

City of Imperial

Annual Financial Report

For the Fiscal Year ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

Members of the City Council of the
City of Imperial
Imperial, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Imperial, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Imperial, California, as of June 30, 2015, 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.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America required that the Budgetary Comparison Schedules for the General Fund on pages 49 and 50, the Redevelopment Agency Successor Housing Special Revenue Fund on page 51, and the Cost Sharing Defined Benefit Pension Plans on pages 52 and 53 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Imperial's basic financial statements. The major capital project fund budgetary comparison schedule, combining nonmajor fund financial statements and budgetary comparison schedules nonmajor funds are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The major capital project fund budgetary comparison schedule, combining nonmajor fund financial statements and budgetary comparison schedules nonmajor funds are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the major capital project fund budