Total | \$ 22,434,304 | \$ 21,404,157 | \$ 564,424 | \$ 541,207 | \$ 22,998,728 | \$ 21,945,364 | 5% |

CITY OF HALF MOON BAY, CALIFORNIA MANAGEMENT'S DISCUSSION AND ANALYSIS

Library Loan: During the fiscal year ending June 30, 2017, the City entered into a \$6 million interest-free loan agreement with the County of San Mateo to ensure completion of the Library Project. The City began repayment in fiscal year 2020. In fiscal year 2021, due to budgetary constraints caused by the Covid-19 pandemic, the loan was amended so the City would not be required to make the two loans payments due in that fiscal year. The City resumed loan repayments in fiscal year 2021-2022, including the additional amount that was deferred. Since then, the City continues to make its an annual scheduled payment of \$572 thousand.

880 Stone Pine Loan: Since 2009, the City has leased a 21-acre property for its corporation yard facility. In fiscal year 2020-21, the City entered into a \$3.2 million financing agreement to purchase the property. In fiscal year 2023-24, the City refinanced the loan with the County of San Mateo to lift restrictions, allowing affordable housing efforts on unused portions of the site to proceed. Under the new loan terms, no payment was due in fiscal year 2023-24, with debt service payments scheduled to begin in fiscal year 2024-25.

Net Pension Liability: The City participates in one retirement plan through the California Public Employees' Retirement System (CalPERS). The measured net pension liability is measured as a proportionate share of the total net pension liability as reported by the CalPERS Financial Office. As of June 30, 2024, the City's share of the pension liability was measured to be \$14.5 million. This is an increase of \$756 thousand or 5%. This increase in net pension liability is from a decrease in the market value of plan assets held at CalPERS. Additional information about the City's pension liability can be found in Note 8 to the Notes to the Basic Financial Statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limit for the City is approximately \$148 million. At June 30, 2024, the City had no debt applicable to this limit. Additional information about the City's long-term obligations can be found in Note 5 to the Notes to the Basic Financial Statements.

Currently Known Facts, Conditions, and Decisions

Outlined below is key information expected to significantly impact the City's financial position and operational outcomes as of this report.

Due to rising costs of existing obligations and declining Transient Occupancy Tax revenues, the City is currently facing a structural deficit. In response, staff has initiated a cost allocation and fee study, is exploring revenue enhancement opportunities, and is reviewing all operating expenditures, capital projects and programs, and staff vacancies to identify short- and long-term savings. Additionally, in November 2024, voters approved Measure R, which will increase the sales tax rate by 0.50%. These combined efforts aim to stabilize the City's finances and ensure sustainable services.

Fiscal sustainability remains a top priority for Half Moon Bay. To that end, staff will continue monitoring these conditions closely and seeking the most efficient ways to provide public services. Staff looks forward to working with the City Council and community to address financial challenges ahead. In addition, staff will continue identifying operational efficiencies, potential economic development opportunities, and alternative revenue options to maintain high-quality services for residents and visitors of Half Moon Bay.

CITY OF HALF MOON BAY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This financial report is designed to provide all those with an interest in the government's finances with a general overview of the City of Half Moon Bay financial position and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Half Moon Bay
Finance Department
501 Main Street
Half Moon Bay, CA 94019.

An electronic version of this report is available at the City's website, found at www.hmbcity.com



**THIS PAGE IS
INTENTIONALLY BLANK**

CITY OF HALF MOON BAY
STATEMENT OF NET POSITION
JUNE 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|-----------------------------------------------------------|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Cash and investments (Note 2) | \$47,430,393 | \$4,011,794 | \$51,442,187 |
| Accounts receivable, net | 3,583,032 | 17,238 | 3,600,270 |
| Interest receivable | 460,922 | 45,529 | 506,451 |
| Prepays | | | |
| Loan receivable (Note 1r) | 300,000 | | 300,000 |
| Land held for resale (Note 1i) | 26,823,920 | | 26,823,920 |
| Investment in Sewer Authority Mid-Coastside (Note 6) | | 11,397,062 | 11,397,062 |
| Net OPEB Asset (Note 9) | 212,508 | 10,593 | 223,101 |
| Capital assets, not depreciated (Note 4) | 22,959,218 | | 22,959,218 |
| Capital assets, depreciated, net (Note 4) | 59,930,778 | 6,831,129 | 66,761,907 |
| Total assets | 161,700,771 | 22,313,345 | 184,014,116 |
| Deferred outflows of resources | | | |
| Related to OPEB (Note 9) | 78,302 | 5,290 | 83,592 |
| Related to pensions (Note 8) | 5,308,118 | 235,072 | 5,543,190 |
| Total deferred outflows of resources | 5,386,420 | 240,362 | 5,626,782 |
| Liabilities | | | |
| Accounts payable | 295,288 | 114,068 | 409,356 |
| Accrued liabilities | 2,790,803 | | 2,790,803 |
| Deposits payable | 679,329 | | 679,329 |
| Unearned revenue | 75,000 | | 75,000 |
| Claims liabilities, due within one year (Note 11) | 1,670,731 | | 1,670,731 |
| Compensated absences (Note 1j): | | | |
| Due within one year | 33,538 | | 33,538 |
| Due in more than one year | 637,226 | | 637,226 |
| Long-term debt (Note 5): | | | |
| Due within one year | 847,754 | | 847,754 |
| Due in more than one year | 5,215,672 | | 5,215,672 |
| Net pension liability, due in more than one year (Note 8) | 14,029,383 | 564,424 | 14,593,807 |
| Total liabilities | 26,274,724 | 678,492 | 26,953,216 |
| Deferred inflows of resources | | | |
| Related to OPEB (Note 9) | 99,786 | 8,489 | 108,275 |
| Related to pensions (Note 8) | 684,592 | 68,596 | 753,188 |
| Total deferred inflows of resources | 784,378 | 77,085 | 861,463 |
| Net position (Note 7) | | | |
| Net investment in capital assets | 76,826,570 | 6,831,129 | 83,657,699 |
| Restricted for: | | | |
| Investment in Sewer Authority | | 11,397,062 | 11,397,062 |
| Other Post-Employment Benefits | 191,024 | | 191,024 |
| Capital Projects | 8,619,031 | | 8,619,031 |
| Debt Service | 6,425 | | 6,425 |
| Housing and Economic Development | 6,495,481 | | 6,495,481 |
| Special Revenues | 2,506,291 | | 2,506,291 |
| Streets and Roads | 7,263,726 | | 7,263,726 |
| Total restricted net position | 25,081,978 | 11,397,062 | 36,479,040 |
| Unrestricted | 38,119,541 | 3,569,939 | 41,689,480 |
| Total net position | \$140,028,089 | \$21,798,130 | \$161,826,219 |

See accompanying notes to financial statements

CITY OF HALF MOON BAY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | Total |
|---------------------------------------------|---------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Contributions and Grants | Governmental Activities | Business-type Activities | |
| Governmental Activities: | | | | | | | |
| General government | \$7,811,794 | \$487,874 | \$348,890 | | (\$6,975,030) | | (\$6,975,030) |
| Public safety | 6,875,457 | 120,980 | 186,159 | | (6,568,318) | | (6,568,318) |
| Public works | 6,255,645 | 432,066 | 750,133 | \$6,738,537 | 1,665,091 | | 1,665,091 |
| Recreation | 1,534,752 | 1,166,447 | | | (368,305) | | (368,305) |
| Planning | 3,931,872 | 298,171 | | | (3,633,701) | | (3,633,701) |
| Community and economic development | 1,894,276 | | | | (1,894,276) | | (1,894,276) |
| Total governmental activities | 28,303,796 | 2,505,538 | 1,285,182 | 6,738,537 | (17,774,539) | | (17,774,539) |
| Business-type Activities: | | | | | | | |
| Sewer | 6,685,640 | 6,207,200 | | 1,304,480 | | \$826,040 | 826,040 |
| Total | \$34,989,436 | \$8,712,738 | \$1,285,182 | \$8,043,017 | (17,774,539) | 826,040 | (16,948,499) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | | | | | 4,283,589 | | 4,283,589 |
| Sales and use | | | | | 3,665,449 | | 3,665,449 |
| Transient occupancy | | | | | 8,167,938 | | 8,167,938 |
| Franchise | | | | | 992,685 | | 992,685 |
| Business license tax | | | | | 350,948 | | 350,948 |
| Investment income | | | | | 2,439,990 | 242,911 | 2,682,901 |
| Miscellaneous | | | | | 652,986 | | 652,986 |
| Transfers (Note 3) | | | | | 982,301 | (982,301) | |
| Total general revenues and transfers | | | | | 21,535,886 | (739,390) | 20,796,496 |
| Change in Net Position | | | | | 3,761,347 | 86,650 | 3,847,997 |
| Net Position at beginning of year | | | | | 136,266,742 | 21,711,480 | 157,978,222 |
| Net Position at end of year | | | | | \$140,028,089 | \$21,798,130 | \$161,826,219 |

See accompanying notes to financial statements



**THIS PAGE IS
INTENTIONALLY BLANK**

CITY OF HALF MOON BAY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024

| | General Fund | Special Revenue Funds | | |
|-------------------------------------------------------------------------------|---------------------|-----------------------|-----------------------------------|-----------------------|
| | | Streets and Road | Lot Acquisition and Retirement | Affordable Housing |
| Assets | | | | |
| Cash and investments (Note 2) | \$13,376,980 | \$7,483,296 | \$1,406,966 | \$5,914,688 |
| Receivables: | | | | |
| Accounts, net | 2,842,998 | 376,279 | | |
| Interest | 130,524 | 70,942 | 13,633 | 53,277 |
| Loan (Note 1r) | | | | 300,000 |
| Land held for resale (Note 1i) | | | | |
| Due from other funds (Note 3a) | 33,065 | | | |
| Total assets | \$16,383,567 | \$7,930,517 | \$1,420,599 | \$6,267,965 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | | \$31,961 | | |
| Accrued liabilities | \$1,336,308 | 559,830 | | \$13,256 |
| Deposits payable | 679,329 | | | |
| Due to other funds (Note 3a) | | | | |
| Unearned revenue | | 75,000 | | |
| Total Liabilities | 2,015,637 | 666,791 | | 13,256 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue - loan | | | | 300,000 |
| Fund Balances (Note 7): | | | | |
| Nonspendable | | | | |
| Restricted | | 7,263,726 | \$1,420,599 | 5,954,709 |
| Committed | 11,091,587 | | | |
| Assigned | | | | |
| Unassigned | 3,276,343 | | | |
| Total fund balances | 14,367,930 | 7,263,726 | 1,420,599 | 5,954,709 |
| Total liabilities, deferred inflows of resources and fund balances | \$16,383,567 | \$7,930,517 | \$1,420,599 | \$6,267,965 |

See accompanying notes to financial statements

| Special Revenue Fund | Capital Projects Funds | | Non-major Governmental Funds | Total |
|-------------------------|------------------------|--------------------------|------------------------------------|---------------------|
| Parks Development | Land Asset | Capital Projects Fund | | |
| \$1,497,897 | | \$1,890,998 | \$9,438,998 | \$41,009,823 |
| 94,070 | | 38,195 | 231,490 | 3,583,032 |
| 19,593 | | 24,570 | 87,589 | 400,128 |
| | \$26,823,920 | | | 300,000 |
| | | | | 26,823,920 |
| | | | | 33,065 |
| <u>\$1,611,560</u> | <u>\$26,823,920</u> | <u>\$1,953,763</u> | <u>\$9,758,077</u> | <u>\$72,149,968</u> |
| \$223,780 | | | | \$255,741 |
| 493,212 | | \$169,721 | \$218,476 | 2,790,803 |
| | | | | 679,329 |
| | | | 33,065 | 33,065 |
| | | | | 75,000 |
| <u>716,992</u> | | <u>169,721</u> | <u>251,541</u> | <u>3,833,938</u> |
| | | | | 300,000 |
| | \$26,823,920 | | | 26,823,920 |
| 894,568 | | | 9,057,352 | 24,590,954 |
| | | | | 11,091,587 |
| | | 1,784,042 | 449,184 | 2,233,226 |
| | | | | 3,276,343 |
| <u>894,568</u> | <u>26,823,920</u> | <u>1,784,042</u> | <u>9,506,536</u> | <u>68,016,030</u> |
| <u>\$1,611,560</u> | <u>\$26,823,920</u> | <u>\$1,953,763</u> | <u>\$9,758,077</u> | <u>\$72,149,968</u> |

CITY OF HALF MOON BAY
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2024

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Fund balances of governmental funds | \$68,016,030 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets have not been included as financial resources in governmental fund activity: | |
| Capital assets, non depreciable | 22,959,218 |
| Capital assets, depreciated, net | 59,568,265 |
| Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities | 300,000 |
| Deferred outflows below are not current assets of financial resources and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds. | |
| Deferred outflows of resources | 5,385,289 |
| Deferred inflows of resources | (783,547) |
| Long-term assets and liabilities that have not been included in governmental fund activity | |
| Long-term notes payable | (6,063,426) |
| Compensated absences | (670,764) |
| Net pension liability | (14,029,383) |
| Net OPEB asset | 209,742 |
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. | <u>5,136,665</u> |
| Net position of governmental activities | <u><u>\$140,028,089</u></u> |

See accompanying notes to financial statements



**THIS PAGE IS
INTENTIONALLY BLANK**

CITY OF HALF MOON BAY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

| | Special Revenue Funds | | | |
|--------------------------------------------------------------|-----------------------|---------------------|-----------------------------------|-----------------------|
| | General Fund | Streets and Road | Lot Acquisition and Retirement | Affordable Housing |
| REVENUES | | | | |
| Taxes | \$16,991,811 | \$583,677 | | |
| License and permits | 306,282 | | | |
| Fines and forfeitures | 81,445 | | | |
| Charges for services | 1,454,141 | | | |
| Rents and leases | 78,135 | | | |
| Investment income | 804,188 | 358,662 | \$72,389 | \$225,849 |
| Intergovernmental revenues | 117,400 | 1,055,528 | | 4,750,000 |
| Miscellaneous | 833,965 | | | |
| Total revenues | 20,667,367 | 1,997,867 | 72,389 | 4,975,849 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,138,896 | | | |
| General administration | 2,134,173 | | | |
| Public safety | 6,452,977 | | | |
| Public works | 2,174,611 | 236,775 | | |
| Recreation services | 538,827 | | | |
| Planning | 2,879,532 | | | 1,185,761 |
| Community and economic development | 1,008,276 | | | |
| Capital outlay | | 957,844 | | |
| Debt service: | | | | |
| Principal | 3,628,582 | | | |
| Interest and fees | 97,016 | | | |
| Total expenditures | 22,052,890 | 1,194,619 | | 1,185,761 |
| Excess (deficiency) of revenues over (under) expenditures | (1,385,523) | 803,248 | 72,389 | 3,790,088 |
| Other financing sources (uses): | | | | |
| Transfers in (Note 3) | 537,285 | 40,000 | | |
| Transfers (out) (Note 3) | (4,211,736) | (6,746) | | |
| Issuance of debt | 3,200,000 | | | |
| Total other financing sources (uses) | (474,451) | 33,254 | | |
| Net change in fund balances | (1,859,974) | 836,502 | 72,389 | 3,790,088 |
| Fund balance at beginning of year, as previously reported | 16,227,904 | 6,427,224 | 1,348,210 | |
| Adjustments: | | | | |
| Changes from major to nonmajor fund | | | | |
| Changes from nonmajor to major fund | | | | 2,164,621 |
| Fund balances at beginning of year, as adjusted | 16,227,904 | 6,427,224 | 1,348,210 | 2,164,621 |
| Fund balances at end of year | \$14,367,930 | \$7,263,726 | \$1,420,599 | \$5,954,709 |

See accompanying notes to financial statements

| Special Revenue Fund | Debt Service Fund (Formerly Major) Judgment Obligation Bonds | Capital Projects Funds | | | Non-Major Governmental Funds | Total |
|-------------------------|-----------------------------------------------------------------------------|-----------------------------|--------------|-----------------------------|------------------------------------|--------------|
| | | (Formerly Major) Library | Land Asset | Capital Projects Fund | | |
| | | | | | | \$17,575,488 |
| | | | | | | 306,282 |
| | | | | | | 81,445 |
| | | | | | | 1,454,141 |
| | | | | | \$13,000 | 91,135 |
| \$86,025 | | | | \$119,363 | 473,514 | 2,139,990 |
| 1,446,510 | | | | 236,632 | 417,649 | 8,023,719 |
| | | | | | | 833,965 |
| 1,532,535 | | | | 355,995 | 904,163 | 30,506,165 |
| | | | | | 87,400 | 3,226,296 |
| | | | | | | 2,134,173 |
| | | | | | 23,451 | 6,476,428 |
| | | | | | 80,757 | 2,492,143 |
| | | | | | | 538,827 |
| | | | | | | 4,065,293 |
| 4,477,662 | | | | 1,649,258 | 886,000 | 1,894,276 |
| | | | | | 1,350,260 | 8,435,024 |
| | | | | | | 3,628,582 |
| | | | | | | 97,016 |
| 4,477,662 | | | | 1,649,258 | 2,427,868 | 32,988,058 |
| (2,945,127) | | | | (1,293,263) | (1,523,705) | (2,481,893) |
| 1,250,000 | | | | 1,250,000 | 979,613 | 4,056,898 |
| | | | | (961,613) | (103,809) | (5,283,904) |
| | | | | | | 3,200,000 |
| 1,250,000 | | | | 288,387 | 875,804 | 1,972,994 |
| (1,695,127) | | | | (1,004,876) | (647,901) | (508,899) |
| | \$6,268 | \$426,155 | \$26,823,920 | 2,788,918 | 14,476,330 | 68,524,929 |
| | (6,268) | (426,155) | | | 432,423 | |
| 2,589,695 | | | | | (4,754,316) | |
| 2,589,695 | | | 26,823,920 | 2,788,918 | 10,154,437 | 68,524,929 |
| \$894,568 | | | \$26,823,920 | \$1,784,042 | \$9,506,536 | \$68,016,030 |

CITY OF HALF MOON BAY
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Changes in fund balances of governmental funds (\$508,899)

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

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expenses, whereas net position decrease by the amount of depreciation expense charged for the year.

| | |
|----------------------------------------------|-------------|
| Capital asset additions | 7,112,143 |
| Depreciation expense | (2,157,388) |
| Retirements | (332,033) |
| Assets transferred to Internal Service Funds | (53,928) |

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

| | |
|-----------------------------|-------------|
| Financing lease proceeds | (3,200,000) |
| Repayment of debt principal | 3,628,582 |

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue of expenditures in governmental funds (net change).

| | |
|----------------------|-----------|
| OPEB expenses | (611) |
| Compensated absences | (119,798) |
| Pension expenses | (659,165) |

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal services funds is reported with governmental activities.

(247,556)

Changes in net position of governmental activities

\$3,761,347

See accompanying notes to financial statements

CITY OF HALF MOON BAY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2024

| | Sewer Enterprise Fund | Governmental Activities- Internal Service Funds |
|----------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------|
| Assets: | | |
| Current Assets: | | |
| Cash and investments (Note 2) | \$4,011,794 | \$6,420,570 |
| Accounts receivable | 17,238 | |
| Interest receivable | 45,529 | 60,794 |
| Total Current Assets | <u>4,074,561</u> | <u>6,481,364</u> |
| Noncurrent Assets: | | |
| Investment in Sewer Authority Mid-Coastside (Note 6) | 11,397,062 | |
| Net OPEB Asset (Note 9) | 10,593 | 2,766 |
| Non-depreciable capital assets (Note 4) | | |
| Depreciable capital assets, net of accumulated depreciation (Note 4) | 6,831,129 | 362,513 |
| Total Non-Current Assets | <u>18,238,784</u> | <u>365,279</u> |
| Total Assets | <u>22,313,345</u> | <u>6,846,643</u> |
| Deferred Outflows of Resources | | |
| Related to OPEB (Note 9) | 5,290 | 1,131 |
| Related to pensions (Note 8) | 235,072 | |
| Total Deferred Outflows of Resources | <u>240,362</u> | <u>1,131</u> |
| Liabilities: | | |
| Current Liabilities: | | |
| Accounts payable | 114,068 | 39,547 |
| Claims liability (Note 11) | | 1,670,731 |
| Total Current Liabilities | <u>114,068</u> | <u>1,710,278</u> |
| Noncurrent liabilities: | | |
| Net pension liability (Note 8) | 564,424 | |
| Total Liabilities | <u>678,492</u> | <u>1,710,278</u> |
| Deferred Inflows of Resources | | |
| Related to OPEB (Note 9) | 8,489 | 831 |
| Related to pensions (Note 8) | 68,596 | |
| Total Deferred Inflows of Resources | <u>77,085</u> | <u>831</u> |
| Net Position: | | |
| Net investment in capital assets | 6,831,129 | 362,513 |
| Restricted for investment in Sewer Authority | 11,397,062 | |
| Restricted for other post employment benefits | | 3,066 |
| Unrestricted | 3,569,939 | 4,771,086 |
| Total Net Position | <u>\$21,798,130</u> | <u>\$5,136,665</u> |

See accompanying notes to financial statements

CITY OF HALF MOON BAY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2024

| | Sewer Enterprise Fund | Governmental Activities- Internal Service Funds |
|--------------------------------------------------------------|-----------------------------|-------------------------------------------------------------|
| Operating revenues: | | |
| Charges for services | \$6,207,200 | |
| Impact fees | | |
| Total operating revenues | 6,207,200 | |
| Operating expenses: | | |
| Salaries and wages | 305,205 | \$729,608 |
| Contract services | 6,067,379 | 53,832 |
| Supplies | | 343,372 |
| Repairs and maintenance | 162,335 | 43,599 |
| Insurance | | 1,079,413 |
| Pensions | | 457,721 |
| Depreciation | 150,721 | 79,683 |
| Other charges | | 240 |
| Total operating expenses | 6,685,640 | 2,787,468 |
| Total operating income (loss) | (478,440) | (2,787,468) |
| Non-operating revenues: | | |
| Gain on investment in Sewer Authority Mid-Coastside (Note 6) | 1,304,480 | |
| Investment income | 242,911 | 276,677 |
| Total non-operating revenues | 1,547,391 | 276,677 |
| Income before contributions and transfers | 1,068,951 | (2,510,791) |
| Capital contributions | | 53,928 |
| Transfers in (Note 3) | | 2,209,307 |
| Transfers (out) (Note 3) | (982,301) | |
| Total transfers | (982,301) | 2,263,235 |
| Change in net position | 86,650 | (247,556) |
| Net position at beginning of year | 21,711,480 | 5,384,221 |
| Net position at end of year | \$21,798,130 | \$5,136,665 |

See accompanying notes to financial statements

CITY OF HALF MOON BAY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2024

| | Sewer Enterprise Fund | Governmental Activities- Internal Service Funds |
|------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$6,209,097 | |
| Cash payments to suppliers for goods and services | (6,250,610) | (\$912,679) |
| Cash payments to employee services | (290,507) | (1,187,324) |
| Net cash provided by operating activities | (332,020) | (2,100,003) |
| Cash flows from non-capital and related financing activities: | | |
| Cash collected from other funds | | 2,209,307 |
| Cash paid to other funds | (982,301) | |
| Net cash (used for) non-capital and related financing activities | (982,301) | 2,209,307 |
| Cash flows from investing activities: | | |
| Interest received on investments | 240,683 | 259,013 |
| Net cash provided by investing activities | 240,683 | 259,013 |
| Net increase in cash and cash equivalents | (1,073,638) | 368,317 |
| Cash and cash equivalents at beginning of year | 5,085,432 | 6,052,253 |
| Cash and cash equivalents at end of year | \$4,011,794 | \$6,420,570 |
| Reconciliation of operating income (loss) to net cash provided by (used for) | | |
| Provided by (used for) operating activities: | | |
| Operating income (loss) | (\$478,440) | (\$2,787,468) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | 150,721 | 79,683 |
| Change in assets and liabilities: | | |
| Accounts receivable | 1,897 | 1,212 |
| Accounts payable | (20,896) | 664 |
| Deferred outflows of resources | (3,013) | |
| Deferred inflows of resources | (6,705) | 5 |
| Claims liability | | 605,901 |
| Net OPEB asset | 1,199 | |
| Net pension liability | 23,217 | |
| Net cash provided by operating activities | (\$332,020) | (\$2,100,003) |
| Non-cash transactions: | | |
| Gain on investment in Sewer Authority Mid-Coastside | \$1,304,480 | |
| Capital contributions | | \$53,928 |

See accompanying notes to financial statements



**THIS PAGE IS
INTENTIONALLY BLANK**

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

1. Significant Accounting Policies

The City of Half Moon Bay (the City) is located next to the Pacific Ocean in San Mateo County, approximately twenty-five miles south of San Francisco. The City and coast side area is a thriving agricultural, fishing and tourism destination. In addition, about 3,000 tons of pumpkins are grown on the coast side each year and the ripening pumpkin heralds the Annual Arts and Pumpkin Festival held in October on the downtown historic Main Street. The annual festival draws more than 200,000 visitors for the two-day event.

The City is a general law city operating under the Council-Manager form of government, with a five-member City Council elected for four-year overlapping terms. The City Manager is appointed by the City Council to serve as administrator of the staff and to carry out the Council's policies.

Fire, water, library and certain sewer services are provided by separate districts or authorities which are not controlled by the City.

a) *Blended Component Unit*

The financial statements of the City include the financial activities of the City, as well as the Community Development Agency of the City of Half Moon Bay (Agency), which is controlled by and dependent on the City. The Agency is a separate government entity created in 1986 whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The Agency has the same governing board as the City, which also performs all accounting and administrative functions for the Agency, and has a financial relationship with the City. The financial activities of the Agency have been aggregated and merged (termed "blending") with those of the City. The Agency is currently inactive for the fiscal year ended June 30, 2024.

b) *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been eliminated from these statements to minimize the double counting of internal activities. 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 is 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.

Fund financial statements for the primary government's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in aggregate for governmental and proprietary funds.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

1. Significant Accounting Policies, continued

b) Government-wide and Fund Financial Statements, continued

The City reports the following major governmental funds:

The *General Fund* (Fund 101) is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The major revenue sources for this fund are transient occupancy tax, property taxes, sales taxes, unrestricted revenues from the State, and interest income. Expenditures are made for public safety, planning, building, engineering, and other general government services.

The *Streets and Roads Special Revenue Fund* was established to account for all proceeds of Gas Tax funds (Fund 122), Measure A Local Transportation Ordinance Tax funds (Fund 124), Main Street Bridge fund (Fund 121) and other grants (Fund 123) that are restricted to purposes of these taxes.

The *Lot Acquisition and Retirement Special Revenue Fund* (Fund 133) is used to account for in-lieu fees and expenses within the purpose of acquiring and retiring development rights on existing legal parcels.

The *Affordable Housing Special Revenue Fund* (Fund 126) was established to account for proceeds of construction and development fees, including in lieu fees, whose purpose is for the development of affordable housing for very low, low, and moderate income households to rent or buy.

The *Parks Development Special Revenue Fund* (Fund 125) was established to account for proceeds of construction and development fees, whose purpose is for the acquisition, development, improvement, and expansion of parks and recreational areas, including equipment for recreation purposes and for capital expenditures such as infrastructure construction projects. In addition, this fund also includes the Library Fund (Fund 113) which accounts for the operations of the public library and is funded by contributions from the City and the San Mateo County Library Joint Powers Authority.

The *Land Asset Capital Projects Fund* (Fund 154) was established to account for the two land parcels held for resale.

The *Capital Projects Fund* (Fund 151) is used to fund Capital Improvement Program projects, including construction, technology, and other infrastructure improvements.

The City reports the following major enterprise fund:

The *Sewer Enterprise Fund* is used to account for the financial activity of the City's sewer utility. The costs of providing these services to the general public are financed or recovered primarily through user charges (Fund 201 is Sewer Operating Fund; Fund 202 is Sewer Capital Fund).

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

1. Significant Accounting Policies, continued

b) Government-wide and Fund Financial Statements, continued

The City also reports the following fund types:

Internal Service Funds:

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City operates an *Equipment and Vehicle Replacement Fund*, a *Risk Management Fund*, and *Pension Stabilization Fund*.

c) Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the 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. Under this method, revenues are recognized when 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 year. 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, claims and judgments are not recognized until due. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer functions 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.

Property taxes, sales taxes, transient occupancy taxes, and charges for services 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues include: 1) charges to members, 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 non-operating 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.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

1. Significant Accounting Policies, continued

c) Basis of Accounting and Financial Statement Presentation, continued

The principal operating revenues of the Sewer Fund and of the government's Internal Service Funds are charges to customers for services. Operating expenses for the Sewer Fund 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 non-operating revenues and expenses.

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

d) Cash and Investments

Investments are reported in the accompanying statement of net position at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income, earned by the pooled investments, is allocated to the various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Cash invested in the City's investment pools is also considered to be cash equivalents.

e) Cash and Investments with Fiscal Agents

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

1. Significant Accounting Policies, continued

f) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

g) Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to "due to/from other funds" (i.e., the current portion of interfund loans).

h) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at estimated acquisition value on the date donated. 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. In addition, the City does not capitalize the allocation of capital costs related segments of projects maintained by other entities. The City utilizes a capitalization threshold of \$5,000.

Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---------------------------|----------------|
| Building and Improvements | 40 years |
| Sewer Mains and Laterals | 60 years |
| Infrastructure | 20 to 50 years |
| Vehicles | 5 to 10 years |
| Equipment | 5 to 20 years |

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

1. Significant Accounting Policies, continued

i) Land Held for Resale

Lands held for resale are recorded in the Land Asset Capital Projects Fund at the lower of acquisition cost or estimated resale value. Fund balances are reserved in amounts equal to the carrying value of land held for resale since such assets are not available to finance the City's current operations.

Land held for resale of \$26,823,920 at June 30, 2024 is stated at the lower of historical cost or net realizable value.

j) Compensated Absences

Depending upon length of employment, City employees earn 12 to 27 vacation days a year. Sick leave is accrued at the rate of 12 days per year. Employees can carry forward two to three years-worth of earned but unused vacation leave benefits to subsequent years depending on employee group. Upon termination, the City is obligated to compensate employees for all earned but unused vacation days. The earned but unused sick leave benefits are payable for some employees, when vested, in the event of employee termination.

In the government-wide financial statements, a liability is accrued for all earned but unused vacation leave benefits, as well as vested amounts of sick leave relating to the operations of the funds. General Fund is typically used to liquidate the liability for compensated absences. This liability will be liquidated as either additional cash payments in the event of employee termination or as part of budgeted salary expenditures if used by employees as compensated leave time while still employed by the City. In the fund financial statements, governmental funds report compensated absences only if they have matured, i.e. unused reimbursable leave still outstanding at fiscal year-end following an employee's resignation or retirement. Non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

The changes in compensated absences for the year ended June 30, 2024 is as follows:

| | |
|---------------------|-------------------------|
| Beginning Balance | \$550,966 |
| Additions | 640,588 |
| Payments | <u>(520,790)</u> |
| Ending Balance | <u><u>\$670,764</u></u> |
| Current Portion | <u><u>\$33,538</u></u> |
| Non-current Portion | <u><u>\$637,226</u></u> |

**CITY OF HALF MOON BAY, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2024**

1. Significant Accounting Policies, continued

k) 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 position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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 service expenditures.

l) Claims and Judgments

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired, or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the Internal Service Funds, which account for the City's risk management activities.

m) Property Taxes

State of California (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value (\$1 per \$100 of assessed value) plus an additional amount for general obligation debt approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold or transferred. The state legislature has determined the method of distribution of receipts from the \$1.00 tax levy among the counties, cities, school districts and other districts.

The County of San Mateo assesses properties and bills for and collects property taxes as follows:

| | Secured | Unsecured |
|------------------------------|-----------------------------------------------------------------|--------------------|
| Valuation/lien dates | January 1 | January 1 |
| Levy dates | On or before November 1 | July 1 |
| Due dates (delinquent after) | 50% on November 1 (December 10) 50% on February 1 (April 10) | July 1 (August 31) |

The term "unsecured" refers to taxes on personal property other than land and buildings. These "unsecured" taxes are secured by liens on the personal property being taxed. The County of San Mateo distributes to the City the entire amount of each year's levy and in return receives all penalties and interest on delinquent payments.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

1. Significant Accounting Policies, continued

n) Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

o) Pensions and OPEB (Other Post-Employment Benefits)

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

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

p) Leases

As clarified by the Government Accounting Standards Board (GASB) Statement No. 87, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivables or liabilities with an initial, individual value of \$200,000 or more, based on the future lease payments remaining at the start of the lease.

The City has no leases subject to GASB #87 for the fiscal year 2024.

q) Subscription-Based Information Technology Arrangements (SBITAs) Accounting

As clarified by the Government Accounting Standards Board (GASB) Statement No. 96, a Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

1. Significant Accounting Policies, continued

q) Subscription-Based Information Technology Arrangements (SBITAs) Accounting, continued

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes SBITA liabilities with an initial, individual value of \$200,000 or more for all funds, based on the future SBITA payments remaining at the start of the contract.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets and subscription liabilities are reported with liabilities on the statement of net position.

The City has no SBITA subject to GASB #96 for the fiscal year 2024.

r) Loan Receivable

In June 2020, the City loaned \$300,000 from the Affordable Housing Special Revenue Fund to the Abundant Grace Coastsider Worker (AGCW) for the acquisition of property for the development of a workforce Development Center. The loan is secured by a recorded deed of trust on the property, does not bear interest and is due December 31, 2034.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

1. Significant Accounting Policies, continued

s) New GASB Pronouncement

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2024.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

GASB 100 – Accounting for Changes and Error Corrections

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2023, and all reporting periods thereafter. The City implemented the provisions of the Statement, but it did not have an effect on the fiscal year 2024 financial statements.

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

1. Significant Accounting Policies, continued

t) Renamed Fund

The ARPA Special Revenue Fund was renamed to the Opportunity Center Coastside Special Revenue Fund.

2. Cash, Cash Equivalents, and Investments

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

| | |
|--------------------------------------|----------------------------|
| Cash on hand | \$292 |
| Deposits with financial institutions | 1,036,632 |
| Investments | <u>50,405,263</u> |
| Total cash and investments | <u><u>\$51,442,187</u></u> |

a) Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a policy for custodial credit risk on deposits. As of June 30, 2024, the carrying amount of the City's deposits was \$1,036,632 and the bank balance was \$3,084,952. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

Under the California Government Code, a financial institution is required to secure deposits in excess of \$250,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is considered to be held in the name of the City.

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

2. Cash, Cash Equivalents, and Investments, continued

b) Investments Authorized by the City's Investment Policy

The City maintains a cash and investment pool that is available for use by all funds. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum Percentage Allowed | Maximum Investment In One Issuer |
|--------------------------------------------------|------------------|------------------------|----------------------------|----------------------------------|
| U.S. Treasury Obligations | 5 Years | None | None | None |
| U.S. Government Sponsored Enterprise Obligations | 5 Years | None | None | None |
| Bankers' Acceptances | 180 Days | None | 20% | 5% |
| Commercial Paper | 180 Days | Highest Rating | 15% | 2% |
| Negotiable Certificates of Deposit | 2 Years | None | 30% | None |
| Repurchase Agreements | 1 year | None | 10% | 5% |
| California Local Agency Investment Fund | None | None | None | \$75 million per account |
| San Mateo County Investment Pool | None | None | None | None |
| Time Certificates of Deposit | 2 years | None | 10% | None |
| Medium-Term Corporate Notes | 5 Years | Highest Rating | 10% | 10% (A) |
| Money Market Mutual Funds | None | Highest Rating | 20% | 5% |

(A) Commercial paper holdings are to be included when calculating the 10% limitation.

c) Investments Authorized by Debt Agreements

Investments of debt proceeds held by 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. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum Percentage Allowed | Maximum Investment In One |
|-----------------------------------------|------------------|------------------------|----------------------------|---------------------------|
| U.S. Treasury Obligations | None | None | No Limit | No Limit |
| U.S. Agency Securities | None | None | No Limit | No Limit |
| State Obligations | None | AAA | No Limit | No Limit |
| Municipal Obligations | None | AAA | No Limit | No Limit |
| Bankers' Acceptances | 360 Days | A1 | No Limit | No Limit |
| Commercial Paper | 270 Days | A1+ | No Limit | No Limit |
| Money Market Mutual Funds | None | Aam | No Limit | No Limit |
| California Local Agency Investment Fund | None | None | No Limit | No Limit |
| Repurchase Agreements | None | None | No Limit | No Limit |

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

2. Cash, Cash Equivalents, and Investments, continued

d) Fair Value Hierarchy

The City adopted GASB Statement No. 72, Fair Value Measurement and Applications, which required governmental entities to measure investments at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

| | Total |
|------------------------------------------------------|----------------------------|
| Investments exempt from Fair Value Hierarchy: | |
| San Mateo County Investment Pool | \$42,234,178 |
| California Local Agency Investment Fund | <u>8,171,085</u> |
| Total Investments | <u><u>\$50,405,263</u></u> |

e) Interest Rate Risk

Interest Rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

| Investment Type | Remaining Maturity (in Months) | |
|-----------------------------------------|--------------------------------|----------------------------|
| | 12 Months Or Less | Total |
| <i>Available for Operations</i> | | |
| California Local Agency Investment Fund | \$8,171,085 | \$8,171,085 |
| San Mateo County Investment Pool | <u>42,234,178</u> | <u>42,234,178</u> |
| Total Investments | <u><u>\$50,405,263</u></u> | <u><u>\$50,405,263</u></u> |

f) Custodial Credit Risk - Investment

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. All of the City's investments in securities are held in the name of the City. The City's custody agreement policy prohibits counterparties holding securities not in the City's name.

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

2. Cash, Cash Equivalents, and Investments, continued

g) Credit Risk – Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of ratings by nationally recognized statistical rating organization (S&P).

| Investment Type | AA | Not Rated | Total |
|-----------------------------------------|---------------------|--------------------|---------------------|
| <i>Held by City</i> | | | |
| California Local Agency Investment Fund | | \$8,171,085 | \$8,171,085 |
| San Mateo County Investment Pool | \$42,234,178 | | 42,234,178 |
| | <u>\$42,234,178</u> | <u>\$8,171,085</u> | <u>\$50,405,263</u> |
| Total Investments | | | |

h) Investments in San Mateo County Investment Pool

The City is also a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the County of San Mateo. The City reports its investment in the County Pool at the fair value amount provided by the County. The balance available for withdrawal is based on the accounting records maintained by the County Pool which are recorded on an amortized cost basis. Included in the County Pool's investment portfolio are U.S. Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, collateralized mortgage obligations, mortgage-backed securities, repurchase agreements, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2024, these investments matured in an average of 1.64 years.

i) Investments in State Treasurer's Local Agency Investment Pool

The City is also a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2024, these investments matured in an average of 217 days.

3. Interfund Transactions

a) Current Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The purpose of these balances is to eliminate negative cash balances at year end in various funds. At June 30, 2024, the Opportunity Center Coastside Special Revenue Fund owed the General Fund \$33,065.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

3. Interfund Transactions, continued

b) Transfers

Transfers between funds during the fiscal year ended June 30, 2024, were as follows:

| Transfer To | Transfer From | Amount | |
|----------------------------------------|----------------------------------------|--------------------|-----|
| General Fund | Sewer Enterprise Fund | \$537,285 | (a) |
| Streets and Road Special Revenue Fund | General Fund | 40,000 | (b) |
| Parks Development Special Revenue Fund | General Fund | 950,000 | (b) |
| | Capital Projects Fund | 300,000 | (b) |
| Capital Projects Fund | General Fund | 1,250,000 | (b) |
| Non-Major Governmental Funds | General Fund | 218,000 | (b) |
| | Capital Projects Fund | 661,613 | (b) |
| | Non-Major Governmental Funds | 100,000 | (b) |
| Internal Service Funds | General Fund | 1,753,736 | (c) |
| | Streets and Roads Special Revenue Fund | 6,746 | (c) |
| | Non-Major Governmental Funds | 3,809 | (c) |
| | Sewer Enterprise Fund | 445,016 | (c) |
| | | <u>\$6,266,205</u> | |

Interfund transfers were principally used for the following purposes:

- (a) Sewer management expenditures
- (b) Capital program expenditures
- (c) Program expenditures

4. Capital Assets

a) Capital Assets Activity

A Summary of changes in capital assets for the year ended June 30, 2024, is as follows:

| | Balance June 30, 2023 | Additions | Transfers | Retirements | Balance June 30, 2024 |
|---------------------------------------------|--------------------------|--------------------|--------------------|--------------------|--------------------------|
| <i>Governmental activities:</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$4,756,385 | | | | \$4,756,385 |
| Rights of way | 6,990,396 | | | | 6,990,396 |
| Construction in progress | 9,669,548 | \$6,269,995 | (\$4,395,073) | (\$332,033) | 11,212,437 |
| Total capital assets not being depreciated | <u>21,416,329</u> | <u>6,269,995</u> | <u>(4,395,073)</u> | <u>(332,033)</u> | <u>22,959,218</u> |
| Capital assets being depreciated: | | | | | |
| Buildings & improvements | 38,456,364 | 112,382 | 11,241 | | 38,579,987 |
| Machinery & equipment | 1,461,878 | 97,343 | | | 1,559,221 |
| Infrastructure | 45,419,176 | 632,423 | 4,383,832 | | 50,435,431 |
| Total capital assets being depreciated | <u>85,337,418</u> | <u>842,148</u> | <u>4,395,073</u> | | <u>90,574,639</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings & improvements | 8,724,403 | 920,064 | | | 9,644,467 |
| Machinery & equipment | 1,056,459 | 91,796 | | | 1,148,255 |
| Infrastructure | 18,625,928 | 1,225,211 | | | 19,851,139 |
| Total accumulated depreciation | <u>28,406,790</u> | <u>2,237,071</u> | | | <u>30,643,861</u> |
| Net depreciable assets | <u>56,930,628</u> | <u>(1,394,923)</u> | <u>4,395,073</u> | | <u>59,930,778</u> |
| Governmental activities capital assets, net | <u>\$78,346,957</u> | <u>\$4,875,072</u> | | <u>(\$332,033)</u> | <u>\$82,889,996</u> |

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

4. Capital Assets, continued

a) Capital Assets Activity, continued

| | Balance June 30, 2023 | Additions | Balance June 30, 2024 |
|----------------------------------------------|--------------------------|-------------|--------------------------|
| <i>Business-type activities:</i> | | | |
| Capital assets being depreciated: | | | |
| Buildings & improvements | \$9,099,769 | | \$9,099,769 |
| Machinery & equipment | 763,646 | | 763,646 |
| Total capital assets being depreciated | 9,863,415 | | 9,863,415 |
| Less accumulated depreciation for: | | | |
| Buildings & improvements | 2,148,862 | \$149,573 | 2,298,435 |
| Machinery & equipment | 732,703 | 1,148 | 733,851 |
| Total accumulated depreciation | 2,881,565 | 150,721 | 3,032,286 |
| Net depreciable assets | 6,981,850 | (150,721) | 6,831,129 |
| Business-type activities capital assets, net | \$6,981,850 | (\$150,721) | \$6,831,129 |

b) Depreciation

Depreciation expense was charged to governmental functions as follows:

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Governmental Activities: | |
| General government | \$107,227 |
| Recreation | 820,003 |
| Public safety | 20,288 |
| Public works | 1,209,870 |
| Depreciation on capital assets held by the City's Internal Service Funds is charged to the various functions based on their usage of the assets | 79,683 |
| Total Governmental Activities | \$2,237,071 |
| Business-Type Activities: | |
| Sewer Fund | \$150,721 |

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

5. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2024:

| | Original Issue Amount | Balance June 30, 2023 | Additions | Retirements | Balance June 30, 2024 | Current Portion |
|------------------------------------------|--------------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| <i>Governmental Activity Debt</i> | | | | | | |
| Direct borrowings: | | | | | | |
| San Mateo County Advance | \$5,726,855 | \$3,436,112 | | \$572,686 | \$2,863,426 | \$572,686 |
| iBank Financing Agreement A & B | 3,200,000 | 3,055,896 | | 3,055,896 | | |
| San Mateo County Loan | 3,200,000 | | \$3,200,000 | | 3,200,000 | 275,068 |
| Total Governmental Activity | | <u>\$6,492,008</u> | <u>\$3,200,000</u> | <u>\$3,628,582</u> | <u>\$6,063,426</u> | <u>\$847,754</u> |

a) Library Loan – Advance Agreement with the County of San Mateo

During the fiscal year ended June 30, 2017, the City entered into a \$6 million Interest-free loan agreement with the County of San Mateo to ensure completion of the Library Project. The Project includes design, environmental review, demolition of existing library, construction, and construction management. The terms of repayment are directly from the property tax apportionments in two installments on December 15 and April 15 per fiscal year for a ten-year period beginning no later than December 15, 2019 and final payment is to be made no later than April 15, 2030. As of June 30, 2024, the City had drawn down \$5,726,855. Repayments began in fiscal year 2020.

b) Financed Purchase – Financing Agreement with the California Infrastructure and Economic Development Bank

During fiscal year ended June 30, 2021, the City entered into a \$3.2 million financed purchase agreement with the California Infrastructure and Economic Development Bank (iBank) for the 880 Stone Pine Road property purchase and related construction costs. The City plans to upgrade and restore the Corporation yard. This will then be used to store the City’s vehicles, equipment, and supplies. The terms of repayment are directly from the rental income with two interest payments due on August 1 and February 1 every fiscal year with one annual principal payment due on August 1 of each year. The first principal payment is due in August 2022. The City repaid the outstanding balance of the loan during fiscal year 2024 with the proceeds of the new agreement with the County of San Mateo discussed below.

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

5. Long-Term Debt, continued

c) Financed Purchase Agreement with the County of San Mateo

In August 2023, the City entered into a Memorandum of Understanding (MOU) with the County of San Mateo related to an affordable housing development at a portion of 880 Stone Pine Road. Under the terms of the MOU, in September 2023 the City and the County also entered into a lease and sublease agreement under which the County made a one-time upfront lease payment to the City in the amount of \$3.2 million that the City used to discharge the iBank Loan discussed above to remove financing restrictions and continue affordable housing efforts at the location. The lease is for property at Correas Street and Purissima Street that will be used for as a library and other recreational functions and simultaneously, the City will sublease the property back from the County with annual rental payments over a lease term of 10 years, at a fixed interest rate of 3.13% per year. The Sublease is secured by secured property taxes collected by the General Fund. While the pledge of repayment is from the secured property taxes, repayment can be made from any source. Under the terms of the sublease, The City is also responsible for paying the County’s costs associated with the property that will be billed periodically and are due within 30 days of receipt of the invoice. To terminate the Sublease after having fully paid all installment payments through and including the year seven payment, the City may make prepay the sublease at any time with five days’ notice to the County. The sublease bears an interest rate of 3.13%. Interest and principal on the sublease is payable semi-annually December 30 and April 30 through 2033, with the first payment due in December 2024. The County did not bill the City for any additional costs incurred during the year ended June 30, 2024.

d) Debt Service

As of June 30, 2024, annual debt service to maturity for the private placements is as follows:

| Year ending June 30 | Governmental Activities | | |
|------------------------|-------------------------|------------------|--------------------|
| | Direct Borrowings | | Total |
| | Principal | Interest | |
| 2025 | \$847,754 | \$98,024 | \$945,778 |
| 2026 | 856,431 | 89,347 | 945,778 |
| 2027 | 865,381 | 80,397 | 945,778 |
| 2028 | 874,614 | 71,164 | 945,778 |
| 2029 | 884,135 | 61,640 | 945,775 |
| 2030-2033 | 1,735,111 | 130,348 | 1,865,459 |
| Total | <u>\$6,063,426</u> | <u>\$530,920</u> | <u>\$6,594,346</u> |

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

6. Investment in Sewer Authority Mid-Coast side

The City, along with the Montara Water and Sanitary District and El Granada Sanitary District, established the Sewer Authority Mid-Coastside (SAM) in 1976 to build and operate a sewage treatment facility for its members. SAM is controlled by a six-member board consisting of two representatives from each member. The board appoints management and employees of SAM and is responsible for SAM's budget, operations and finances. As one of SAM's member agencies, the City makes contributions to SAM in the form of collections assessments and operations and maintenance assessments. The City exercises significant influence over SAM's operations; therefore, the City's share of SAM's net position has been recorded as an investment in the City's financial statements. The City's share of SAM's net position is calculated annually, based on the proportion of SAM's total assessed valuation within the City limits. Complete financial statements for SAM can be obtained from the SAM at 1000 North Cabrillo Highway, Half Moon Bay, California 94019-1466. Based on SAM's audited financial statements for June 30, 2023, the City recorded its investment in SAM in the amount of \$11,397,062 at June 30, 2024.

7. Net Position/Fund Balances

a) Fund Balances

In the fund financial statements, governmental funds report the following fund balance classifications: non-spendable, restricted, committed, assigned, and unassigned. The City Council, as the highest level of decision-making authority for the City, has the ability to commit fund balances through the adoption of a formal resolution. The same action must be taken to modify or rescind the commitment. The City Council has approved a policy (Resolution No. C-44-11) authorizing the City Manager to assign fund balances for specific purposes up to \$8,000,000. Assignments of amounts over \$8,000,000 require the approval of City Council.

b) Stabilization Arrangements

City Council adopted a resolution (No. C-44-11) to establish a contingency reserve in the amount of 30% of the following fiscal year's budgeted operating expenditures. City Council adopted a resolution (No. C-2020-60) that renamed the reserve to the General Fund Reserve and revised the policy to a minimum of 30% of the budgeted annual General Fund operating expenditures with no maximum. Changes to the reserve amount require City Council approval. Appropriations from the General Fund Reserve commitment can only be made for the following specific circumstances:

1. Meeting cash flow needs during the fiscal year.
2. Closing a projected short-term revenue-expenditure gap.
3. Responding to unexpected expenditure requirements or revenue shortfalls.
4. When an economic downturn results in a short-term budgetary shortfall and where reasonable cuts to expenditures are not adequate to meet revenue without the use of the reserve.
5. Unfunded liabilities such as self-insurance, pensions and retiree health obligations.
6. Institutional changes, such as State budget takeaways and unfunded mandates.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

7. Net Position/Fund Balances, continued

b) Stabilization Arrangements, continued

The City Council also established an Economic Uncertainty Reserve in the amount of a minimum of 20% of the budgeted annual General Fund operating expenditures with no maximum. Funds held in the Economic Uncertainty Reserve assignment are held for the following uses:

1. When a fiscal forecast shows an ongoing structural gap due to an economic downturn to providing a strategic bridge to future economic stability.
2. When during a declared emergency, expenditures exceed revenues and where the reserve will meet economic shortfalls due to a related economic downturn.
3. When an economic downturn results in a long-term budgetary shortfall and where reasonable cuts to expenditures are not adequate to meet revenue without the use of the reserve.
4. Where its use will prevent a reduction of required services.

The reserves can only be used in accordance with the policies above and at the direction of the City Council. It is the intent of the City to limit use of the reserves to address unanticipated, non-recurring needs or known, planned future obligations. Reserves shall not normally be applied to recurring annual operating expenditures. The reserves may, however, be used to allow time for the City to restructure its operations in a deliberate manner (such as might be required in the case of a severe economic downturn), but such use will only take place in the context of an adopted long-term plan to reach a sustainable structure.

The General Fund Reserve and Economic Uncertainty Reserve will be funded from excess ongoing and one-time funds when available. If reserve fund balances fall below established thresholds, the City will replenish reserves in the priority of the General Fund Reserve, followed by the Economic Uncertainty Reserve. Where funding of the General Fund Reserve and Economic Uncertainty Reserve exceeds the established thresholds, the City Council may authorize the use of those funds for any budgetary need.

In the event the City Council authorizes use of the reserves, the City Manager is to propose a plan for the replenishment of the reserves to the City Council during City budget hearings. The City will make every reasonable effort to fully replenish the reserves within five years. If, based on the Finance Director's analysis and forecasting, the target balance is not being met or is likely not going to be met at some point within a five-year period, a plan to meet the target balance will be developed and presented to the City Council for consideration.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

7. Net Position/Fund Balances, continued

c) Classifications

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2024, fund balances for government funds are made up of the following:

- *Non-spendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, long-term notes receivable and land.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action (resolution) of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) the City Manager. The City Council has delegated the authority for the City Manager to assign amounts of up to \$8 million to be used for specific purposes (Resolution C-44-11).
- *Unassigned Fund Balance* – is the residual classification and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. General Fund is the only fund that reports a positive unassigned fund balance.

d) Policies

The standard also requires governments to disclose the accounting policies that indicate the order in which restricted, committed, assigned and unassigned amounts are spent.

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes of which both restricted and unrestricted fund balance is available. Additionally, the City considers committed amounts to have been spent first, assigned amounts to have been spent second, and unassigned amounts to have been spent last when an expenditure is incurred for purposes of which committed, assigned, and unassigned fund balance is available.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

7. Net Position/Fund Balances, continued

d) Policies, continued

Fund balances for all the major and non-major governmental funds as of June 30, 2024, were distributed as follows:

| | General Fund | Streets and Roads | Lot Acquisition and Retirement | Affordable Housing | Parks Development | Land Asset | Capital Projects | Non-major Governmental Funds | Total |
|--------------------------------------|--------------|-------------------|--------------------------------|--------------------|-------------------|--------------|------------------|------------------------------|--------------|
| Nonspendable: | | | | | | | | | |
| Land held for resale | | | | | | \$26,823,920 | | | \$26,823,920 |
| Total nonspendable | | | | | | 26,823,920 | | | 26,823,920 |
| Restricted: | | | | | | | | | |
| Streets & roads | | \$7,263,726 | | | | | | | 7,263,726 |
| Community development | | | \$1,420,599 | | | | | | 1,420,599 |
| Economic/Community Grants | | | | | | | \$240,772 | | 240,772 |
| Park development improvements | | | | | \$894,568 | | | | 894,568 |
| Debt service | | | | | | | 6,425 | | 6,425 |
| Police grants | | | | | | | 1,085,692 | | 1,085,692 |
| Storm drain maintenance improvements | | | | | | | | 1,654,713 | 1,654,713 |
| Traffic mitigation | | | | | | | | 4,561,540 | 4,561,540 |
| Affordable housing | | | | \$5,954,709 | | | | | 5,954,709 |
| Public facilities | | | | | | | | 1,508,210 | 1,508,210 |
| Total restricted | | 7,263,726 | 1,420,599 | 5,954,709 | 894,568 | | | 9,057,352 | 24,590,954 |
| Committed: | | | | | | | | | |
| General Fund reserve | \$6,654,952 | | | | | | | | 6,654,952 |
| Economic uncertainty reserve | 4,436,635 | | | | | | | | 4,436,635 |
| Total committed | 11,091,587 | | | | | | | | 11,091,587 |
| Assigned: | | | | | | | | | |
| San Mateo County Library | | | | | | | | 449,184 | 449,184 |
| Capital projects | | | | | | | \$1,784,042 | | 1,784,042 |
| Total assigned | | | | | | | 1,784,042 | 449,184 | 2,233,226 |
| Unassigned: | 3,276,343 | | | | | | | | 3,276,343 |
| Total Fund Balances | \$14,367,930 | \$7,263,726 | \$1,420,599 | \$5,954,709 | \$894,568 | \$26,823,920 | \$1,784,042 | \$9,506,536 | \$68,016,030 |

e) Net Position

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three categories. These categories apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and successor agency assets.

Unrestricted describes the portion of Net Position which is not restricted as to use.

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

7. Net Position/Fund Balances, continued

f) Net Investment in Capital Assets

The balances related to Net Investment in Capital Assets are comprised of the following as of June 30, 2024:

| | Governmental Activities | Business-Type Activities | Total |
|-------------------------------------------------|----------------------------|-----------------------------|--------------|
| Capital Asset, net of accumulated depreciation: | \$82,889,996 | \$6,831,129 | \$89,721,125 |
| Less: Capital debt: | (6,063,426) | | (6,063,426) |
| | \$76,826,570 | \$6,831,129 | \$83,657,699 |

8. Pension Plans

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

a) General Information about the CalPERS Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety and Miscellaneous Employee Pension Rate Plans. The City’s Safety and Miscellaneous Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors three rate plans (two miscellaneous and one safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

8. Pension Plans, continued

a) General Information about the CalPERS Pension Plan, continued

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

| | <u>Miscellaneous</u> | |
|---------------------------------------------------|-------------------------------------|----------------------------------------|
| | <u>Prior to January 1, 2013</u> | <u>On or after January 1, 2013</u> |
| Hire date | | |
| Benefit formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 - 63 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 1.426% to 2.418% | 1.000% to 2.500% |
| Required employee contribution rates | 7% | 8.25% |
| Required employer contribution rates | 13.26% | 8.00% |
| Required UAL Contribution | \$455,753 | \$0 |
| | <u>Safety</u> | |
| | <u>Prior to January 1, 2013</u> | |
| Hire date | | |
| Benefit formula | 3% @ 50 | |
| Benefit vesting schedule | 5 years service | |
| Benefit payments | monthly for life | |
| Retirement age | 50 | |
| Monthly benefits, as a % of eligible compensation | 3% | |
| Required employee contribution rates | 0% | |
| Required employer contribution rates | 0% | |
| Required UAL Contribution | \$457,721 | |

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or can be paid in a lump sum reduced amount. The City elected to make the lump sum contributions and the required contribution for the unfunded liability was \$913,474 in fiscal year 2024, as show in the table above.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

8. Pension Plans, continued

a) General Information about the CalPERS Pension Plan, continued

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2024, the contributions recognized as part of pension expense for the Plan were as follows:

| | Miscellaneous | Safety | Total |
|--------------------------|---------------|-----------|-------------|
| Contributions - employer | \$937,025 | \$457,721 | \$1,394,746 |

b) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The governmental activities net pension liability is liquidated primarily by the General Fund.

As of June 30, 2024, the City reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

| | Proportionate Share of Net Pension Liability |
|-----------------------------|-------------------------------------------------|
| Miscellaneous | \$7,314,381 |
| Safety | 7,279,426 |
| Total Net Pension Liability | \$14,593,807 |

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

8. Pension Plans, continued

b) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, continued

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2022, and 2023 was as follows:

| | <u>Miscellaneous</u> | <u>Safety</u> | <u>Total</u> |
|------------------------------|----------------------|-------------------|-------------------|
| Proportion - June 30, 2022 | 0.14468% | 0.10285% | 0.24753% |
| Proportion - June 30, 2023 | 0.14628% | 0.09738% | 0.24366% |
| Change - Increase (Decrease) | <u>0.00160%</u> | <u>(0.00547%)</u> | <u>(0.00387%)</u> |

For the year ended June 30, 2024, the City recognized pension expense of \$3,542,329 for Miscellaneous Rate Plan and \$828,716 for Safety Rate Plan, with a total pension expense of \$4,371,045.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Miscellaneous</u> | | <u>Safety</u> | | <u>Total</u> | |
|---------------------------------------------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Pension contributions subsequent to measurement date | \$937,025 | | \$457,721 | | \$1,394,746 | |
| Changes in assumptions | 441,602 | | 424,837 | | 866,439 | |
| Differences between actual and expected experience | 373,658 | (\$57,963) | 534,444 | (\$45,754) | 908,102 | (\$103,717) |
| Net change in Proportion DIDO and Net Pension Liability | 52,367 | (154,471) | 20,506 | (183,644) | 72,873 | (338,115) |
| Net difference in actual contribution and proportion contributions | 83,629 | (62,753) | 36,950 | (248,603) | 120,579 | (311,356) |
| Net differences between projected and actual earnings on plan investments | 1,184,264 | | 996,187 | | 2,180,451 | |
| Total | <u>\$3,072,545</u> | <u>(\$275,187)</u> | <u>\$2,470,645</u> | <u>(\$478,001)</u> | <u>\$5,543,190</u> | <u>(\$753,188)</u> |

\$1,394,746 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended | | | |
|----------------|----------------------|--------------------|--------------------|
| <u>June 30</u> | <u>Miscellaneous</u> | <u>Safety</u> | <u>Total</u> |
| 2025 | \$525,464 | \$420,821 | \$946,285 |
| 2026 | 367,828 | 319,321 | 687,149 |
| 2027 | 933,060 | 766,976 | 1,700,036 |
| 2028 | 33,981 | 27,805 | 61,786 |
| Total | <u>\$1,860,333</u> | <u>\$1,534,923</u> | <u>\$3,395,256</u> |

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

8. Pension Plans, continued

b) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, continued

Actuarial Assumptions – For the measurement period ended June 30, 2023, the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

| | Miscellaneous & Safety |
|----------------------------------|------------------------------------------------------------------------------------------|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Projected Salary Increases | Varies by Entry Age, Service and Type of Employment |
| Investment Rate of Return | 6.90% net of pension plan investment expenses, including inflation |
| Mortality | Derived using CalPERS Membership Data for all Funds (1) |
| Post Retirement Benefit Increase | Lessor of the contract COLA up to 2.30% until Purchasing Power applies, 2.30% thereafter |

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. Further details of the Experience Study can be found on the CalPERS website.

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

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

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

8. Pension Plans, continued

b) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, continued

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

The table below reflects the long-term expected real rate of return by asset class.

| <u>Asset Class(a)</u> | <u>Assumed Asset Allocation</u> | <u>Real Return (1), (2)</u> |
|--------------------------------|-----------------------------------------|-----------------------------|
| Global Equity-Cap-Weighted | 30.0% | 4.54% |
| Global Equity-Non-Cap-Weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-Backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |
| Total | <u>100%</u> | |

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

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

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

8. Pension Plans, continued

b) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Miscellaneous | Safety | Total |
|-----------------------|---------------|--------------|--------------|
| 1% Decrease | 5.90% | 5.90% | 5.90% |
| Net Pension Liability | \$10,880,761 | \$10,378,120 | \$21,258,881 |
| Current Discount Rate | 6.90% | 6.90% | 6.90% |
| Net Pension Liability | \$7,314,381 | \$7,279,426 | \$14,593,807 |
| 1% Increase | 7.90% | 7.90% | 7.90% |
| Net Pension Liability | \$4,378,944 | \$4,746,022 | \$9,124,966 |

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

c) Deferred Compensation Plans

City employees may defer a portion of their compensation under two separate, optional City sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. Under these Plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plans.

The Plans are part of public agency agent multiple-employer defined contribution plans that are administered by Mission Square Retirement (formerly ICMA RC) and California Public Employees Retirement System. Benefit provisions under the Plans are established by City resolution. The City has no liability for any losses incurred by the Plans and does not participate in any gains, but does have the duty of due care that would be required of an ordinary prudent investor. The City has contracts with each company to manage and invest the assets of the Plans. The administrators pool the assets of each Plan with those of other participants and do not make separate investments for the City. The assets in each Plan are the sole property of the participants or their beneficiaries. Since the assets held under each Plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements. The Plans require investments to be stated at fair value and it requires all gains and losses on Plan investments to accrue directly to participant accounts.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

8. Pension Plans, continued

c) Deferred Compensation Plans, continued

Employer contributions to the Plans are based on an employee's bargaining unit. For employees under the Local 39, Unrepresented Executive Employees, Non-Represented Confidential Employees, and Represented Management Team bargaining units, who have completed one year of service with the City, the City will match 50 cents for every dollar that the employee contributes towards their 457 Plan account, up to an employee contribution of six percent (6.0%) of the employee's salary. For example, if an employee contributes 6.0% or more of their salary towards their 457 Plan account, they will receive a 3.0% match from the City.

In addition to the employees in the groups listed above, the City Manager receives contributions to the employee's Plan accounts of \$10,000 annually, based on the contract between the City and the individual filling the Council Appointee position.

The City's required contributions for the year ended June 30, 2023 totaled \$101,174.

9. Other Post Employment Healthcare Benefits

a) Post-Employment Benefits Plan

Plan Description: The City provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements through its defined benefit plan. The City pays the minimum amount provided under Government Code Section 22892 of the Public Employees Medical and Hospital Care Act. The City currently pays \$115 to \$119 per month for any health coverage. The City joined the Public Agencies Post-Retirement Health Care Plan, an agent multiple-employer plan administered by Public Agency Retirement Services (PARS). The City established an irrevocable trust with PARS, managed by an appointed board not under the control of City Council. This trust is not considered a component unit of the City and has been excluded from these financial statements. Separately issued financial statements for PARS may be obtained from PARS at 4350 Von Karman Ave., Suite 200, Newport Beach, CA 92660.

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contributions required to be made are under City Council and labor agreement requirements. When the City established the irrevocable retiree benefit trust with PARS, the City continued with the same funding policy of payment to a full ADC contribution. The long-term portion of governmental activities OPEB liabilities are liquidated primarily by the General Fund.

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

9. Other Post Employment Healthcare Benefits, continued

b) Employees covered by benefit terms

Plan membership varies based on different employee bargaining groups. As of the June 30, 2023 actuarial valuation (the most recent available), membership in the Plan consisted of the following:

| | Number of members |
|---------------------------------------------------------------------------------------|----------------------|
| Active employees | 41 |
| Inactive employees, spouses, or beneficiaries currently receiving benefit payments | 11 |
| Total | 52 |

c) Net OPEB Liability(Asset)

The components of the net OPEB liability of the City at June 30, 2024, were as follows:

| | Total OPEB Liability (a) | Increase (Decrease) Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (c) = (a) - (b) |
|-------------------------------------------------------|--------------------------------|--------------------------------------------------------------|--------------------------------------------------|
| Balance at Fiscal Year Ending 6/30/2023: | \$494,032 | \$750,500 | (\$256,468) |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 36,231 | | 36,231 |
| Interest | 28,516 | | 28,516 |
| Expected investment income | | | |
| Contributions: | | | |
| Employer - City's contribution | | 20,975 | (20,975) |
| Employer - Implicit subsidy | | 2,602 | (2,602) |
| Net investment income | | 73,905 | (73,905) |
| Benefit payments | (23,577) | (23,577) | |
| Actual vs. expected experience | | | |
| Changes of assumptions | 64,176 | | 64,176 |
| Administrative expenses | | (1,926) | 1,926 |
| Net Changes during Fiscal Year 2024 | 105,346 | 71,979 | 33,367 |
| Balance at Fiscal Year Ending 6/30/2024: | \$599,378 | \$822,479 | (\$223,101) |

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

9. Other Post Employment Healthcare Benefits, continued

d) Sensitivity of the Net OPEB Liability(Asset) to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following table presents the net OPEB liability of the Plan as of June 30, 2024, calculated using the discount rate of 6%, as well as what the Plan’s net OPEB liability (asset) would be if it were calculated using a discount rate or healthcare cost trend rate that is 1- percentage-point lower or 1- percentage point higher than the current rate:

| Net OPEB Liability/(Asset) | | |
|-----------------------------------|---------------|-------------------|
| Discount Rate -1% | Discount Rate | Discount Rate +1% |
| (5.00%) | (6.00%) | (7.00%) |
| (\$155,281) | (\$223,101) | (\$280,525) |
| Net OPEB Liability/(Asset) | | |
| Healthcare Cost | | |
| 1% Decrease | Trend Rates | 1% Increase |
| (\$297,890) | (\$223,101) | (\$130,671) |

e) Actuarial Assumptions

The City’s net OPEB liability (asset) was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023, rolled forward to June 30, 2024, based on the following actuarial methods and assumptions:

| | Actuarial Assumptions |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date | June 30, 2023 |
| Measurement Date | June 30, 2024 |
| Contribution Policy | City contributes full ADC |
| Actuarial Cost Method | Entry Age Normal. Level percentage of payroll |
| Actuarial Assumptions: | |
| Discount Rate | 6.00% |
| Long Term Expected Rate | 6.00% |
| Rate of Return on Assets | 6.00% |
| Inflation | 2.50% |
| Payroll Growth | 3.00% |
| Mortality Rate | Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020. |
| Healthcare Cost Trend Rate | 7.6% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years. |
| Healthcare participation for future retirees | 45% if covered; 45% if waived |
| PEMHCA Minimum Increases | 3.50% annually |

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

9. Other Post Employment Healthcare Benefits, continued

f) Changes of Assumptions

Effective with the June 30, 2023 valuation date (2024 measurement date), the following assumption changes were implemented:

- The accounting discount rate was increased from 5.50% to 6.00% based on updated long-term investment return assumptions.
- The percent of future retirees currently electing coverage assumed to elect coverage at retirement changed from 50% to 45% to reflect recent plan experience.
- The percent of future retirees currently waiving coverage assumed to elect coverage at retirement changed from 30% to 45% to reflect recent plan experience.
- The percent of retirees electing spouse coverage changed from 30% to 50% to reflect recent plan experience.
- The percent of future on-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.
- The payroll growth assumption was changed from 2.75% to 3.00% based on the 2021 CalPERS experience study.
- The CPI Medical Care component was updated from 4.00% to 3.50% based on updated historical analysis and forward-looking market expectations.

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

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$24,216. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between actual and expected experience | \$2,752 | (\$87,853) |
| Changes in assumptions | 74,886 | (20,422) |
| Net difference between projected and actual earnings on OPEB plan investments | 5,954 | |
| Total | \$83,592 | (\$108,275) |

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

9. Other Post Employment Healthcare Benefits, continued

g) OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB, continued

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

| Year Ended June 30 | Annual Amortization |
|-----------------------|------------------------|
| 2025 | (\$3,497) |
| 2026 | 15,386 |
| 2027 | (11,765) |
| 2028 | (10,658) |
| 2029 | (3,903) |
| Thereafter | (10,246) |
| Total | (\$24,683) |

Plan Administration

The City is the plan administrator. The Public Agency Retirement Services (PARS) administers the trust for the City’s retiree healthcare benefit plan – a single-employer defined benefit OPEB plan that provides healthcare benefits for eligible general and public safety employees of the City.

| | Fiscal Year ended June 30, 2024 |
|---------------------------------|------------------------------------|
| Plan Type | Agent Multiple Employer |
| OPEB Trust | Yes |
| Special Funding Situation | No |
| Nonemployer Contributing Entity | No |

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

9. Other Post Employment Healthcare Benefits, continued

g) OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB, continued

Contribution Information

PARS established rates for each employer based on an actuarially determined rate for each employer. Plan members are not required to contribute to the plan. The City did not make any contribution to the Trust in fiscal year 2024.

Investment Policy

PARS offers different investment portfolios as part of the investment vehicle. The City invests in the “Moderate” portfolio; the primary goal of the Moderate objective is to provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. Assets are invested in both equity securities and fixed income. The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

The following is the City adopted asset allocation policy as of June 30, 2024:

| Asset Class | Target Allocation | PARS Long-Term Expected Real Rate of Return | PARS Long-Term Expected Nominal Rate of Return |
|---------------------------------------------------|----------------------|------------------------------------------------------|---------------------------------------------------------|
| U.S. Equity - large cap | 26.50% | 5.20% | 7.70% |
| U.S. Equity - mid cap | 5.00% | 5.50% | 8.00% |
| U.S. Equity - small cap | 7.50% | 6.00% | 8.50% |
| International Equity | 6.00% | 5.00% | 7.50% |
| Emerging Market Equity | 3.25% | 5.00% | 7.50% |
| REIT's | 1.75% | 4.10% | 6.60% |
| Short-Term Bond | 10.00% | 0.80% | 3.30% |
| Intermediate-Term Bond | 33.50% | 1.50% | 4.00% |
| High Yield Bond | 1.50% | 3.20% | 5.70% |
| Cash and Equivalents | 5.00% | 0.10% | 2.60% |
| Total | <u>100.00%</u> | | 6.18% |
| Assumed Long-Term Rate of Inflation | | | 0.00% |
| Adjusted Total Expected Return | | | 6.18% |
| Reduction for Assumed Investment Expense | | | -0.25% |
| Expected Long-Term Net Rate of Return, Rounded | | | <u>6.00%</u> |

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

10. Leases

a) Policies

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivable or liabilities with an initial, individual value of \$300,000 or more for all funds, based on the future lease payments remaining at the start of the lease.

Lessor

The City is a lessor for noncancellable leases of buildings and facilities. If the lease receivable is over the capitalization threshold, the City will recognize a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee

The City is a lessee for miscellaneous leases. If the lease is over the threshold, the City will recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

10. Leases, continued

a) Policies, continued

Key estimates and judgments related to leases include how City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, City generally uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

b) Leases Receivable (City as Lessor) and Leases Payable (City as Lessee)

As of June 30, 2024, the City has no leases over the threshold subject to GASB 87 as a lessor or lessee.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The Pooled Liability Assurance Network Joint Powers Authority covers general liability claims in an amount up to \$35,000,000. The City has a deductible or uninsured liability of up to \$50,000 per claim. Once the City's deductible is met The Plan becomes responsible for payment of all claims up to the limit. The Cities Group covers workers compensation claims up to \$1,000,000 for miscellaneous employees and \$1,500,000 for safety employees and has coverage above that limit to a maximum of \$10,000,000 per incident in excess. The City has no deductible for these claims. Through the Sewer Authority Mid-Coastside, the City also belongs to the California Sanitation Risk Management Authority, which insures the City up to \$500,000 per property against sewer backup damages. The City is liable for only one claim per property and is not liable for any future damages, as the property owner is then required to install a back flow valve on their line, with the exception of properties in certain low lying areas.

The City provides for the uninsured portion of claims and judgments in the General Fund and Risk Management Internal Service Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable.

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

11. Risk Management, continued

Settled claims have not exceeded the City's excess coverage in any of the past three fiscal years. Claims expenses and liabilities are reported for self-insured deductibles when it is probable that a loss has occurred, the amount of that loss can be reasonably estimated and includes incremental claim expenses. Allocated and unallocated claims adjustment expenses are included in the claims liability balance. These losses include an estimate of claims that have been incurred but not reported. The liability for general liability self-insurance claims is the City's best estimate based on available information.

a) *The Cities Group*

The City, along with five other governments located within San Mateo County, is a member of The Cities Group, a public entity risk pool and a provider of workers' compensation insurance coverage, claims management, risk management services and legal defense to each participating member. The Cities Group is governed by a Board of Directors, which comprises officials appointed by each participating member. Premiums paid to The Cities Group may be modified by Board decision according to the loss experience of each member. This loss experience mechanism will operate to ensure that each member returns over a period of time to The Cities Group the funds paid out on its behalf as paid losses. In the opinion of City management, premiums paid represent the best available estimate of the ultimate cost of the City's participation in The Cities Group and, accordingly, the accompanying basic financial statements of the City includes no provisions for possible refunds or additional assessments. For the year ended June 30, 2024, the City paid premiums of \$42,193 to The Cities Group. Financial statements may be obtained from The Cities Group at P.O. Box 111, Burlingame, CA 94011-0111.

b) *PLAN JPA*

Prior to January 2018 the City participated in ABAG Plan Corporation, a non-profit public benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. On January 16, 2018, ABAG Plan Corporation transitioned to Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a self-funded pooled insurance corporation established by a joint powers authority in which the City is one of 28 members. The rights and responsibilities of the member agencies are governed by the bylaws of the PLAN JPA, the risk coverage agreement, and a related memorandum of coverage. Each member chooses its self-insured liability retention at a level between \$25,000 and \$250,000. Each member has a vote in approving the pool's self-insured retention level, in setting the coverage limit, in establishing the level of pool reserves, approving the premium allocation methodology for setting premiums for each member, and in approving the methodology for returning disburseable equity to members. PLAN JPA is responsible for administering the insurance program. PLAN JPA provides claims administration and risk management services to the members. Audited financial information may be obtained from PLAN JPA at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

For the year ended June 30, 2024, the City paid premiums of \$413,022 to PLAN JPA. Financial statements may be obtained from Plan JPA at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

**CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

11. Risk Management, continued

c) Liability for Uninsured Claims

The City's liability for uninsured claims was estimated by management based on prior year claims experience as follows:

| | June 30, 2024 | June 30, 2023 |
|-------------------------------------|---------------|---------------|
| Beginning balance of claims payable | \$1,064,830 | \$919,647 |
| Increase in estimated liability | 1,883,998 | 445,208 |
| Claims paid | (1,278,097) | (300,025) |
| Ending balance of claims payable | \$1,670,731 | \$1,064,830 |

12. Commitments and Contingencies

a) Litigation

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation, which is likely to have a material adverse effect on the financial position of the City.

b) Grant Programs

The City participates in Federal, State and local grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

c) JobTrain – Conflict of Interest

As part of its commitment to provide relief to individuals and businesses impacted by COVID and to position the coastside economy for long-term resiliency, the City Council sponsored the Coastsides Recovery Initiative. That effort resulted in a public report, *Building a More Equitable, Vibrant and Resilient Coastsides Economy*. Substantiated by findings and recommendations from that report, the San Mateo County Board of Supervisors approved a \$2,500,000 funding allocation to support the development of the Opportunity Center of the Coastsides (OCC) – a first-of-its-kind service center for job seekers, small businesses, and entrepreneurs.

After entering the agreement with the County and securing a space for the OCC, staff onboarded qualified service providers in each of the following areas: rapid employment services and career training (provided by JobTrain), small business development and support services (provided by Renaissance Entrepreneurship Center), and a new business incubator to support startups focused on resiliency tech (provided by American Energy Society).

CITY OF HALF MOON BAY, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

12. Commitments and Contingencies, continued

c) JobTrain – Conflict of Interest, continued

On November 7, 2023, the City Council adopted a resolution authorizing the City Manager to execute a professional services agreement with JobTrain, up to \$337,000. Under the Agreement, JobTrain would provide Job Seeker workforce development program services via the OCC. That agreement was set to expire on September 30, 2024, unless the contract was amended.

An amendment for the professional services agreement with JobTrain was originally included in the staff recommendation from the Council meeting on September 17. The amendment for the JobTrain contract was excluded from Resolution No. C-2024-72 in order to provide additional time to analyze potential conflicts of interest pertaining to the employment of the Regional Director position at JobTrain which is currently held by an elected Half Moon Bay councilmember. The councilmember was Vice-Mayor and participated in approval of the original contract in 2023, but was not an employee of JobTrain at that time.

The City Attorney prepared a legal opinion that indicates, in summary, under the applicable conflict of interest laws, in particular Government Code section 1090, the Mayor has a conflict of interest in the JobTrain contract by virtue of his financial interest in his employer. However, the Mayor's interest is subject to the "remote interest" exception, which applies to officers and employees of nonprofit entities. Therefore, the City may enter into the JobTrain contract so long as the Mayor discloses his interest to the City Council, the interest is noted in the official records, and the Mayor recuses from the decision, including leaving the room during consideration of the contract, pursuant to the Political Reform Act's recusal requirements.

The City Council voted to amend the professional services agreement with JobTrain with a contract term ending September 30, 2025, and in a contract amount not to exceed \$350,372, and the Mayor recused from the vote.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

COST-SHARING EMPLOYER DEFINED PENSION PLAN:

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer's covered employee payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer's covered employee payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

SCHEDULE OF CONTRIBUTIONS

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS PLAN

This schedule presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Rate Plan
Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND RELATED RATIOS AS OF
THE MEASUREMENT DATE**

| Measurement date: | <u>6/30/2014</u> | <u>6/30/2015</u> | <u>6/30/2016</u> | <u>6/30/2017</u> | <u>6/30/2018</u> | <u>6/30/2019</u> | <u>6/30/2020</u> | <u>6/30/2021</u> | <u>6/30/2022</u> | <u>6/30/2023</u> |
|----------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Plan's proportion of the Net Pension Liability (Asset) | 0.04792% | 0.10917% | 0.11869% | 0.12281% | 0.12663% | 0.13120% | 0.13584% | 0.18148% | 0.14468% | 0.14628% |
| Plan's proportionate share of the Net Pension Liability (Asset) | \$2,981,768 | \$2,994,972 | \$4,123,054 | \$4,841,079 | \$4,772,172 | \$5,254,057 | \$5,729,928 | \$3,445,863 | \$6,769,868 | \$7,314,381 |
| Covered Payroll | \$1,412,295 | \$1,986,876 | \$2,014,025 | \$2,423,106 | \$3,177,604 | \$3,415,448 | \$3,945,078 | \$3,974,973 | \$4,318,701 | \$4,671,261 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 211.13% | 150.74% | 204.72% | 199.79% | 150.18% | 153.83% | 145.24% | 86.69% | 156.76% | 156.58% |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 79.82% | 78.40% | 74.06% | 73.31% | 75.26% | 75.26% | 75.10% | 88.29% | 76.68% | 76.21% |

Miscellaneous Rate Plan
Cost-Sharing Multiple Employer Defined Pension Plan
As of fiscal year ending June 30,
Last 10 Years

SCHEDULE OF CONTRIBUTIONS

| Fiscal year ended June 30: | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$168,511 | \$344,215 | \$435,299 | \$525,289 | \$649,405 | \$728,503 | \$819,301 | \$905,657 | \$937,025 |
| Contributions in relation to the actuarially determined contributions | <u>(168,511)</u> | <u>(344,215)</u> | <u>(435,299)</u> | <u>(525,289)</u> | <u>(649,405)</u> | <u>(728,503)</u> | <u>(819,301)</u> | <u>(905,657)</u> | <u>(937,025)</u> |
| Contribution deficiency (excess) | <u>\$0</u> |
| Covered payroll | \$2,014,025 | \$2,423,106 | \$3,177,604 | \$3,415,448 | \$3,945,078 | \$3,974,973 | \$4,318,701 | \$4,671,261 | \$5,144,449 |
| Contributions as a percentage of covered payroll | 8.4% | 14.2% | 13.7% | 15.4% | 16.5% | 18.3% | 19.0% | 19.4% | 18.2% |
| Notes to Schedule | | | | | | | | | |
| Valuation date: | 6/30/2013 | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 | 6/30/2018 | 6/30/2019 | 6/30/2020 | 6/30/2021 |

REQUIRED SUPPLEMENTARY INFORMATION

Safety Rate Plan
Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years
**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND RELATED RATIOS AS OF
THE MEASUREMENT DATE**

| Measurement date: | <u>6/30/2014</u> | <u>6/30/2015</u> | <u>6/30/2016</u> | <u>6/30/2017</u> | <u>6/30/2018</u> | <u>6/30/2019</u> | <u>6/30/2020</u> | <u>6/30/2021</u> | <u>6/30/2022</u> | <u>6/30/2023</u> |
|----------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Plan's proportion of the Net Pension Liability (Asset) | 0.06033% | 0.10493% | 0.10385% | 0.10143% | 0.10417% | 0.10123% | 0.03615% | 0.12006% | 0.10285% | 0.09738% |
| Plan's proportionate share of the Net Pension Liability (Asset) | \$3,754,036 | \$4,323,582 | \$5,378,768 | \$6,060,745 | \$6,112,200 | \$6,319,361 | \$6,550,836 | \$4,213,402 | \$7,067,692 | \$7,279,426 |
| Covered Payroll | N/A |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | N/A |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 79.82% | 78.40% | 74.06% | 73.31% | 75.26% | 75.26% | 75.10% | 88.29% | 76.68% | 76.21% |

Safety Rate Plan
Cost-Sharing Multiple Employer Defined Pension Plan
As of fiscal year ending June 30,
Last 10 Years
SCHEDULE OF CONTRIBUTIONS

| Fiscal year ended June 30: | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-----------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution | \$414,500 | \$249,322 | \$445,240 | \$551,942 | \$555,649 | \$594,797 | \$612,617 | \$660,198 | \$457,721 |
| Contributions in relation to the actuarially determined contributions | (414,500) | (249,322) | (445,240) | (551,942) | (555,649) | (594,797) | (612,617) | (660,198) | (457,721) |
| Contribution deficiency (excess) | <u>\$0</u> |
| Covered payroll | N/A |
| Contributions as a percentage of covered payroll | N/A |
| Notes to Schedule | | | | | | | | | |
| Valuation date: | 6/30/2013 | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 | 6/30/2018 | 6/30/2019 | 6/30/2020 | 6/30/2021 |

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS An Agent Multiple-Employer Defined Benefit OPEB Plan Last 10 fiscal years*

| Measurement Date | 6/30/2017 | 6/30/2018 | 6/30/2019 | 6/30/2020 | 6/30/2021 | 6/30/2022 | 6/30/2023 | 6/30/2024 |
|-------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total OPEB Liability (1) | | | | | | | | |
| Service Cost | \$25,533 | \$27,065 | \$27,877 | \$28,713 | \$30,749 | \$31,671 | \$35,261 | \$36,231 |
| Interest | 24,624 | 26,373 | 28,268 | 30,256 | 32,113 | 32,877 | 26,723 | 28,516 |
| Differences between expected and actual experience | - | - | - | - | - | - | - | - |
| Benefit payments | (22,522) | (22,553) | (22,788) | (24,885) | (29,523) | (33,272) | (37,150) | (23,577) |
| Actual vs. expected experience | - | - | - | 5,947 | - | (122,083) | - | - |
| Changes of assumptions | - | - | - | (8,808) | 30,158 | (22,718) | - | 64,176 |
| Net change in total OPEB liability | <u>27,635</u> | <u>30,885</u> | <u>33,357</u> | <u>31,223</u> | <u>63,497</u> | <u>(113,525)</u> | <u>24,834</u> | <u>105,346</u> |
| Total OPEB liability - beginning | <u>396,126</u> | <u>423,761</u> | <u>454,646</u> | <u>488,003</u> | <u>519,226</u> | <u>582,723</u> | <u>469,198</u> | <u>494,032</u> |
| Total OPEB liability - ending (a) | <u>\$423,761</u> | <u>\$454,646</u> | <u>\$488,003</u> | <u>\$519,226</u> | <u>\$582,723</u> | <u>\$469,198</u> | <u>\$494,032</u> | <u>\$599,378</u> |
| OPEB fiduciary net position | | | | | | | | |
| Net investment income | \$48,425 | \$32,087 | \$41,937 | \$29,170 | \$136,486 | (\$91,716) | \$44,412 | \$73,905 |
| Contributions: | | | | | | | | |
| Employer - City's contribution | 22,522 | 39,261 | 22,928 | 26,083 | (5,366) | 33,410 | 37,336 | 20,975 |
| Employer - Implicit subsidy | - | - | - | - | - | - | - | 2,602 |
| Administrative expense | (2,071) | (1,552) | (1,745) | (2,911) | (2,934) | (2,117) | (1,983) | (1,926) |
| Actual vs. expected experience | - | - | - | - | - | - | - | - |
| Benefit payments | (22,522) | (22,553) | (22,788) | (24,885) | (29,523) | (33,272) | (37,150) | (23,577) |
| Net change in plan fiduciary net position | <u>46,354</u> | <u>47,243</u> | <u>40,332</u> | <u>27,457</u> | <u>98,663</u> | <u>(93,695)</u> | <u>42,615</u> | <u>71,979</u> |
| Plan fiduciary net position - beginning | <u>541,531</u> | <u>587,885</u> | <u>635,128</u> | <u>675,460</u> | <u>702,917</u> | <u>801,580</u> | <u>707,885</u> | <u>750,500</u> |
| Plan fiduciary net position - ending (b) | <u>\$587,885</u> | <u>\$635,128</u> | <u>\$675,460</u> | <u>\$702,917</u> | <u>\$801,580</u> | <u>\$707,885</u> | <u>\$750,500</u> | <u>\$822,479</u> |
| Net OPEB liability (asset) - ending (a)-(b) | <u>(\$164,124)</u> | <u>(\$180,482)</u> | <u>(\$187,457)</u> | <u>(\$183,691)</u> | <u>(\$218,857)</u> | <u>(\$238,687)</u> | <u>(\$256,468)</u> | <u>(\$223,101)</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 138.73% | 139.70% | 138.41% | 135.38% | 137.56% | 150.87% | 151.91% | 137.22% |
| Covered-employee payroll (A) | N/A ** | \$3,009,829 | \$4,157,271 | \$4,976,211 | \$4,806,006 | \$5,072,966 | \$6,658,959 | \$5,233,729 |
| Total OPEB liability as a percentage of covered-employee payroll | N/A ** | -6.00% | -4.51% | -3.69% | -4.55% | -4.71% | -3.85% | -4.26% |

* Fiscal year 2018 was the first year of implementation of GASB 75

Administrative expenses are included in investment expenses.

**Fiscal year 2017 was the first year of GASB 74 implementation.

(A) City's contributions to OPEB plan are not based on a measure of pay

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS An Agent Multiple-Employer Defined Benefit OPEB Plan Last 10 fiscal years*

| Fiscal Year Ended June 30, | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------------------------------------|------------------|-------------------|------------------|-------------------|-----------------|------------------|-------------------|-------------------|
| Actuarially Determined Contribution (ADC) | \$16,708 | \$17,251 | \$15,539 | \$16,054 | \$15,992 | \$16,392 | \$3,915 | \$2,371 |
| Less: Contributions in Relation to the ADC | <u>(22,522)</u> | <u>(39,261)</u> | <u>(22,928)</u> | <u>(26,083)</u> | <u>(5,366)</u> | <u>(20,975)</u> | <u>(37,336)</u> | <u>(23,577)</u> |
| Contribution deficiency (excess) | <u>(\$5,814)</u> | <u>(\$22,010)</u> | <u>(\$7,389)</u> | <u>(\$10,029)</u> | <u>\$10,626</u> | <u>(\$4,583)</u> | <u>(\$33,421)</u> | <u>(\$21,206)</u> |
| Covered-employee payroll | N/A ** | \$3,009,829 | \$4,157,271 | \$4,976,211 | \$4,806,006 | \$5,072,966 | \$6,658,959 | \$5,233,729 |
| Contributions as a percentage of Covered-employee payroll | N/A ** | 1.30% | 0.55% | 0.52% | 0.11% | 0.41% | 0.56% | 0.45% |

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

| | |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date | June 30, 2023 |
| Actuarial Cost Method | Entry Age Normal, level percentage of payroll |
| Amortization Period | Each year's gain or loss is straight-line amortized over 5 years. |
| Asset Valuation Method | The Actuarial Value of Assets is a 5-year smoothed market value. Gains and losses are recognized over a five year period and limited to a corridor of 80% to 120% of the market value of assets. |
| Actuarial Assumptions: | |
| Discount Rate | 6.00% |
| Inflation | 2.50% |
| Medical Trend | 7.6% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years. |
| PEMHCA Minimum | 3.50% annually |
| Mortality | Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. |
| Mortality Improvement | Mortality generational improvement using 80% of scale MP-2020. |

* Fiscal year 2018 was the first year of implementation of GASB 75.

**Fiscal year 2017 was the first year of GASB 74 implementation.

CITY OF HALF MOON BAY
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------------|----------------------|----------------------|---------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Taxes | \$18,241,411 | \$16,984,412 | \$16,991,811 | \$7,399 |
| Licenses and permits | 208,800 | 208,800 | 306,282 | 97,482 |
| Fines and forfeitures | 27,936 | 27,936 | 81,445 | 53,509 |
| Charges for services | 1,302,388 | 1,213,921 | 1,454,141 | 240,220 |
| Rents and leases | 77,000 | 77,000 | 78,135 | 1,135 |
| Investment income | 242,000 | 508,662 | 804,188 | 295,526 |
| Intergovernmental revenues | 5,000 | 5,000 | 117,400 | 112,400 |
| Miscellaneous | 617,721 | 891,213 | 833,965 | (57,248) |
| Total revenues | 20,722,256 | 19,916,944 | 20,667,367 | 750,423 |
| Expenditures: | | | | |
| Current operations: | | | | |
| General government | 2,672,440 | 3,172,440 | 3,138,896 | 33,544 |
| General administration | 2,204,184 | 2,204,184 | 2,134,173 | 70,011 |
| Public safety | 7,164,062 | 7,164,062 | 6,452,977 | 711,085 |
| Public works | 2,304,097 | 2,304,097 | 2,174,611 | 129,486 |
| Recreation services | 653,730 | 653,730 | 538,827 | 114,903 |
| Planning | 3,461,099 | 3,461,099 | 2,879,532 | 581,567 |
| Community and economic development | 1,233,226 | 1,233,226 | 1,008,276 | 224,950 |
| Debt service: | | | | |
| Principal | 650,612 | 650,612 | 3,628,582 | (2,977,970) |
| Interest and fiscal charges | 85,998 | 85,998 | 97,016 | (11,018) |
| Total expenditures | 20,429,448 | 20,929,448 | 22,052,890 | (1,123,442) |
| Excess of revenues over expenditures | 292,808 | (1,012,504) | (1,385,523) | (373,019) |
| Other financing sources (uses): | | | | |
| Issuance of debt | | | 3,200,000 | 3,200,000 |
| Transfers in | 537,285 | 537,285 | 537,285 | |
| Transfers out | (4,516,736) | (4,516,736) | (4,211,736) | 305,000 |
| Total Other Financing Sources (Uses) | (3,979,451) | (3,979,451) | (474,451) | 3,505,000 |
| Net change in fund balance | (\$3,686,643) | (\$4,991,955) | (1,859,974) | \$3,131,981 |
| Fund balance at beginning of year | | | 16,227,904 | |
| Fund balance at end of year | | | \$14,367,930 | |

CITY OF HALF MOON BAY
STREETS AND ROADS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|-------------------------|--------------------|--------------------|---------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Taxes | \$729,266 | \$575,676 | \$583,677 | \$8,001 |
| Investment income | 98,000 | 213,669 | 358,662 | 144,993 |
| Intergovernmental revenue | 5,449,246 | 5,432,272 | 1,055,528 | (4,376,744) |
| Total revenues | <u>6,276,512</u> | <u>6,221,617</u> | <u>1,997,867</u> | <u>(4,223,750)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | 226,803 | 226,803 | 236,775 | (9,972) |
| Capital outlay | 6,157,567 | 6,207,165 | 957,844 | 5,249,321 |
| Total expenditures | <u>6,384,370</u> | <u>6,433,968</u> | <u>1,194,619</u> | <u>5,239,349</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(107,858)</u> | <u>(212,351)</u> | <u>803,248</u> | <u>1,015,599</u> |
| Other financing sources (uses): | | | | |
| Transfer in | 40,000 | 40,000 | 40,000 | |
| Transfer out | (6,746) | (6,746) | (6,746) | |
| Total other financing sources (uses) | <u>33,254</u> | <u>33,254</u> | <u>33,254</u> | |
| Net change in fund balance | <u>(\$74,604)</u> | <u>(\$179,097)</u> | 836,502 | <u>\$1,015,599</u> |
| Fund balance at beginning of year | | | <u>6,427,224</u> | |
| Fund balance at end of year | | | <u>\$7,263,726</u> | |

CITY OF HALF MOON BAY
 LOT ACQUISITION AND RETIREMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2024

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Investment income | <u>\$27,100</u> | <u>\$44,891</u> | <u>\$72,389</u> | <u>\$27,498</u> |
| Total revenues | <u>27,100</u> | <u>44,891</u> | <u>72,389</u> | <u>27,498</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | <u>400,000</u> | <u>400,000</u> | | <u>400,000</u> |
| Total expenditures | <u>400,000</u> | <u>400,000</u> | | <u>400,000</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(372,900)</u> | <u>(355,109)</u> | <u>72,389</u> | <u>427,498</u> |
| Net change in fund balance | <u><u>(\$372,900)</u></u> | <u><u>(\$355,109)</u></u> | <u>72,389</u> | <u><u>\$427,498</u></u> |
| Fund balance at beginning of year | | | <u>1,348,210</u> | |
| Fund balance at end of year | | | <u><u>\$1,420,599</u></u> | |

CITY OF HALF MOON BAY
AFFORDABLE HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|------------------|-------------|-------------|---------------------------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Investment income | \$31,400 | \$68,740 | \$225,849 | \$157,109 |
| Intergovernmental revenues | | 3,250,000 | 4,750,000 | 1,500,000 |
| Total revenues | 31,400 | 3,318,740 | 4,975,849 | 1,657,109 |
| Expenditures: | | | | |
| Current: | | | | |
| | 1,000,000 | 1,300,000 | 1,185,761 | 114,239 |
| Total expenditures | 1,000,000 | 1,300,000 | 1,185,761 | 114,239 |
| Excess of revenues over expenditures | (968,600) | 2,018,740 | 3,790,088 | 1,771,348 |
| Other financing sources: | | | | |
| Transfers out | | (150,000) | | 150,000 |
| Net change in fund balance | (\$968,600) | \$1,868,740 | 3,790,088 | \$1,921,348 |
| Fund balance at beginning of year | | | 2,164,621 | |
| Fund balance at end of year | | | \$5,954,709 | |

CITY OF HALF MOON BAY
PARKS DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|----------------------|--------------------|---------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Impact fees/recreation fees | \$147,000 | \$66,890 | | (\$66,890) |
| Investment income | 40,700 | 61,778 | \$86,025 | 24,247 |
| Intergovernmental revenues | <u>5,564,000</u> | <u>4,589,895</u> | <u>1,446,510</u> | <u>(3,143,385)</u> |
| Total revenues | <u>5,751,700</u> | <u>4,718,563</u> | <u>1,532,535</u> | <u>(3,186,028)</u> |
| Expenditures: | | | | |
| Capital outlay | <u>6,022,117</u> | <u>8,226,080</u> | <u>4,477,662</u> | <u>3,748,418</u> |
| Total expenditures | <u>6,022,117</u> | <u>8,226,080</u> | <u>4,477,662</u> | <u>3,748,418</u> |
| Excess of revenues over expenditures | <u>(270,417)</u> | <u>(3,507,517)</u> | <u>(2,945,127)</u> | <u>562,390</u> |
| Other financing sources: | | | | |
| Transfers in | 300,000 | 1,250,000 | 1,250,000 | |
| Transfers out | <u>(175,000)</u> | <u>(175,000)</u> | | <u>175,000</u> |
| Total other financing sources | <u>125,000</u> | <u>1,075,000</u> | <u>1,250,000</u> | <u>175,000</u> |
| Net change in fund balance | <u>(\$145,417)</u> | <u>(\$2,432,517)</u> | <u>(1,695,127)</u> | <u>\$737,390</u> |
| Fund balance at beginning of year | | | <u>2,589,695</u> | |
| Fund balance at end of year | | | <u>\$894,568</u> | |

REQUIRED SUPPLEMENTARY INFORMATION

Budget and Budgetary Accounting

The City Council adopts an Annual Budget no later than the second meeting of June of each year for the fiscal year commencing the following July 1. The Annual Budget is adopted on a basis consistent with generally accepted accounting principles. The Capital Projects Funds are budgeted annually, with major capital improvement projects details in a separate Five Year Capital Improvement Program budget document, except that there is no budget adopted for the Land Asset Capital Projects Fund.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The City Manager submits to the City Council a proposed operating budget for the following fiscal year. The operating budget includes proposed revenues and expenditures.
2. After a review by the City Council, a public hearing is conducted and further comment is received from the City Council and the general public.
3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the City Council through passage of an appropriate resolution.
4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the City Council, which adopts it after due review.
5. The City Manager is authorized to transfer from time to time budget amounts of operational expenditure categories within divisions as deemed necessary in order to meet the City's needs.
6. City Council approval is required for all fund to fund transfers, fund reserve to appropriations transfers, for new revenue sources with offsetting appropriations, and for transfers to/from the capital expenditure category. The legal level of budgetary control of the City Council is at the fund level. This is the level that management cannot overspend the budget without approval of the City Council.

Expenditures in Excess of Budget

The General Fund and the Police Grants Special Revenue Fund incurred expenditures in excess of budget in the amounts of \$1,123,442 and \$23,451, respectively.

Sufficient resources were available in each fund to fund these excesses.

SUPPLEMENTARY INFORMATION

CITY OF HALF MOON BAY
 CAPITAL PROJECTS
 SCHEDULE OF REVENUES AND EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2024

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------------|----------------------|--------------------|---------------------------------------------------------|
| Revenues: | | | |
| Investment income | \$77,458 | \$119,363 | \$41,905 |
| Intergovernmental revenues | 595,000 | 236,632 | (358,368) |
| Total revenues | 672,458 | 355,995 | (316,463) |
| Expenditures: | | | |
| Capital Outlay | 4,981,648 | 1,649,258 | 3,332,390 |
| Total expenditures | 4,981,648 | 1,649,258 | 3,332,390 |
| Excess of revenues over expenditures | (4,309,190) | (1,293,263) | 3,015,927 |
| Other financing sources (uses): | | | |
| Transfers in | 2,680,000 | 1,250,000 | (1,430,000) |
| Transfers out | (1,010,000) | (961,613) | 48,387 |
| Total other financing sources (uses) | 1,670,000 | 288,387 | (1,381,613) |
| Net change in fund balance | (\$2,639,190) | (1,004,876) | \$1,634,314 |
| Fund balance at beginning of year | | 2,788,918 | |
| Fund balance at end of year | | \$1,784,042 | |

CITY OF HALF MOON BAY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2024

Special Revenue Funds

Special Revenue Funds are established to account for revenue derived from specific taxes or other earmarked revenue sources (other than for major capital projects that are restricted by law or administrative action to expenditures for specified purposes).

The *Police Grants Fund* (Fund 128) was established to account for revenues received and expenditures made for police services. The City receives funds for police services from Federal, State, County and local governmental agencies. These funds are designated for specific police services, activities, and capital equipment.

The *Storm Drain Operating Fund* (Fund 111) accounts for the maintenance of the existing storm drain system.

The *Traffic Mitigation Fund* (Fund 112) was established to account for all proceeds from traffic mitigation fees, whose purpose is to defray the actual costs of constructing improvements to mitigate traffic and circulation impacts resulting from proposed new development.

The *CZI Grant Fund* (Fund 134) was established to account for proceeds relating to the CZI Grant. These funds can be used to support learning and evaluation activities for groups currently engaged in the operation and implementation of economic advancement centers.

The *Opportunity Center Coastside Fund* (Fund 135) was established to account for proceeds from the American Rescue Plan Act funds where the City is a subrecipient. These funds may only be used to address the negative economic impacts from the COVID-19 public health emergency.

Debt Service Fund

The *Judgment Obligation Bonds Fund* (Fund 77 Series A; Fund 78 Series B) was established to account for the Judgment Obligation Bond Series 2009A and the Judgment Obligation Bond Series 2009B issued on July 14, 2009.

Capital Projects Funds

Capital Projects Funds are utilized to account for resources used for the acquisition and construction of capital facilities and infrastructure by the City, with the exception of those assets financed by proprietary funds.

The *Library Fund* (Fund 153) is used to account for the construction and facilities maintenance of the library.

The *Public Facilities Fund* (Fund 127) accounts for expenditures related to public facilities improvements that are needed - police facilities, the library, the public works yard, etc. The funds are received from various contractual agreements that are one-time in nature and which are not specifically dedicated, as well as grants.

The *Storm Drain Improvements Fund* (Fund 152) is used to account for all proceeds from storm drainage improvement fees which are assessed against new or remodeled construction and are used for drainage improvements.

CITY OF HALF MOON BAY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

| | SPECIAL REVENUE FUNDS | | | | |
|-------------------------------------|-----------------------|--------------------------|-----------------------|--------------|------------------------------------|
| | Police Grants | Storm Drain Operating | Traffic Mitigation | CZI Grant | Opportunity Center Coastside |
| Assets | | | | | |
| Cash and investments | \$1,075,519 | \$265,453 | \$4,518,499 | \$208,969 | |
| Accounts receivable | | | | | \$231,490 |
| Interest receivable | 10,173 | 2,543 | 43,041 | 2,094 | 1,013 |
| Total assets | \$1,085,692 | \$267,996 | \$4,561,540 | \$211,063 | \$232,503 |
| Liabilities: | | | | | |
| Accrued expenses | | | | | |
| Accrued liabilities | | | | | \$169,729 |
| Due to other funds | | | | | 33,065 |
| Total liabilities | | | | | 202,794 |
| Fund Balances: | | | | | |
| Restricted | \$1,085,692 | \$267,996 | \$4,561,540 | \$211,063 | 29,709 |
| Assigned | | | | | |
| Total fund balances | 1,085,692 | 267,996 | 4,561,540 | 211,063 | 29,709 |
| Total liabilities and fund balances | \$1,085,692 | \$267,996 | \$4,561,540 | \$211,063 | \$232,503 |

| DEBT SERVICE FUND | CAPITAL PROJECTS FUNDS | | | |
|----------------------------------|------------------------|----------------------|-----------------------------|--------------------|
| Judgement Obligation Bonds | Library | Public Facilities | Storm Drain Improvements | Total |
| \$6,425 | \$444,803 | \$1,517,170 | \$1,402,160 | \$9,438,998 |
| | | | | 231,490 |
| | 4,381 | 10,751 | 13,593 | 87,589 |
| <u>\$6,425</u> | <u>\$449,184</u> | <u>\$1,527,921</u> | <u>\$1,415,753</u> | <u>\$9,758,077</u> |
| | | | \$29,036 | \$29,036 |
| | | \$19,711 | | 189,440 |
| | | | | 33,065 |
| | | 19,711 | 29,036 | 251,541 |
| \$6,425 | \$449,184 | 1,508,210 | 1,386,717 | 9,057,352 |
| | | | | 449,184 |
| 6,425 | 449,184 | 1,508,210 | 1,386,717 | 9,506,536 |
| <u>\$6,425</u> | <u>\$449,184</u> | <u>\$1,527,921</u> | <u>\$1,415,753</u> | <u>\$9,758,077</u> |

CITY OF HALF MOON BAY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

| | SPECIAL REVENUE FUNDS | | | | |
|--------------------------------------------------------------|---------------------------|--------------------------|---------------------------|-------------------------|------------------------------------|
| | Police Grants | Storm Drain Operating | Traffic Mitigation | CZI Grant | Opportunity Center Coastside |
| Revenues: | | | | | |
| Investment income | \$51,129 | \$16,519 | 226,346 | \$13,061 | \$19,873 |
| Rents and leases | | | | | 13,000 |
| Intergovernmental revenues | 186,159 | | | | 231,490 |
| Total Revenues | <u>237,288</u> | <u>16,519</u> | <u>226,346</u> | <u>13,061</u> | <u>264,363</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | | | | 87,400 | |
| Public safety | 23,451 | | | | |
| Public works | | | 30,292 | | |
| Community and economic development | | | | | 886,000 |
| Capital outlay | | | | | |
| Total Expenditures | <u>23,451</u> | | <u>30,292</u> | <u>87,400</u> | <u>886,000</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>213,837</u> | <u>16,519</u> | <u>196,054</u> | <u>(74,339)</u> | <u>(621,637)</u> |
| Other financing sources: | | | | | |
| Transfers in | | | | | |
| Transfer (out) | | (100,000) | | | |
| Total Other Financing Sources | | <u>(100,000)</u> | | | |
| Net change in fund balances | <u>213,837</u> | <u>(83,481)</u> | <u>196,054</u> | <u>(74,339)</u> | <u>(621,637)</u> |
| Fund balance at beginning of year, as previously reported | 871,855 | 351,477 | 4,365,486 | 285,402 | 651,346 |
| Adjustments: | | | | | |
| Changes from major to nonmajor fund | | | | | |
| Changes from nonmajor to major fund | | | | | |
| Fund balances at beginning of year, as adjusted | <u>871,855</u> | <u>351,477</u> | <u>4,365,486</u> | <u>285,402</u> | <u>651,346</u> |
| Fund balances at end of year | <u><u>\$1,085,692</u></u> | <u><u>\$267,996</u></u> | <u><u>\$4,561,540</u></u> | <u><u>\$211,063</u></u> | <u><u>\$29,709</u></u> |

| SPECIAL REVENUE FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUNDS | | | | Total |
|-------------------------------------------------|------------------------------------------------------|------------------------|----------------------|----------------------|-----------------------------|-------------|
| | | (Formerly Major) | (Formerly Nonmajor) | | | |
| (Formerly Nonmajor) Affordable Housing | (Formerly Major) Judgement Obligation Bonds | Library | Parks Development | Public Facilities | Storm Drain Improvements | |
| | \$157 | \$23,029 | | \$65,700 | \$57,700 | \$473,514 |
| | | | | | | 13,000 |
| | | | | | | 417,649 |
| | 157 | 23,029 | | 65,700 | 57,700 | 904,163 |
| | | | | | | 87,400 |
| | | | | | | 23,451 |
| | | | | | 50,465 | 80,757 |
| | | | | | | 886,000 |
| | | | | 777,060 | 573,200 | 1,350,260 |
| | | | | 777,060 | 623,665 | 2,427,868 |
| | 157 | 23,029 | | (711,360) | (565,965) | (1,523,705) |
| | | | | 150,000 | 829,613 | 979,613 |
| | | | | | (3,809) | (103,809) |
| | | | | 150,000 | 825,804 | 875,804 |
| | 157 | 23,029 | | (561,360) | 259,839 | (647,901) |
| \$2,164,621 | | | 2,589,695 | 2,069,570 | 1,126,878 | 14,476,330 |
| (2,164,621) | 6,268 | 426,155 | (2,589,695) | | | 432,423 |
| | | | | | | (4,754,316) |
| | 6,268 | 426,155 | | 2,069,570 | 1,126,878 | 10,154,437 |
| | \$6,425 | \$449,184 | | \$1,508,210 | \$1,386,717 | \$9,506,536 |

CITY OF HALF MOON BAY
POLICE GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------------------------------|-----------------|-------------|---------------------------------------------------------|
| Revenues: | | | |
| Investment income | \$28,280 | \$51,129 | \$22,849 |
| Intergovernmental | 186,408 | 186,159 | (249) |
| Total revenues | 214,688 | 237,288 | 22,600 |
| Expenditures: | | | |
| Current: | | | |
| Public Safety | | 23,451 | (23,451) |
| Total expenditures | | 23,451 | (23,451) |
| Excess (deficiency) of revenues over (under) expenditures | 214,688 | 213,837 | (851) |
| Net change in fund balance | \$214,688 | 213,837 | (\$851) |
| Fund Balance at beginning of year | | 871,855 | |
| Fund balance at end of year | | \$1,085,692 | |

CITY OF HALF MOON BAY
 STORM DRAIN OPERATING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2024

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|-----------|---------------------------------------------------------|
| Revenues: | | | |
| Investment income | \$5,100 | \$16,519 | \$11,419 |
| Total revenues | 5,100 | 16,519 | 11,419 |
| Other financing sources: | | | |
| Transfers out | (100,000) | (100,000) | |
| Net change in fund balance | (\$94,900) | (83,481) | \$11,419 |
| Fund balance at beginning of year | | 351,477 | |
| Fund balance at end of year | | \$267,996 | |

CITY OF HALF MOON BAY
TRAFFIC MITIGATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------------------------------|-------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues: | | | |
| Impact fees/recreation fees | \$68,000 | | (\$68,000) |
| Investment income | <u>137,702</u> | <u>\$226,346</u> | <u>88,644</u> |
| Total revenues | <u>205,702</u> | <u>226,346</u> | <u>20,644</u> |
| Expenditures: | | | |
| Current: | | | |
| Public works | <u>37,033</u> | <u>30,292</u> | <u>6,741</u> |
| Total expenditures | <u>37,033</u> | <u>30,292</u> | <u>6,741</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>168,669</u> | <u>196,054</u> | <u>27,385</u> |
| Net change in fund balance | <u><u>\$168,669</u></u> | <u>196,054</u> | <u><u>\$27,385</u></u> |
| Fund balance at beginning of year | | <u>4,365,486</u> | |
| Fund balance at end of year | | <u><u>\$4,561,540</u></u> | |

CITY OF HALF MOON BAY
 CZI GRANT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2024

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|------------------|---------------------------------------------------------|
| Revenues: | | | |
| Investment income | \$4,000 | \$13,061 | \$9,061 |
| Total revenues | 4,000 | 13,061 | 9,061 |
| Expenditures: | | | |
| Current: | | | |
| General government | 289,401 | 87,400 | 202,001 |
| Total expenditures | 289,401 | 87,400 | 202,001 |
| Excess of revenues over expenditures | (285,401) | (74,339) | 211,062 |
| Net change in fund balance | <u>(\$285,401)</u> | (74,339) | <u>\$211,062</u> |
| Fund balance at beginning of year | | 285,402 | |
| Fund balance at end of year | | <u>\$211,063</u> | |

CITY OF HALF MOON BAY
 OPPORTUNITY CENTER COASTSIDE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2024

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|------------------|-------------------------------------------------------------------|
| Revenues: | | | |
| Investment income | \$20,177 | \$19,873 | (\$304) |
| Rents and leases | | 13,000 | 13,000 |
| Intergovernmental revenues | <u>3,350,000</u> | <u>231,490</u> | <u>(3,118,510)</u> |
| Total revenues | <u>3,370,177</u> | <u>264,363</u> | <u>(3,105,814)</u> |
| Expenditures: | | | |
| Current: | | | |
| Community and economic development | <u>2,470,000</u> | <u>886,000</u> | <u>1,584,000</u> |
| Excess of revenues over expenditures | <u>900,177</u> | <u>(621,637)</u> | <u>(1,521,814)</u> |
| Other financing sources: | | | |
| Transfers out | <u>(500,000)</u> | | <u>500,000</u> |
| Net change in fund balance | <u>\$400,177</u> | (621,637) | <u>(\$1,021,814)</u> |
| Fund balance at beginning of year | | <u>651,346</u> | |
| Fund balance at end of year | | <u>\$29,709</u> | |

CITY OF HALF MOON BAY
 JUDGMENT OBLIGATION BONDS DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2024

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|---------|---------------------------------------------------------|
| Revenues: | | | |
| Investment income | \$100 | \$157 | \$57 |
| Total revenues | 100 | 157 | 57 |
| Net change in fund balance | \$100 | 157 | \$57 |
| Fund balance at beginning of year | | 6,268 | |
| Fund balance at end of year | | \$6,425 | |

CITY OF HALF MOON BAY
LIBRARY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------|-----------|---------------------------------------------------------|
| Revenues: | | | |
| Investment income | \$6,400 | \$23,029 | \$16,629 |
| Total revenues | 6,400 | 23,029 | 16,629 |
| Net change in fund balance | \$6,400 | 23,029 | \$16,629 |
| Fund balance at beginning of year | | 426,155 | |
| Fund balance at end of year | | \$449,184 | |

CITY OF HALF MOON BAY
PUBLIC FACILITIES CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|-----------------|-------------|---------------------------------------------------------|
| Revenues: | | | |
| Investment income | \$39,402 | \$65,700 | \$26,298 |
| Total revenues | 39,402 | 65,700 | 26,298 |
| Expenditures: | | | |
| Capital outlay | 1,342,399 | 777,060 | 565,339 |
| Total expenditures | 1,342,399 | 777,060 | 565,339 |
| Excess (deficiency) of revenues over (under) expenditures | (1,302,997) | (711,360) | 591,637 |
| Other financing sources (uses): | | | |
| Transfers in | 150,000 | 150,000 | |
| Transfers out | (400,000) | | 400,000 |
| Total other financing sources (uses) | (250,000) | 150,000 | 400,000 |
| Net change in fund balance | (\$1,552,997) | (561,360) | \$991,637 |
| Fund balance at beginning of year | | 2,069,570 | |
| Fund balance at end of year | | \$1,508,210 | |

CITY OF HALF MOON BAY
 STORM DRAIN IMPROVEMENTS CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2024

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|--------------------|-------------------------------------------------------------------|
| Revenues: | | | |
| Charges for services | \$7,900 | | (\$7,900) |
| Investment income | 35,918 | \$57,700 | 21,782 |
| Total revenues | <u>43,818</u> | <u>57,700</u> | <u>13,882</u> |
| Expenditures: | | | |
| Current: | | | |
| Public works | 56,048 | 50,465 | 5,583 |
| Capital outlay | 1,804,691 | 573,200 | 1,231,491 |
| Total expenditures | <u>1,860,739</u> | <u>623,665</u> | <u>1,237,074</u> |
| Excess of revenues over expenditures | <u>(1,816,921)</u> | <u>(565,965)</u> | <u>1,250,956</u> |
| Other financing sources: | | | |
| Transfers in | 878,000 | 829,613 | (48,387) |
| Transfers out | (53,809) | (3,809) | 50,000 |
| Total other financing sources | <u>824,191</u> | <u>825,804</u> | <u>1,613</u> |
| Net change in fund balance | <u>(\$992,730)</u> | 259,839 | <u>\$1,252,569</u> |
| Fund balance at beginning of year | | <u>1,126,878</u> | |
| Fund balance at end of year | | <u>\$1,386,717</u> | |

CITY OF HALF MOON BAY, CALIFORNIA

INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED JUNE 30, 2024

Internal Service Funds are used to account for the financing of goods and services provided by one City department or agency to other departments or agencies of the City, or to other government units on a cost- reimbursement basis (including depreciation).

The *Equipment* (Fund 302) and *Vehicle Replacement* (Fund 301) *Fund* is used to account for replacement of furniture, fixtures, equipment, and vehicles. These funds cover the cost of repair, maintenance and replacement of City vehicles and provide for the service, maintenance of the management information systems, leased copiers and leased postage meter. Revenues are derived from charges to user departments (all funds) based on usage.

The *Risk Management Fund* (Fund 303) administers the City's general insurance and workers compensation programs with the goals of reducing insurance-related costs, maintain appropriate levels of coverage and to build for contingent legal reserves.

The *Pension Stabilization Fund* (Fund 304) stabilizes major fluctuations in annual pension costs driven by market factors and actuarial changes.

CITY OF HALF MOON BAY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2024

| | <u>Equipment and Vehicle Replacement</u> | <u>Risk Management</u> | <u>Pension Stabilization</u> | <u>Total</u> |
|----------------------------------------------------|--------------------------------------------------|----------------------------|----------------------------------|--------------------|
| Assets | | | | |
| Current Assets: | | | | |
| Cash and investments | \$1,089,392 | \$3,835,865 | \$1,495,313 | \$6,420,570 |
| Accounts receivable | | | | |
| Interest receivable | 9,812 | 36,755 | 14,227 | 60,794 |
| Total Current Assets | <u>1,099,204</u> | <u>3,872,620</u> | <u>1,509,540</u> | <u>6,481,364</u> |
| Non-current assets: | | | | |
| Net OPEB asset | | 2,766 | | 2,766 |
| Capital assets, net of Accumulated depreciation | 362,513 | | | 362,513 |
| Total Assets | <u>1,461,717</u> | <u>3,875,386</u> | <u>1,509,540</u> | <u>6,846,643</u> |
| Deferred outflow of resources | | | | |
| Related to OPEB | | 1,131 | | 1,131 |
| Total Deferred Outflows of Resources | | <u>1,131</u> | | <u>1,131</u> |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 32,537 | 7,010 | | 39,547 |
| Claims liability | | 1,670,731 | | 1,670,731 |
| Total Liabilities | <u>32,537</u> | <u>1,677,741</u> | | <u>1,710,278</u> |
| Deferred inflow of resources | | | | |
| Related to OPEB | | 831 | | 831 |
| Total Deferred Inflows of Resources | | <u>831</u> | | <u>831</u> |
| Net Position | | | | |
| Net position: | | | | |
| Invested in capital assets | 362,513 | | | 362,513 |
| Restricted for OPEB | | 3,066 | | 3,066 |
| Unrestricted | 1,066,667 | 2,194,879 | 1,509,540 | 4,771,086 |
| Total Net Position | <u>\$1,429,180</u> | <u>\$2,197,945</u> | <u>\$1,509,540</u> | <u>\$5,136,665</u> |

CITY OF HALF MOON BAY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

| | Equipment and Vehicle Replacement | Risk Management | Pension Stabilization | Total |
|------------------------------------|-----------------------------------------|--------------------|--------------------------|-------------|
| Operating revenues: | | | | |
| Impact fees | | | | |
| Total operating revenues | | | | |
| Operating expenses: | | | | |
| Salaries and wages | \$105,779 | \$168,076 | \$455,753 | \$729,608 |
| Contract services | 48,612 | 5,220 | | 53,832 |
| Services and supplies | 343,372 | | | 343,372 |
| Repairs and maintenance | 43,599 | | | 43,599 |
| Insurance expense | | 1,079,413 | | 1,079,413 |
| Pension | | | 457,721 | 457,721 |
| Depreciation | 79,683 | | | 79,683 |
| Other charges | | 240 | | 240 |
| Total operating expenses | 621,045 | 1,252,949 | 913,474 | 2,787,468 |
| Operating income (loss) | (621,045) | (1,252,949) | (913,474) | (2,787,468) |
| Non-operating revenues (expenses): | | | | |
| Investment income | 47,202 | 178,746 | 50,729 | 276,677 |
| Total non-operating revenues | 47,202 | 178,746 | 50,729 | 276,677 |
| Capital contributions | 53,928 | | | 53,928 |
| Transfers in | 633,402 | 662,431 | 913,474 | 2,209,307 |
| Change in net position | 113,487 | (411,772) | 50,729 | (247,556) |
| Net position at beginning of year | 1,315,693 | 2,609,717 | 1,458,811 | 5,384,221 |
| Net position at end of year | \$1,429,180 | \$2,197,945 | \$1,509,540 | \$5,136,665 |

CITY OF HALF MOON BAY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

| | Equipment and Vehicle Replacement | Risk Management | Pension Stabilization | Total |
|-----------------------------------------------------------------------------------------|-----------------------------------------|--------------------|--------------------------|---------------|
| Cash flows from operating activities: | | | | |
| Cash received from department users | | | | |
| Cash payments to suppliers of goods and services | (\$433,331) | (\$479,348) | | (\$912,679) |
| Cash payments to employees for services | (105,779) | (168,071) | (\$913,474) | (1,187,324) |
| Net cash provided by (used for) operating activities | (539,110) | (647,419) | (913,474) | (2,100,003) |
| Cash flows from non-capital financing activities: | | | | |
| Transfer in | 633,402 | 662,431 | 913,474 | 2,209,307 |
| Net cash provided by (used for) non-capital financing activities | 633,402 | 662,431 | 913,474 | 2,209,307 |
| Cash flows from investing activities: | | | | |
| Interest received on investments | 43,513 | 168,576 | 46,924 | 259,013 |
| Net cash provided by investing activities | 43,513 | 168,576 | 46,924 | 259,013 |
| Net increase (decreased) in cash and cash equivalents | 137,805 | 183,588 | 46,924 | 368,317 |
| Cash and cash equivalents at beginning of year | 951,587 | 3,652,277 | 1,448,389 | 6,052,253 |
| Cash and cash equivalents at end of year | \$1,089,392 | \$3,835,865 | \$1,495,313 | \$6,420,570 |
| Reconciliation of operating income to net cash flows provided by operating activities: | | | | |
| Operating income (loss) | (\$621,045) | (\$1,252,949) | (\$913,474) | (\$2,787,468) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 79,683 | | | 79,683 |
| (Increase) in accounts receivable | 1,212 | | | 1,212 |
| Increase (Decreased) in accounts payable | 1,040 | (376) | | 664 |
| Increase (Decreased) in employees benefits | | 5 | | 5 |
| Increase (Decreased) in claims liability | | 605,901 | | 605,901 |
| Net cash provided by (used for) operating activities | (539,110) | (647,419) | (913,474) | (2,100,003) |
| Non-cash transactions: | | | | |
| Capital contributions | \$53,928 | | | \$53,928 |

STATISTICAL SECTION



**THIS PAGE IS
INTENTIONALLY BLANK**

CITY OF HALF MOON BAY, CALIFORNIA

STATISTICAL SECTION

FISCAL YEAR ENDED JUNE 30, 2024

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the ability to issue additional debt in the future.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City's provides and the activities it performs.

Property Tax Information

These schedules contain information to help the reader assess the City's property tax sources and changes.

Note: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant years.



**THIS PAGE IS
INTENTIONALLY BLANK**

CITY OF HALF MOON BAY
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 37,550,877 | \$ 40,513,950 | \$ 46,399,149 | \$ 63,168,981 | \$ 60,800,162 | \$ 62,744,013 | \$ 67,193,002 | \$ 68,275,626 | \$ 71,854,949 | \$ 76,826,570 |
| Restricted | 18,540,842 | 19,779,956 | 22,157,470 | 25,844,530 | 27,738,822 | 16,416,110 | 19,871,245 | 21,340,221 | 22,502,708 | 25,081,978 |
| Unrestricted | 26,042,003 | 34,369,708 | 28,173,022 | 17,010,742 | 25,475,062 | 35,553,961 | 34,061,834 | 38,471,511 | 41,909,085 | 38,119,541 |
| Total governmental activities net position | \$ 82,133,722 | \$ 94,663,614 | \$ 96,729,641 | \$ 106,024,253 | \$ 114,014,046 | \$ 114,714,084 | \$ 121,126,081 | \$ 128,087,358 | \$ 136,266,742 | \$ 140,028,089 |
| Business-type activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 3,970,876 | \$ 3,871,356 | \$ 3,816,994 | \$ 4,490,973 | \$ 4,566,718 | \$ 4,587,090 | \$ 6,199,508 | \$ 6,948,434 | \$ 6,981,850 | \$ 6,831,129 |
| Restricted | 19,063,158 | 20,635,855 | 21,900,766 | 5,946,230 | 6,385,095 | 8,692,609 | 9,377,687 | 9,554,843 | 10,092,582 | 11,397,062 |
| Unrestricted | 23,034,034 | 24,507,211 | 25,717,760 | 14,129,580 | 13,683,606 | 11,937,949 | 8,461,534 | 5,502,097 | 4,637,048 | 3,569,939 |
| Total business-type activities net position | \$ 23,034,034 | \$ 24,507,211 | \$ 25,717,760 | \$ 24,566,783 | \$ 24,635,419 | \$ 25,217,648 | \$ 24,038,729 | \$ 22,005,374 | \$ 21,711,480 | \$ 21,798,130 |
| Primary government: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 41,521,753 | \$ 44,385,306 | \$ 50,216,143 | \$ 67,659,954 | \$ 65,366,880 | \$ 67,331,103 | \$ 73,392,510 | \$ 75,224,060 | \$ 78,836,799 | \$ 83,657,699 |
| Restricted | 18,540,842 | 19,779,956 | 22,157,470 | 31,790,760 | 34,123,917 | 25,108,719 | 29,248,932 | 30,895,064 | 32,595,290 | 36,479,040 |
| Unrestricted | 45,105,161 | 55,005,563 | 50,073,788 | 31,140,322 | 39,158,668 | 47,491,910 | 42,523,368 | 43,973,608 | 46,546,133 | 41,689,480 |
| Total primary government net position ⁽¹⁾ | \$ 105,167,756 | \$ 119,170,825 | \$ 122,447,401 | \$ 130,591,036 | \$ 138,649,465 | \$ 139,931,732 | \$ 145,164,810 | \$ 150,092,732 | \$ 157,978,222 | \$ 161,826,219 |

⁽¹⁾ The \$12.5 million increase in primary government net position in FY 2015-16 is primarily attributable to higher tax revenues and a contribution of \$6.0 million from the County of San the library construction capital project that is scheduled to commence during fiscal year 2016-17.

The \$3.5 million increase in primary government net position in FY 2016-17 is primarily attributable to investment in infrastructure and capital projects.

The \$8.4 million increase in primary government net position in FY 2017-18 is primarily attributable to investment in capital projects.

The \$8.0 million increase in primary government net position in FY 2018-19 is primarily attributable to higher tax and general revenues

The \$700 thousand increase in primary government net position in FY 2019-20 is primarily attributable to increased investments in capital assets

The \$5.2 million increase in primary government net position in FY 2020-21 is primarily attributable to a higher than expected revenues and lower expenditures budgeted

The \$4.9 million increase in primary government net position in FY 2021-22 is primarily attributable to a higher than expected tax revenues

The \$7.8 million increase in primary government net position in FY 2022-23 is primarily due to increased operating grants and contributions, other revenues and the sewer charges as approved through the Prop 218 process in fiscal year 2019-20

The \$3.8 million increase in primary government net position in FY 2023-24 is primarily due to increased capital contributions and grants.

CITY OF HALF MOON BAY

Changes in Net Position

Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 2,190,464 | \$ 3,725,642 | \$ 3,940,242 | \$ 5,030,648 | \$ 4,722,479 | \$ 4,981,025 | \$ 5,175,257 | \$ 6,008,499 | \$ 6,018,989 | \$ 7,811,794 |
| Public safety | 3,901,511 | 3,449,122 | 5,183,033 | 3,878,176 | 3,975,865 | 4,631,203 | 4,743,620 | 5,017,087 | 5,275,682 | 6,875,457 |
| Public works | 2,605,015 | 2,670,228 | 3,314,879 | 3,801,624 | 3,506,195 | 3,754,258 | 2,817,305 | 2,765,717 | 4,129,117 | 6,255,645 |
| Recreation services | 282,251 | 337,331 | 348,604 | 926,730 | 1,167,467 | 1,808,657 | 1,942,872 | 2,823,410 | 597,127 | 1,534,752 |
| Planning | 1,081,255 | 1,952,892 | 2,427,687 | 2,603,389 | 2,784,468 | 3,286,029 | 2,764,254 | 2,779,608 | 2,965,787 | 3,931,872 |
| Community and Economic Development | | | | | | | | | 843,267 | 1,894,276 |
| Interest and fiscal charges | 1,053,237 | 937,704 | 937,704 | 937,704 | 937,704 | 468,852 | - | - | - | - |
| Total governmental activities expenses | 11,113,733 | 13,072,919 | 16,152,149 | 17,178,271 | 17,094,178 | 18,930,024 | 17,443,308 | 19,394,321 | 19,829,969 | 28,303,796 |
| Business-type activities: | | | | | | | | | | |
| Sewer | 4,078,003 | 2,943,013 | 2,966,613 | 4,757,056 | 4,562,513 | 5,950,383 | 5,670,214 | 6,042,199 | 5,998,227 | 6,685,640 |
| Total business-type activities expenses | 4,078,003 | 2,943,013 | 2,966,613 | 4,757,056 | 4,562,513 | 5,950,383 | 5,670,214 | 6,042,199 | 5,998,227 | 6,685,640 |
| Total primary government expenses | 15,191,736 | 16,015,932 | 19,118,762 | 21,935,327 | 21,656,691 | 24,880,407 | 23,113,522 | 25,436,520 | 25,828,196 | 34,989,436 |
| Program revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 105,737 | \$ 98,171 | \$ 20,738 | \$ 29,879 | \$ 97,755 | \$ 94,986 | \$ 17,962 | \$ 646,363 | \$ 687,941 | \$ 487,874 |
| Public safety | 107,738 | 118,204 | 95,883 | 961,407 | 64,011 | 159,631 | 138,299 | 105,983 | 79,661 | 120,980 |
| Public works | 423,449 | 407,342 | 452,260 | 672,979 | 392,876 | 332,903 | 383,211 | 360,649 | 442,582 | 432,066 |
| Recreation services | 550,144 | 588,890 | 624,771 | 841,581 | 630,725 | 494,433 | 987,511 | 1,176,088 | 1,113,689 | 1,166,447 |
| Planning | 457,237 | 560,073 | 505,373 | 213,701 | 293,316 | 165,686 | 314,178 | 520,110 | 558,369 | 298,171 |
| Operating grants and contributions | 1,903,151 | 390,970 | 1,166,559 | 932,873 | 1,390,373 | 786,552 | 4,123,613 | 2,544,520 | 3,628,574 | 1,285,182 |
| Capital grants and contributions | 596,856 | 7,915,220 | 607,526 | 6,940,211 | 5,090,594 | 627,168 | 3,145,690 | 1,647,350 | 1,677,758 | 6,738,537 |
| Total governmental activities program revenues | 4,144,312 | 10,078,870 | 3,473,110 | 10,592,631 | 7,959,650 | 2,661,359 | 9,110,464 | 7,001,063 | 8,188,574 | 10,529,257 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sewer | 5,105,502 | 4,715,919 | 4,524,358 | 4,261,126 | 4,533,846 | 4,540,020 | 4,477,159 | 5,005,399 | 5,994,167 | 6,207,200 |
| Operating grants and contributions | 45,628 | - | - | - | - | - | - | - | - | - |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities program revenues | 5,151,130 | 4,715,919 | 4,524,358 | 4,261,126 | 4,533,846 | 4,540,020 | 4,477,159 | 5,005,399 | 5,994,167 | 7,511,680 |
| Total primary government program revenues | 9,295,442 | 14,794,789 | 7,997,468 | 14,853,757 | 12,493,496 | 7,201,379 | 13,587,623 | 12,006,462 | 14,182,741 | 18,040,937 |
| Net revenues (expenses): | | | | | | | | | | |
| Governmental activities | \$ (6,969,421) | \$ (2,994,049) | \$ (12,679,039) | \$ (6,585,640) | \$ (9,134,528) | \$ (16,268,665) | \$ (8,332,844) | \$ (12,393,258) | \$ (11,641,395) | \$ (17,774,539) |
| Business-type activities | 1,073,127 | 1,772,906 | 1,557,745 | (495,930) | (28,667) | (1,410,363) | (1,193,055) | (1,036,800) | (4,060) | 826,040 |
| Total net revenues (expenses) ⁽²⁾ | (5,896,294) | (1,221,143) | (11,121,294) | (7,081,570) | (9,163,195) | (17,679,028) | (9,525,899) | (13,430,058) | (11,645,455) | (16,948,499) |

CITY OF HALF MOON BAY

Changes in Net Position

Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------------------------------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General revenues and other changes in net position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 2,871,413 | \$ 3,116,710 | \$ 3,126,884 | \$ 3,379,657 | \$ 3,613,782 | \$ 3,667,867 | \$ 3,582,161 | \$ 4,592,317 | \$ 4,129,317 | \$ 4,283,589 |
| Sales and use taxes | 3,862,041 | 4,068,786 | 2,514,852 | 2,836,614 | 2,804,748 | 3,042,265 | 2,929,586 | 3,358,759 | 3,315,341 | 3,665,449 |
| Transient occupancy taxes | 5,433,394 | 5,935,558 | 6,024,855 | 6,434,808 | 6,828,108 | 5,291,821 | 4,817,532 | 9,442,518 | 8,852,640 | 8,167,938 |
| Other taxes | 832,390 | 808,224 | 919,666 | 1,038,546 | 1,242,286 | 1,346,187 | 1,304,943 | 1,341,327 | 1,276,299 | 1,343,633 |
| Investment income | 798,406 | 811,191 | 583,497 | 703,351 | 1,188,804 | 2,257,971 | (96,482) | (702,830) | 865,654 | 2,439,990 |
| Other general revenues | 779,392 | 783,472 | 1,575,312 | 1,386,752 | 1,446,593 | 1,362,594 | 2,207,101 | 1,322,444 | 1,381,527 | 652,986 |
| Transfers | | | | | | | | | | 982,301 |
| Total governmental activities | 14,577,036 | 15,523,941 | 14,745,066 | 15,779,728 | 17,124,321 | 16,968,705 | 14,744,841 | 19,354,535 | 19,820,778 | 21,535,886 |
| Business-type activities: | | | | | | | | | | |
| Investment income | 63,696 | 93,088 | 135,003 | 195,743 | 332,868 | 382,491 | (49,678) | (155,664) | 129,865 | 242,911 |
| Miscellaneous | (250,000) | (392,817) | (482,199) | (857,213) | (235,565) | 1,610,101 | 63,814 | (840,891) | (419,699) | |
| Transfers | | | | | | | | | | |
| Total business-type activities | (186,304) | (299,729) | (347,196) | (661,470) | 97,303 | 1,992,592 | 14,136 | (996,555) | (289,834) | (982,301) |
| Total primary government | 14,390,732 | 15,224,212 | 14,397,870 | 15,118,258 | 17,221,624 | 18,961,297 | 14,758,977 | 18,357,980 | 19,530,944 | 20,796,496 |
| Changes in net position: | | | | | | | | | | |
| Governmental activities | \$ 7,607,615 | \$ 12,529,892 | \$ 2,066,027 | \$ 9,194,088 | \$ 7,989,793 | \$ 700,040 | \$ 6,411,997 | \$ 6,961,277 | \$ 8,179,383 | \$ 3,761,347 |
| Business-type activities | 886,823 | 1,473,177 | 1,210,549 | (1,157,400) | 68,636 | 582,229 | (1,178,919) | (2,033,355) | (293,894) | 86,650 |
| Total primary government ⁽¹⁾ | \$ 8,494,438 | \$ 14,003,069 | \$ 3,276,576 | \$ 8,036,688 | \$ 8,058,429 | \$ 1,282,269 | \$ 5,233,078 | \$ 4,927,922 | \$ 7,885,489 | \$ 3,847,997 |

⁽¹⁾ Change in Net Assets in Primary Government:

FY 2014-15 increase in net position of \$8.5 million is primarily due to higher tax revenues and timing of sewer-related capital spending.

FY 2015-16 increase in net position of \$14 million is primarily due to higher tax revenues and timing of sewer-related capital spending.

FY 2016-17 increase in net position of \$3.2 million is primarily due to investment in infrastructure and capital projects.

FY 2017-18 increase in net position of \$8 million is primarily due to investment in capital projects.

The \$8.0 million increase in primary government net position in FY 2018-19 is primarily attributable to higher tax and general revenues

FY 2020-21 increase in net position of \$5.2 million is primarily due to higher revenues from capital and operating grants/contributions

FY 2021-22 increase in net position of \$4.9 million is primarily due to higher revenues from transient occupancy taxes

FY 2022-23 increase in net position of \$7.8 million is primarily due to increased operating grants and contributions, other revenues and the sewer charges as approved through the Prop 218 process in fiscal year 2019-20

FY 2023-24 increase in net position of \$3.8 million is primarily due to increased capital contributions and grants.

⁽²⁾ Total net expenses in FY 2019-20 increased by \$8.5 million primarily for the final \$10.9 million payment of the judgement obligation bond

CITY OF HALF MOON BAY
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund: | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Committed | 3,012,735 | 2,909,550 | 5,070,257 | 5,070,257 | 5,146,354 | 7,300,642 | 7,271,604 | 8,999,117 | 9,841,012 | 11,091,587 |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | 6,529,822 | 7,829,894 | 5,986,903 | 4,892,195 | 5,809,910 | 3,333,510 | 3,869,096 | 6,586,036 | 6,386,892 | 3,276,343 |
| Total general fund ⁽¹⁾ | \$ 9,542,557 | \$ 10,739,444 | \$ 11,057,160 | \$ 9,962,452 | \$ 10,956,264 | \$ 10,634,152 | \$ 11,140,700 | \$ 15,585,153 | \$ 16,227,904 | \$ 14,367,930 |
| All other governmental funds: | | | | | | | | | | |
| Nonspendable | \$ 26,823,920 | \$ - | \$ - | \$ - | \$ 26,823,920 | \$ 26,823,920 | \$ 26,823,920 | \$ 26,823,920 | \$ 26,823,920 | \$ 26,823,920 |
| Restricted | 23,288,017 | 31,602,450 | 23,288,663 | 25,844,530 | 27,738,822 | 16,416,110 | 19,871,245 | 21,340,221 | 22,258,032 | 24,590,954 |
| Committed | - | 26,823,920 | 26,823,920 | 26,823,920 | - | - | - | - | - | - |
| Assigned | - | - | 5,611,038 | 2,161,189 | 1,244,495 | 2,806,125 | 3,069,792 | 2,288,175 | 3,215,073 | 2,233,226 |
| Unassigned | - | - | - | - | 2,364,020 | - | - | - | - | - |
| Total all other governmental funds ⁽²⁾ | \$ 50,111,937 | \$ 58,426,370 | \$ 55,723,621 | \$ 54,829,639 | \$ 58,171,257 | \$ 46,046,155 | \$ 49,764,957 | \$ 50,452,316 | \$ 52,297,025 | \$ 53,648,100 |

⁽¹⁾ General Fund:

- FY 2014-15 Nonspendable fund balance decrease is due to the land held for resale transfer from the General Fund to the newly created Land Asset Fund.
- FY 2015-16 Unassigned fund balance increase is primarily due to increase in tax revenue.
- FY 2016-17 Unassigned fund balance decrease is primarily due to increased investment in capital projects.
- FY 2017-18 Unassigned fund balance decrease is primarily due to investment in capital projects.
- FY 2018-19 Unassigned fund balance increase is primarily due to in tax and general revenues
- FY 2019-20 Unassigned fund balance decrease is primarily due to lower revenues from TOT
- FY 2020-21 Unassigned fund balance increased primarily due to unaccepted revenue overperformance in TOT
- FY 2021-22 Unassigned fund balance increased primarily due to unaccepted revenue overperformance in TOT and vehicle in-lieu fees
- FY 2022-23 Unassigned fund balance decreased primarily due to a shortfall in Transient Occupancy tax revenues and more funds assigned to committed reverses per the City's Reserve Policy
- FY 2023-24 Unassigned fund balance decreased primarily due to increases in public safety expenditures and decreases in TOT revenues

⁽²⁾ Other Governmental Funds:

- FY 2014-15 Nonspendable fund balance increase is due to the land held for resale transfer from the General Fund to the newly created Land Asset Fund.
- FY 2015-16 Restricted fund balance increase is primarily due to a contribution of \$6.0 million from the County of San Mateo for the library construction project.
- FY 2016-17 \$2.7 million decrease is primarily due to progress on the Library Capital project.
- FY 2017-18 \$890,000 decrease is primarily due to progress on the Library Capital project.
- FY 2018-19 \$3.0 M increase is primarily due to progress in capital projects
- FY 2019-20 \$12.1 M decrease is primarily due to the final \$10.9 million payment of the Judgement Obligation Bond
- FY 2020-21 \$3.7 M increase is primarily due to the receipt of an one-time \$2.6 million in-lieu fee
- FY 2021-22 \$1 million increase is primarily due to capital contributions and funding for future capital expenditures
- FY 2022-23 \$1.8 million increase is primarily due to operating grants and funding for future capital expenditures
- FY 2023-24 \$1.3 million increase is primarily due to capital grants and contributions towards affordable housing efforts

CITY OF HALF MOON BAY
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 12,999,238 | \$ 13,929,278 | \$ 12,586,257 | \$ 13,638,171 | \$ 14,448,702 | \$ 13,180,918 | \$ 12,223,462 | \$ 18,670,447 | \$ 17,500,650 | \$ 17,575,488 |
| Licenses and permits | 394,931 | 379,749 | 444,388 | 370,269 | 377,873 | 521,121 | 597,590 | 543,965 | 1,062,066 | 306,282 |
| Fines and forfeitures | 83,812 | 102,202 | 79,132 | 171,873 | 189,415 | 140,238 | 108,937 | 70,383 | 32,232 | 81,445 |
| Charges for services | 765,457 | 806,642 | 701,163 | 1,255,479 | 1,165,640 | 1,173,171 | 1,306,842 | 1,552,251 | 1,432,304 | 1,454,141 |
| Recreation fees/ Impact fees | 625,166 | 717,469 | 1,173,275 | 1,065,005 | 2,700,943 | 304,827 | 2,988,507 | 188,114 | 296,256 | - |
| Investment income | 798,408 | 772,575 | 549,489 | 703,354 | 1,225,128 | 1,164,650 | (75,704) | (722,249) | 869,782 | 2,139,990 |
| Rents and leases | 2,260,890 | 20,000 | 10,080 | 87,536 | 75,603 | - | - | 4,008,756 | 63,728 | 91,135 |
| Intergovernmental revenues | 519,595 | 400,376 | 1,089,034 | 908,337 | 1,325,476 | 779,514 | 1,877,238 | 1,146,003 | 970,404 | 833,965 |
| Administrative fees | 18,447,562 | 25,187,076 | 17,701,975 | 20,110,639 | 23,583,635 | 18,770,648 | 23,259,520 | 25,457,670 | 26,942,159 | 30,506,165 |
| Miscellaneous | | | | | | | | | | |
| Total revenues | 18,447,562 | 25,187,076 | 17,701,975 | 20,110,639 | 23,583,635 | 18,770,648 | 23,259,520 | 25,457,670 | 26,942,159 | 30,506,165 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 2,727,404 | 3,582,831 | 3,143,214 | 3,968,569 | 3,445,355 | 3,281,719 | 3,543,362 | 3,954,480 | 4,976,923 | 6,683,350 |
| Public safety | 946,395 | 1,083,666 | 3,610,736 | 3,689,490 | 3,727,302 | 4,104,603 | 4,394,717 | 4,539,399 | 4,920,995 | 6,476,428 |
| Public works | 3,089,741 | 3,208,099 | 1,639,299 | 1,768,330 | 2,147,231 | 2,301,920 | 2,110,852 | 2,077,238 | 2,449,832 | 2,492,143 |
| Recreation services | 1,987,691 | 1,347,508 | 176,497 | 701,405 | 896,854 | 976,977 | 1,109,425 | 1,876,093 | 524,211 | 538,827 |
| Planning services | 142,020 | 183,328 | 2,353,980 | 2,505,066 | 2,686,651 | 3,156,081 | 2,662,112 | 2,628,557 | 2,873,331 | 4,065,293 |
| Community and Economic Development | 2,745,770 | 4,437,029 | 7,766,781 | 18,996,455 | 5,027,468 | 4,088,777 | 5,955,565 | 3,038,936 | 843,267 | 1,894,276 |
| Capital outlay | 4,655,000 | - | - | - | - | 11,487,686 | - | 1,191,724 | 620,197 | 3,628,582 |
| Debt service: | 1,053,237 | 937,704 | 937,704 | 937,704 | 937,704 | 468,852 | - | 68,277 | 55,105 | 97,016 |
| Principal retirement ⁽¹⁾ | | | | | | | | | | |
| Interest and fiscal charges | 1,053,237 | 937,704 | 937,704 | 937,704 | 937,704 | 468,852 | - | 68,277 | 55,105 | 97,016 |
| Total expenditures | 17,347,258 ⁽²⁾ | 14,780,165 | 19,628,211 | 32,567,019 | 18,868,565 | 29,866,615 | 19,776,033 | 19,374,704 | 23,706,716 | 32,988,058 |
| Excess (deficiency) of revenues over (under) expenditures | 1,100,304 | 10,406,911 | (1,926,236) | (12,456,380) | 4,715,070 | (11,095,967) | 3,483,487 | 6,082,966 | 3,235,443 | (2,481,893) |
| Other financing sources (uses): | | | | | | | | | | |
| Advanced Proceeds from San Mateo County | | | | 5,726,855 | - | - | - | - | - | 3,200,000 |
| Issuance of debt | | | | | | | | | | |
| Capital grants | 35,780,529 | 5,285,654 | 5,059,687 | 5,726,855 | 726,000 | 7,026,829 | 2,107,524 | 5,334,717 | 5,247,526 | 4,056,898 |
| Transfers in ⁽²⁾ | (36,062,453) | (6,181,245) | (5,518,484) | (6,010,554) | (4,322,638) | (8,378,076) | (3,400,661) | (6,707,244) | (6,688,896) | (5,283,904) |
| Transfers out ⁽²⁾ | (281,924) | (895,591) | (458,797) | 10,467,690 | (379,640) | (1,351,247) | 741,863 | (951,154) | (747,983) | 1,972,994 |
| Total other financing sources (uses) | \$ 818,380 | \$ 9,511,320 | \$ (2,385,033) | \$ (1,988,690) | \$ 4,335,430 | \$ (12,447,214) | \$ 4,225,350 | \$ 5,131,812 | \$ 2,487,460 | \$ (508,899) |
| Net change in fund balances ⁽³⁾ | 39.1% | 9.1% | 7.9% | 6.9% | 6.8% | 46.4% | 0.0% | 7.7% | 3.9% | 14.4% |

⁽¹⁾ In FY 2014-15 the City elected to completely pay off the 2009A Judgement Obligation Bonds. In FY 2019-20 the city paid off the 2009B Judgement Obligation Bond

⁽²⁾ The increase in transfers in FY 2014-15 is primarily due to the creation of and transfers to the Land Asset Capital Project Fund (\$26.8 million) and the Library Capital Fund

⁽³⁾ The net change in fund balance of \$15.6 million in FY 2012-13 is primarily due to receipt of one time insurance payment (\$13.2 million), increase in general taxes, and revenue from the law enforcement services contract amendment that was negotiated in FY 2012-13.

The net change in fund balance of \$2.7 million in FY 2013-14 is higher tax revenues and grants received.

The net change in fund balance of \$9.5 million in FY 2015-16 is primarily due to higher tax revenues and a contribution of \$6.0 million from the County of San Mateo for the library construction capital project that is scheduled to commence during fiscal year 2016-17.

The net decrease in fund balance of \$2.4 million in FY 2016-17 is primarily due to progress on the Library Capital project.

The net decrease in fund balance of \$1.9 million in FY 2017-18 is primarily due to progress on the Library Capital project.

The net increase in fund balance of \$4.3 million in FY 2018-19 is primarily due to increase in revenues and decrease in library project expenditures

The net decrease in fund balance of \$12.4 million in FY 2019-20 is primarily due to the final \$10.9 million payoff the judgement obligation bond

The net increase in fund balance of \$4.2 million in FY 2020-21 is primarily due to higher revenues than anticipated

The net increase in fund balance of \$5.1 million in FY 2021-22 is primarily due to higher tax revenues

The net increase in fund balance of \$2.4 million in FY 2022-23 is primarily due to increased investment income and intergovernmental revenues.

The net decrease in fund balance of \$508 thousand in FY 2023-24 is primarily due to expenditures outpacing revenues

CITY OF HALF MOON BAY
Transient Occupancy Tax (TOT) Rate
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | TOT Tax Rate |
|---------------------------------|--------------------|
| 2015 | 12% |
| 2016 | 12% |
| 2017 | 12% |
| 2018 | 12% |
| 2019 | 12% |
| 2020 | 12% |
| 2021 | 12% |
| 2022 | 14% |
| 2023 | 15% |
| 2024 | 15% |

Source: City of Half Moon Bay Finance Department

CITY OF HALF MOON BAY

Transient Occupancy Tax (TOT) by Lodging Type (BASE) ⁽¹⁾

Last Ten Fiscal Years

As of June 30th

| | June 30, | | | | | | | | | |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| LODGING TYPE | | | | | | | | | | |
| Hotels/Motels | \$ 5,002,165 | \$ 5,643,075 | \$ 5,785,989 | \$ 6,078,131 | \$ 6,409,533 | \$ 4,852,270 | \$ 4,161,340 | \$ 8,309,989 | \$ 7,988,272 | \$ 7,248,083 |
| B&Bs/ Inns / Cottages | 101,393 | 99,062 | 60,671 | 68,729 | 66,079 | 104,715 | 105,823 | 441,900 | 169,545 | 181,552 |
| RV Parks/Camps | 281,880 | 148,191 | 150,019 | 170,855 | 159,065 | 164,658 | 241,705 | 233,898 | 224,713 | 233,479 |
| Vacation Rentals | 45,105 | 44,230 | 43,790 | 115,398 | 218,561 | 170,178 | 308,664 | 456,731 | 470,110 | 504,824 |
| Totals | \$ 5,430,543 | \$ 5,934,558 | \$ 6,040,468 | \$ 6,433,114 | \$ 6,853,237 | \$ 5,291,821 | \$ 4,817,532 | \$ 9,442,518 | \$ 8,852,640 | \$ 8,167,938 |

⁽¹⁾ TOT information by individual establishment is confidential and therefore is not available to the public. TOT is the City's largest "own-source" revenue, as defined by GASB Statement No. 44.

Source: City of Half Moon Bay Finance Department

CITY OF HALF MOON BAY

Transient Occupancy Taxpayers by Type of Establishment

Current Year and Ten Years Prior

| TOT Taxpayer Type | 2023-24 | | 2013-14 | |
|---------------------------|---------------|-------------------------------|---------------|-------------------------------|
| | TOT Collected | Percent of Total TOT Revenues | TOT Collected | Percent of Total TOT Revenues |
| Hotels/Motels/Lodges | \$7,248,083 | 88.74% | \$ 4,583,970 | 92.09% |
| Bed & Breakfasts and Inns | \$181,552 | 2.22% | \$ 114,610 | 2.30% |
| RV Parks & Campgrounds | \$233,479 | 2.86% | \$ 243,467 | 4.89% |
| Vacation Rentals | \$504,824 | 6.18% | \$ 35,392 | 0.71% |
| | | | | |
| | \$ 8,167,938 | 100.00% | \$ 4,977,439 | 100.00% |

Source: City of Half Moon Bay Finance Department

CITY OF HALF MOON BAY
Ratios of Outstanding Debt by Type ⁽¹⁾
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Governmental Activities | | | | | | | | | | Debt Per Capita |
|---------------------------|-------------------------|--------------------------|---------------------------|----------------------------------------|--------------------------|----------------------------------------------|------------|------------|------------|--------|-----------------|
| | Lease Financing | San Mateo County Advance | Judgment Obligation Bonds | Governmental Activities ⁽²⁾ | Total Primary Government | Percentage of Personal Income ⁽³⁾ | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2015 | - | - | 10,915,000 | 10,915,000 | 10,915,000 | 22.46% | 10,915,000 | 10,915,000 | 10,915,000 | 22.46% | 931 |
| 2016 | - | - | 10,915,000 | 10,915,000 | 10,915,000 | 21.33% | 10,915,000 | 10,915,000 | 10,915,000 | 21.33% | 931 |
| 2017 | - | - | 10,915,000 | 10,915,000 | 10,915,000 | 21.35% | 10,915,000 | 10,915,000 | 10,915,000 | 21.35% | 871 |
| 2018 | - | - | 10,915,000 | 10,915,000 | 10,915,000 | 20.29% | 10,915,000 | 10,915,000 | 10,915,000 | 20.29% | 867 |
| 2019 | - | - | 10,915,000 | 10,915,000 | 10,915,000 | 17.32% | 10,915,000 | 10,915,000 | 10,915,000 | 17.32% | 864 |
| 2020 | - | 5,154,170 | - | 5,154,170 | 5,154,170 | 8.03% | 5,154,170 | 5,154,170 | 5,154,170 | 8.03% | 408 |
| 2021 | 2,035,000 | 5,154,170 | - | 7,189,170 | 7,189,170 | 11.35% | 7,189,170 | 7,189,170 | 7,189,170 | 11.35% | 556 |
| 2022 | 2,410,020 | 4,008,798 | - | 6,418,818 | 6,418,818 | 9.17% | 6,418,818 | 6,418,818 | 6,418,818 | 9.17% | 521 |
| 2023 | 3,055,896 | 3,436,112 | - | 6,492,008 | 6,492,008 | 9.55% | 6,492,008 | 6,492,008 | 6,492,008 | 9.55% | 581 |
| 2024 | 3,200,000 | 2,863,426 | - | 6,063,426 | 6,063,426 | 7.58% | 6,063,426 | 6,063,426 | 6,063,426 | 7.58% | 546 |

⁽¹⁾ Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽²⁾ The City has no outstanding debt from Business-Type Activities.

⁽³⁾ Population information was obtained from the United States Census Bureau

CITY OF HALF MOON BAY

Ratio of General Bonded Debt Outstanding

**Last Ten Fiscal Years
(In Thousands, except Per Capita)**

| Fiscal Year Ended June 30 | Outstanding General Bonded Debt | | | Percent of Assessed Value ⁽¹⁾ | Debt Per Capita |
|---------------------------------|---------------------------------|---------------------------------|-----------|------------------------------------------------|-----------------------|
| | Lease Revenue Bonds | Judgment Obligation Bonds | Total | | |
| 2015 | \$ - | \$ 10,915 | \$ 10,915 | 0.0005% | \$ 931 |
| 2016 | - | 10,915 | 10,915 | 0.0004% | 931 |
| 2017 | - | 10,915 | 10,915 | 0.0004% | 871 |
| 2018 | - | 10,915 | 10,915 | 0.0004% | 867 |
| 2019 | - | 10,915 | 10,915 | 0.0004% | 864 |
| 2020 | - | - | - | 0.0000% | - |
| 2021 | - | - | - | 0.0000% | - |
| 2022 | - | - | - | 0.0000% | - |
| 2023 | - | - | - | 0.0000% | - |
| 2024 | - | - | - | 0.0000% | - |

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

⁽¹⁾ Assessed value has been used because the actual value of taxable property is not readily available in the State of California. Percentages less than 0.0000% are not shown.

CITY OF HALF MOON BAY

Direct and Overlapping Debt

June 30, 2024

| | | | |
|----------------------------------------------------------------------|-------------------------------------------------|---------------------------------|------------------------------------------|
| 2023-24 Assessed Value | | \$ 3,957,919,060 | |
| | <u>Percentage Applicable ⁽¹⁾</u> | <u>Total Debt 6/30/2024</u> | <u>City's Share of Debt 06/30/24</u> |
| Overlapping Tax and Assessment Debt: | | | |
| San Mateo Community College District | 1.285% | \$ 682,237,216 | \$ 8,766,748 |
| Cabrillo Unified School District | 45.864% | 134,615,000 | 61,739,824 |
| Midpeninsula Regional Open Space District | 0.974% | 80,700,000 | 786,018 |
| Total Overlapping Tax and Assessment Debt | | \$ 897,552,216 | \$ 71,292,590 |
| <u>Ratio to Assessed Valuation:</u> | | | |
| Total Overlapping Tax and Assessment Debt | | | 1.80% |
| Direct and Overlapping General Fund Debt: | | | |
| San Mateo County General Fund Obligations | 1.285% | \$ 565,146,645 | \$ 7,262,134 |
| San Mateo County Board of Education Certificates of Participation | 1.285% | 5,735,000 | 73,695 |
| Midpeninsula Regional Open Space District General Fund Obligations | 0.974% | 79,795,600 | 777,209 |
| San Mateo County Mosquito and Vector Control District General Fund C | 1.285% | 3,404,654 | 43,750 |
| Direct: City of Half Moon Bay Loan Agreement | 100% | 2,863,426 | 2,863,426 |
| Direct: County of San Mateo Financing Agreement (880 Stone Pine) | 100% | 3,200,000 | 3,200,000 |
| Total Direct Debt | | | \$ 6,063,426 |
| Total Overlapping Debt | | | 79,449,378 |
| Combined Total Debt | | | \$ 85,512,804 ⁽²⁾ |

⁽¹⁾ The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2023-24 Assessed Valuation:

| | |
|-------------------------------------------|-------|
| Total Overlapping Tax and Assessment Debt | 1.80% |
| Total Direct Debt (\$6,063,426) | 0.15% |
| Combined Total Debt | 2.16% |

Source: California Municipal Statistics, Inc. (Austin Busch - Austin@calmuni.com)

CITY OF HALF MOON BAY
Legal Debt Margin Information
Last Ten Fiscal Years

June 30

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Assessed valuation | \$ 2,553,357,622 | \$ 2,733,242,180 | \$ 2,755,768,400 | \$ 2,893,093,932 | \$ 3,123,075,037 | \$ 3,303,922,465 | \$ 3,426,640,450 | \$ 3,541,390,900 | \$ 3,771,479,639 | \$ 3,957,919,060 |
| Conversion percentage | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | 638,339,406 | 683,310,545 | 688,942,100 | 723,273,483 | 780,768,759 | 825,980,616 | 856,660,113 | 885,347,725 | 942,869,910 | 989,479,765 |
| Debt limit percentage | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% |
| Debt limit | 95,750,911 | 102,496,582 | 103,341,315 | 108,491,022 | 117,115,314 | 123,897,092 | 128,499,017 | 132,802,159 | 141,430,486 | 148,421,965 |
| Total net debt applicable to limit: General obligation bonds | 10,915,000 | 10,915,000 | 10,915,000 | 10,915,000 | 10,915,000 | 10,915,000 | - | - | - | - |
| Legal debt margin | \$ 84,835,911 | \$ 91,581,582 | \$ 92,426,315 | \$ 97,576,022 | \$ 106,200,314 | \$ 112,982,092 | \$ 128,499,017 | \$ 132,802,159 | \$ 141,430,486 | \$ 148,421,965 |

| | | | | | | | | | | |
|---------------------------------------------------------------------|-------|-------|-------|-------|------|------|------|------|------|------|
| Total debt applicable to the limit as a percentage of debt limit | 11.4% | 10.6% | 10.6% | 10.1% | 9.3% | 8.8% | 0.0% | 0.0% | 0.0% | 0.0% |
|---------------------------------------------------------------------|-------|-------|-------|-------|------|------|------|------|------|------|

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for the parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 % level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources: City Finance Department
San Mateo County Tax Assessor Combined Tax Roll 650-363-4777

CITY OF HALF MOON BAY

Principal Employers

6/30/2024 and Ten Years Prior

| Employer | 2024 | | 2014 | |
|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|
| | Number of Employees | Percent of Total Employment | Number of Employees | Percent of Total Employment |
| Ritz Carlton Hotel | 275 | 9.44% | 100 | 2.95% |
| New Leaf Community Market | 105 | 3.60% | 60 | 1.77% |
| Sam's Chowder House | 98 | 3.36% | 160 | 4.72% |
| Safeway Store | 94 | 3.23% | 115 | 3.40% |
| Rocket Farms Inc. | 59 | 2.03% | 131 | 3.87% |
| Pasta Moon Inc | 49 | 1.68% | | |
| Sea Crest School | 49 | 1.68% | | |
| Hassett Hardware | 45 | 1.54% | | |
| Mullins Bar and Grill | 43 | 1.48% | | |
| Beach House LLC | 42 | 1.44% | 44 | 1.30% |
| Its Italia Pizzeria | | | 49 | 1.45% |
| Half Moon Bay Golf Links | | | 48 | 1.42% |
| Damasco & Associates LLP | | | 48 | |
| CVS Pharmacy | | | 43 | 1.27% |
| SP Plus | | | | |
| San Benito House | | | | |
| McMahon Floral | | | | |
| Subtotal Top Ten Employers | 859 | 29.49% | 798 | 23.56% |
| Total Employment | 2,913 | 100.00% | 3,387 | 100.00% |

"Total Employment" as used above represents the total employment of all employers with business licenses located within City limits.

Source: Employer information from City of Half Moon Bay HdL Business License System.

CITY OF HALF MOON BAY
Full-time Equivalent City Employees By Function
Last Ten Fiscal Years

| Function | June 30 | | | | | | | | | |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| General Government | 17 | 18 | 19 | 19 | 19 | 21 | 17 | 20 | 20 | 21 |
| Public Safety | - | - | - | - | - | - | - | - | - | - |
| Public Works/Maintenance | 7 | 9 | 10 | 10 | 13 | 16 | 14 | 16 | 16 | 15 |
| Community/Recreation Services | 0 | 0 | 2 | 2 | 4 | 5 | 4 | 5 | 6 | 6 |
| Planning | 1 | 3 | 5 | 5 | 6 | 7 | 7 | 8 | 8 | 7 |
| Total | 26 | 31 | 36 | 36 | 42 | 48 | 42 | 48 | 50 | 50 |

¹ Note: General government includes five City Council members as well as Administration and Finance staff.

Source: City of Half Moon Bay Finance Department

CITY OF HALF MOON BAY
Operating Indicators By Function
Last Ten Fiscal Years

| | June 30 | | | | | | | | | |
|------------------------------------------------------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Police: ⁽¹⁾ | | | | | | | | | | |
| Arrests - Part 1 crimes | 30 | 44 | 38 | 48 | 54 | 71 | 56 | 78 | 33 | 19 |
| Traffic citations - Moving | 436 | 527 | 489 | 921 | 2,128 | 2,517 | 1,664 | 1,819 | 636 | 568 |
| Traffic citations - Parking | 1,065 | 1,598 | 1,212 | 3,994 | 3,465 | 2,444 | 1,698 | 872 | 553 | 2,253 |
| Parks and Recreation: ⁽²⁾ | | | | | | | | | | |
| Number of recreation classes | 87 | 88 | 75 | 159 | 105 | 123 | 41 | 112 | 99 | 91 |
| Number of facility rentals ⁽³⁾ | 42 | 110 | 88 | 324 | 397 | 389 | 200 | 459 | 407 | 552 |
| Building and Code Enforcement: ⁽⁴⁾ | | | | | | | | | | |
| Number of permits issued (est.) | 487 | 413 | 460 | 413 | 473 | 450 | 352 | 456 | 441 | 405 |
| Number of plan checks (est.) | 110 | 105 | 220 | 166 | 205 | 237 | 185 | 157 | 200 | 150 |
| Number of inspections (est.) | 2,355 | 2,820 | 2,216 | 2,520 | 2,442 | 2,057 | 1,839 | 1,654 | 1,538 | 2,138 |
| Planning: ⁽³⁾ | | | | | | | | | | |
| Planning Commission Meetings | 20 | 15 | 12 | 20 | 23 | 20 | 23 | 22 | 13 | 18 |
| Number of permits processed | 70 | 111 | 47 | 43 | 102 | 145 | 89 | 94 | 154 | 78 |

⁽¹⁾ The City started contracting with the San Mateo County Sheriff Office in June 2011. Traffic and parking citation counts for FY 2011-12 are from June 2011 to April 2012.

⁽²⁾ In FY 2011-12, the City contracted out Recreation services to the City of San Carlos. In FY 2014-15, it changed to the Boys & Girls Club. All programs are provided directly to the public by the contractors.

⁽³⁾ In FY 2016-17, the City re-assumed responsibility for the Parks and Recreation program. The facility rentals count for FY 2016-17 is estimated based on rental revenue received.

⁽⁴⁾ Information will continue to be added as made available.

CITY OF HALF MOON BAY
Capital Asset Statistics By Function
Last Ten Fiscal Years

| | June 30 | | | | | | | | | |
|------------------------|---------|------|------|------|------|------|------|------|------|------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Police: | | | | | | | | | | |
| Sheriff Substation/EOC | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works: | | | | | | | | | | |
| Streets (miles) | 35 | 35 | 29 | 29 | 29 | 28 | 28 | 28 | 28 | 28 |
| Parks | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Community Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sewer lines (miles) | 37 | 37 | 37 | 37 | 37 | 38 | 38 | 38 | 38 | 38 |
| Library | | | | | 1 | 1 | 1 | 1 | 1 | 1 |
| Facilities/Buildings | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Bike Trails (miles) | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Land (acres) | 176 | 176 | 176 | 176 | 176 | 176 | 197 | 199 | 199 | 199 |
| Administration: | | | | | | | | | | |
| Facilities/Buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

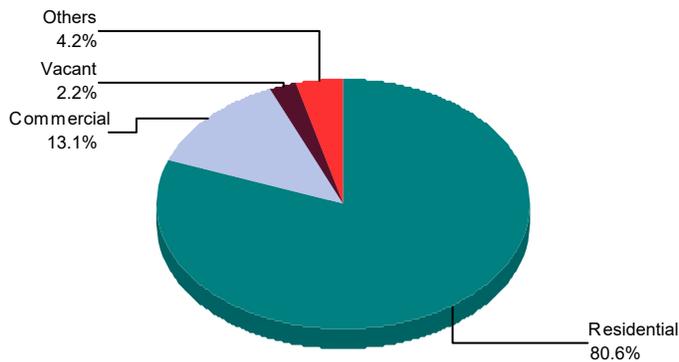
Source: City of Half Moon Bay Finance Department

THE CITY OF HALF MOON BAY 2023/24 USE CATEGORY SUMMARY

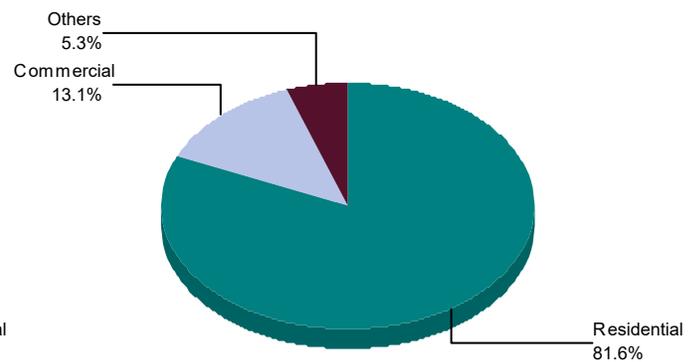
BASIC PROPERTY VALUE TABLE

| Category | Parcels | Assessed Value | Net Taxable Value |
|---------------|--------------|-------------------------|-------------------------|
| Residential | 3,815 | \$3,284,965,233 (80.6%) | \$3,228,860,043 (81.6%) |
| Commercial | 219 | \$532,831,023 (13.1%) | \$519,423,135 (13.1%) |
| Industrial | 16 | \$12,248,260 (0.3%) | \$12,248,260 (0.3%) |
| Agricultural | 40 | \$32,491,403 (0.8%) | \$16,525,146 (0.4%) |
| Govt. Owned | 97 | \$77,935 (0.0%) | \$0 (0.0%) |
| Institutional | 20 | \$19,054,711 (0.5%) | \$320,500 (0.0%) |
| Miscellaneous | 12 | \$14,321,066 (0.4%) | \$14,321,066 (0.4%) |
| Recreational | 24 | \$36,715,220 (0.9%) | \$36,361,745 (0.9%) |
| Vacant | 1,774 | \$88,060,076 (2.2%) | \$75,850,962 (1.9%) |
| Unsecured | [258] | \$55,029,359 (1.4%) | \$54,008,203 (1.4%) |
| TOTALS | 6,017 | \$4,075,794,286 | \$3,957,919,060 |

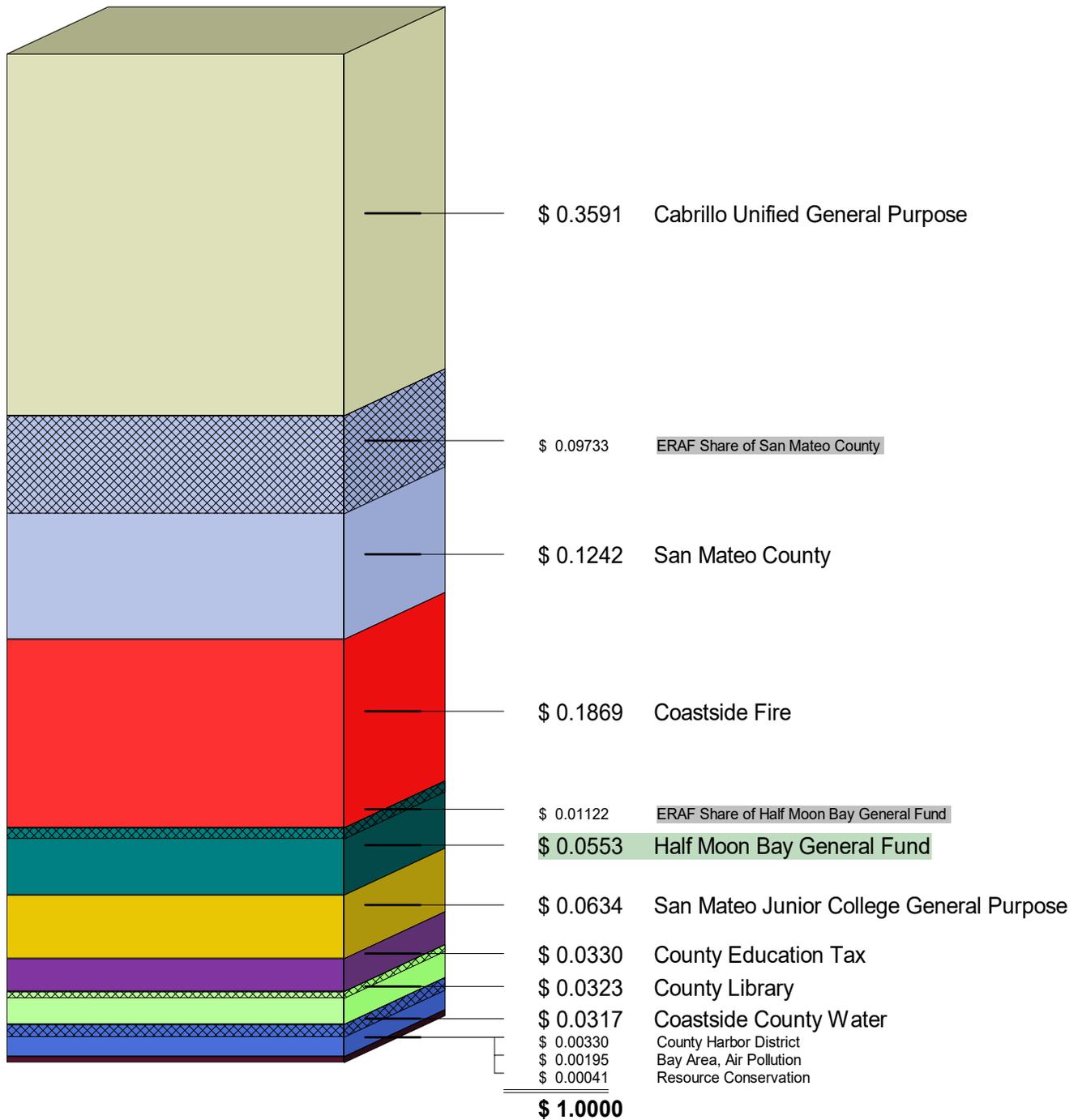
ASSESSED VALUE



NET TAXABLE VALUE



THE CITY OF HALF MOON BAY PROPERTY TAX DOLLAR BREAKDOWN



ATI (Annual Tax Increment) Ratios for Tax Rate Area 017-005, Excluding Redevelopment Factors & Additional Debt Service

Data Source: San Mateo County Assessor 2023/24 Annual Tax Increment Tables

Prepared On 8/19/2024 By MV

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

THE CITY OF HALF MOON BAY

2023/24 ROLL SUMMARY

Taxable Property Values

| | Secured | Nonunitary Utilities | Unsecured |
|--------------------------|------------------------|----------------------|---------------------|
| Parcels | 6,017 | 0 | 258 |
| TRAs | 8 | 0 | 7 |
| Values | | | |
| Land | 1,918,472,049 | 0 | 72,029 |
| Improvements | 2,083,585,181 | 0 | 3,795,688 |
| Personal Property | 16,370,342 | 0 | 40,170,442 |
| Fixtures | 2,337,355 | 0 | 10,945,331 |
| Aircraft | 0 | 0 | 45,869 |
| Total Value | \$4,020,764,927 | \$0 | \$54,983,490 |
| Exemptions | | | |
| Real Estate | 115,753,113 | 0 | 277,476 |
| Personal Property | 1,061,203 | 0 | 413,550 |
| Fixtures | 39,754 | 0 | 330,130 |
| Aircraft | 0 | 0 | 0 |
| Homeowners* | 15,177,400 | 0 | 7,000 |
| Total Exemptions* | \$116,854,070 | \$0 | \$1,021,156 |
| Total Net Value | \$3,903,910,857 | \$0 | \$53,962,334 |

| Combined Values | Total |
|----------------------------|------------------------|
| Total Values | \$4,075,748,417 |
| Total Exemptions | \$117,875,226 |
| Net Total Values | \$3,957,873,191 |
| Net Aircraft Values | \$45,869 |

* Note: Homeowner Exemptions are not included in Total Exemptions

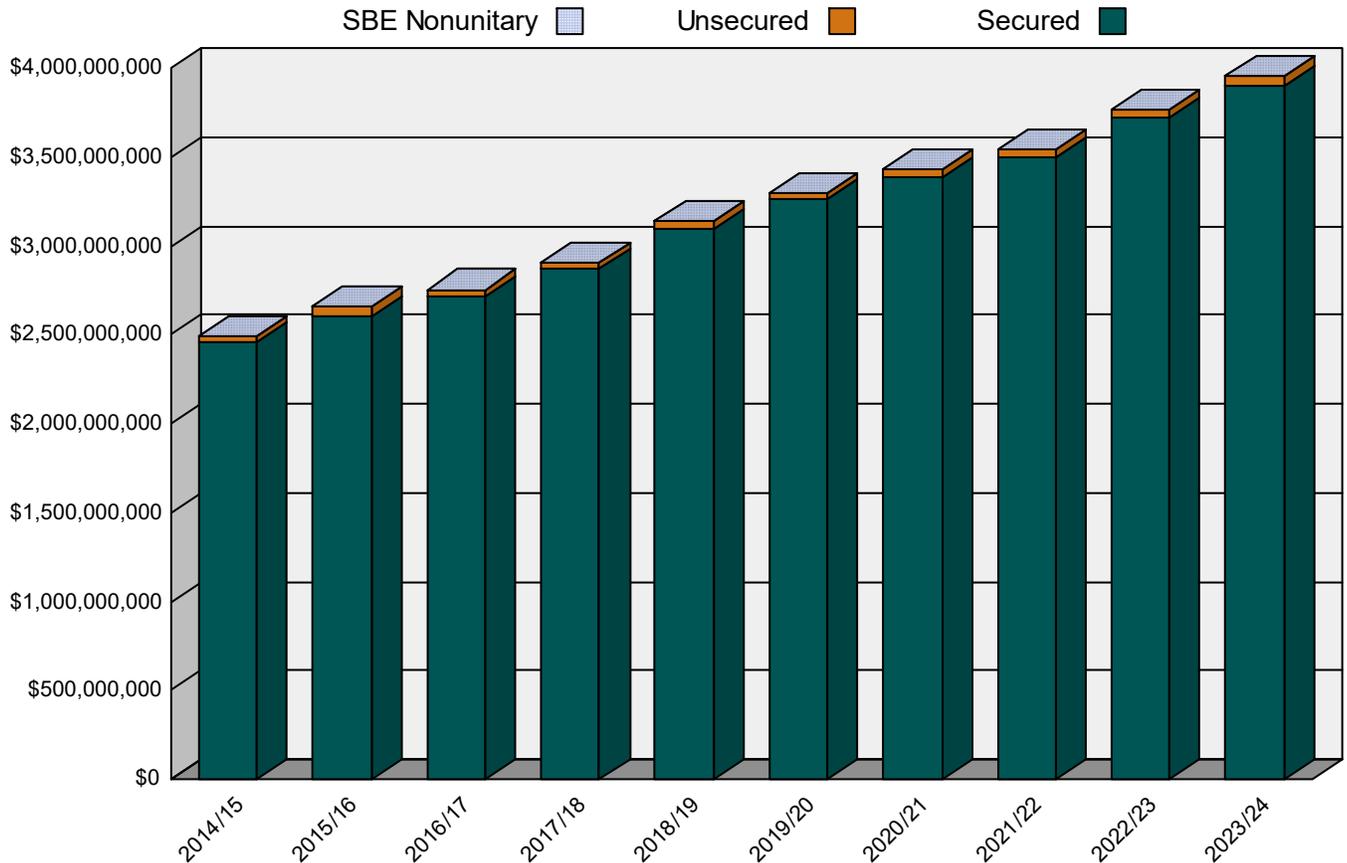
Totals do not Include Aircraft Values or Exemptions

THE CITY OF HALF MOON BAY

NET TAXABLE ASSESSED VALUE HISTORY

2014/15 - 2023/24 Taxable Property Values

| Lien Year | Secured | Unsecured | SBE Nonunitary | Net Total AV | % Change |
|-----------------------------|-----------------|--------------|----------------|----------------------|--------------|
| 2014/15 | \$2,454,848,902 | \$42,658,908 | \$0 | 2,497,507,810 | |
| 2015/16 | \$2,609,284,214 | \$53,103,728 | \$0 | 2,662,387,942 | 6.60% |
| 2016/17 | \$2,716,280,909 | \$39,462,822 | \$0 | 2,755,743,731 | 3.51% |
| 2017/18 | \$2,868,900,977 | \$40,418,385 | \$0 | 2,909,319,362 | 5.57% |
| 2018/19 | \$3,095,123,190 | \$44,156,277 | \$0 | 3,139,279,467 | 7.90% |
| 2019/20 | \$3,261,227,148 | \$40,695,317 | \$0 | 3,301,922,465 | 5.18% |
| 2020/21 | \$3,386,815,056 | \$39,825,394 | \$0 | 3,426,640,450 | 3.78% |
| 2021/22 | \$3,495,494,766 | \$45,896,134 | \$0 | 3,541,390,900 | 3.35% |
| 2022/23 | \$3,722,198,497 | \$49,344,505 | \$0 | 3,771,543,002 | 6.50% |
| 2023/24 | \$3,903,910,857 | \$54,008,203 | \$0 | 3,957,919,060 | 4.94% |
| Annual Growth Rate % | | | | | 5.25% |



* Net AV changes less than two percent are in purple font. Negative Net AV percent changes are in red.

Annual Growth Rate (CAGR) is calculated as the mean annualized growth rate for compounding values over a given time period.

Data Source: San Mateo County Assessor 0/ - 2023/24 Combined Tax Rolls

Prepared On 8/19/2024 By MV

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

THE CITY OF HALF MOON BAY

ASSESSED VALUE OF TAXABLE PROPERTY

2014/15 - 2023/24 Taxable Property Values

| Category | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Residential | 1,986,554,631 | 2,128,750,156 | 2,238,878,627 | 2,365,335,848 | 2,496,961,916 | 2,652,141,529 | 2,769,600,677 | 2,887,213,237 | 3,075,165,815 | 3,228,860,043 |
| Commercial | 346,707,418 | 356,041,843 | 363,813,823 | 372,002,147 | 457,418,903 | 467,790,599 | 476,253,451 | 476,165,638 | 505,408,881 | 519,423,135 |
| Industrial | 6,172,772 | 6,292,015 | 6,801,114 | 7,185,938 | 8,419,613 | 9,374,259 | 9,561,139 | 9,740,069 | 10,958,701 | 12,248,260 |
| Agricultural | | | | | 17,322,251 | 16,208,520 | 15,605,023 | 15,866,702 | 16,197,166 | 16,525,146 |
| Dry Farm | 3,496,499 | 3,786,377 | 4,241,537 | 4,358,514 | | | | | | |
| Govt. Owned | | | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutional | 272,021 | 277,456 | 281,685 | 309,882 | 315,819 | 298,922 | 1,689,318 | 1,938,117 | 314,217 | 320,500 |
| Irrigated | 4,862,761 | 5,333,856 | 4,324,786 | 4,411,271 | | | | | | |
| Miscellaneous | 22,681,808 | 23,460,537 | 14,211,644 | 17,677,501 | 16,786,985 | 15,398,633 | 16,274,069 | 13,822,133 | 14,050,543 | 14,321,066 |
| Recreational | 38,874,879 | 39,568,823 | 40,290,547 | 41,062,725 | 42,118,338 | 43,356,325 | 35,379,201 | 31,885,243 | 33,842,367 | 36,361,745 |
| Vacant | 45,226,113 | 45,773,151 | 43,437,146 | 56,557,151 | 55,779,365 | 56,658,361 | 62,452,178 | 58,863,627 | 66,260,807 | 75,850,962 |
| Unsecured | 42,658,908 | 53,103,728 | 39,462,822 | 40,418,385 | 44,156,277 | 40,695,317 | 39,825,394 | 45,896,134 | 49,344,505 | 54,008,203 |
| Unknown | | | | | | | 0 | | | |
| TOTALS | 2,497,507,810 | 2,662,387,942 | 2,755,743,731 | 2,909,319,362 | 3,139,279,467 | 3,301,922,465 | 3,426,640,450 | 3,541,390,900 | 3,771,543,002 | 3,957,919,060 |
| Total Direct Rate | 0.05818 | 0.05818 | 0.05819 | 0.05819 | 0.05821 | 0.05821 | 0.05821 | 0.05819 | 0.05818 | 0.05819 |

Notes:
 Exempt values are not included in Total.
 In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

THE CITY OF HALF MOON BAY 2023/24 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

| Owner | Secured | | Unsecured | | Combined | | Primary Use & Primary Agency |
|----------------------------------------------------------|---------|------------------------|-----------|------------------------|----------------------|-------------|--------------------------------------------|
| | Parcels | Value % of Net AV | Parcels | Value % of Net AV | Value % of Net AV | % of Net AV | |
| 1) SHC HALF MOON BAY LLC (Pending Appeals On Parcels) | 2 | \$222,669,071 5.70% | 1 | \$6,000 0.01% | \$222,675,071 | 5.63% | Commercial Half Moon Bay General Fund |
| 2) OCEAN COLONY PARTNERS LP | 18 | \$34,920,332 0.89% | | | \$34,920,332 | 0.88% | Recreational Half Moon Bay General Fund |
| 3) HMB MUSICH LLC | 3 | \$31,715,732 0.81% | | | \$31,715,732 | 0.80% | Commercial Half Moon Bay General Fund |
| 4) HALF MOON BAY LODGE LLC | 1 | \$23,508,000 0.60% | | | \$23,508,000 | 0.59% | Commercial Half Moon Bay General Fund |
| 5) ROCKET FARMS INC | | | 1 | \$18,157,691 33.62% | \$18,157,691 | 0.46% | Unsecured Half Moon Bay General Fund |
| 6) KEET NERHAN | 27 | \$17,535,925 0.45% | 1 | \$67,807 0.13% | \$17,603,732 | 0.44% | Commercial Half Moon Bay General Fund |
| 7) PROFESSIONAL PENINSULA PROPERTIES LLC | 9 | \$15,941,439 0.41% | | | \$15,941,439 | 0.40% | Commercial Half Moon Bay General Fund |
| 8) LONGS DRUG STORE INC | 1 | \$9,807,379 0.25% | | | \$9,807,379 | 0.25% | Commercial Half Moon Bay General Fund |
| 9) CASTRO PARTNERS LLC | 3 | \$7,911,679 0.20% | | | \$7,911,679 | 0.20% | Commercial Half Moon Bay General Fund |
| 10) ABOLMOLUKI BAHRAM TRUST | 1 | \$7,305,217 0.19% | | | \$7,305,217 | 0.18% | Commercial Half Moon Bay General Fund |
| Top Ten Total | 65 | \$371,314,774 9.51% | 3 | \$18,231,498 33.76% | \$389,546,272 | 9.84% | |
| City Total | | \$3,903,910,857 | | \$54,008,203 | \$3,957,919,060 | | |

THE CITY OF HALF MOON BAY

DIRECT & OVERLAPPING PROPERTY TAX RATES

(RATE PER \$100 OF TAXABLE VALUE)

| Last 10 Fiscal Years | | | | | | | | | | |
|-------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Agency | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| Basic Levy¹ | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Cabrillo Unified Bond | 0.07040 | 0.07260 | 0.08320 | 0.07510 | 0.07110 | 0.11510 | 0.08950 | 0.07670 | 0.07910 | 0.07310 |
| Mid-Penninsula Regional Open Space | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00160 | 0.00150 | 0.00150 | 0.00130 | 0.00120 |
| San Mateo Community College 2005 Series B | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00350 | 0.00370 | 0.00000 | 0.00000 | 0.00000 |
| San Mateo Junior College | 0.01900 | 0.02500 | 0.02470 | 0.02350 | 0.01750 | 0.02310 | 0.01760 | 0.00000 | 0.00000 | 0.00000 |
| San Mateo Junior Comm College | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.02270 | 0.01930 | 0.01900 |
| Total Direct & Overlapping² Tax Rates | 1.08940 | 1.09760 | 1.10790 | 1.09860 | 1.08860 | 1.14330 | 1.11230 | 1.10090 | 1.09970 | 1.09330 |
| | | | | | | | | | | |
| City's Share of 1% Levy Per Prop 13³ | 0.05525 | 0.05525 | 0.05525 | 0.05525 | 0.05526 | 0.05526 | 0.05526 | 0.05525 | 0.05525 | 0.05526 |
| Voter Approved City Debt Rate | | | | | | | | | | |
| Redevelopment Rate⁴ | | | | | | | | | | |
| Total Direct Rate⁵ | 0.05818 | 0.05818 | 0.05819 | 0.05819 | 0.05821 | 0.05821 | 0.05821 | 0.05819 | 0.05818 | 0.05819 |

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

⁴Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

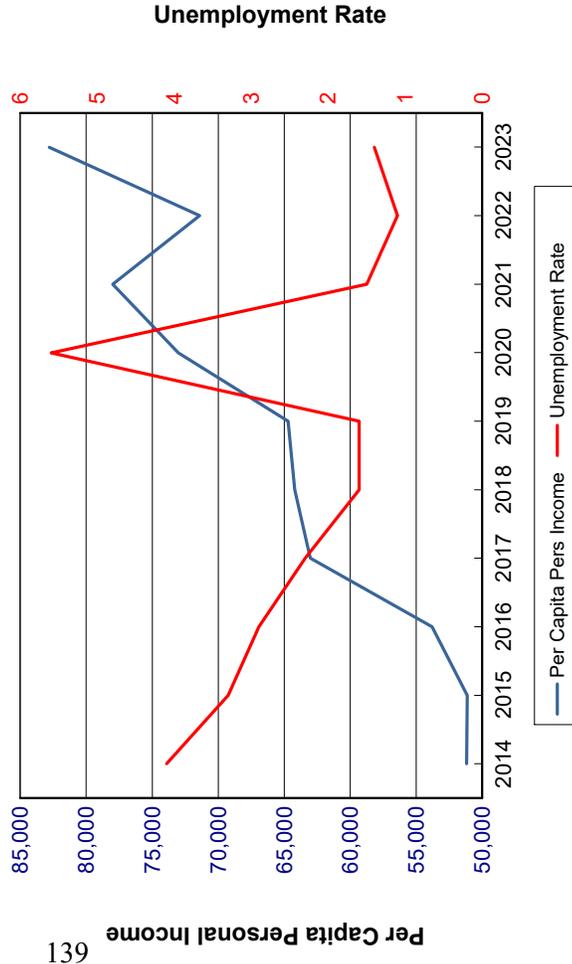
⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

THE CITY OF HALF MOON BAY

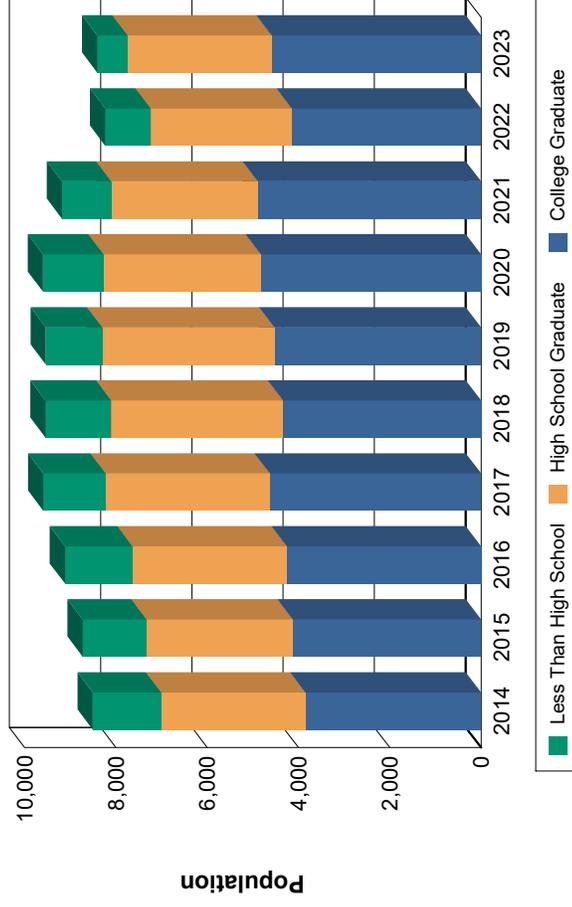
DEMOGRAPHIC AND ECONOMIC STATISTICS

| Calendar Year | Population | Personal Income (In Thousands) | Per Capita Personal Income | Unemployment Rate | Median Age | % of Pop 25+ with High School Degree | % of Pop 25+ with Bachelor's Degree |
|---------------|------------|--------------------------------|----------------------------|-------------------|------------|--------------------------------------|-------------------------------------|
| 2014 | 11,727 | \$600,059 | \$51,169 | 4.1% | 44.8 | 82.4% | 45.3% |
| 2015 | 12,528 | \$640,547 | \$51,129 | 3.3% | 44.7 | 84.0% | 47.3% |
| 2016 | 12,591 | \$677,251 | \$53,788 | 2.9% | 45.8 | 83.8% | 46.7% |
| 2017 | 12,639 | \$796,455 | \$63,015 | 2.3% | 47.1 | 85.8% | 48.3% |
| 2018 | 12,631 | \$810,881 | \$64,197 | 1.6% | 47.3 | 84.9% | 45.5% |
| 2019 | 12,431 | \$804,495 | \$64,716 | 1.6% | 45.3 | 87.1% | 47.5% |
| 2020 | 12,309 | \$898,800 | \$73,019 | 5.6% | 46.8 | 86.2% | 50.3% |
| 2021 | 11,308 | \$881,941 | \$77,992 | 1.5% | 47.8 | 88.3% | 53.3% |
| 2022 | 11,226 | \$801,565 | \$71,402 | 1.1% | 44.9 | 87.9% | 50.4% |
| 2023 | 11,238 | \$930,463 | \$82,796 | 1.4% | 48.3 | 92.1% | 54.6% |

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



Notes and Data Sources:

Population: California State Department of Finance. Unemployment Data: California Employment Development Department 2000-2009 Income, Age, and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries 2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

Prepared On 8/19/2024 By MV

THE CITY OF HALF MOON BAY

SALES VALUE HISTORY

Single Family Residential Full Value Sales 01/01/2022 - 6/30/2024)

| Year | Full Value Sales | Average Price | Median Price | Median % Change |
|------|------------------|---------------|--------------|-----------------|
| 2022 | 118 | \$1,717,725 | \$1,521,500 | |
| 2023 | 92 | \$1,553,372 | \$1,492,500 | -1.91% |
| 2024 | 40 | \$1,889,575 | \$1,750,000 | 17.25% |



* Multiparcel transfers, quitclaim deeds, trust transfers, timeshares, and partial sales are excluded from this analysis.

Data Source: San Mateo County Recorder

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

**INDEPENDENT AUDITOR REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of the City of Council
City of Half Moon Bay, California

We have audited, in accordance with the 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, the basic financial statements of the City of Half Moon Bay (City), California, as of and for the year ended June 30, 2024, and have issued our report thereon dated December 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated December 3, 2024 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasant Hill, California
December 3, 2024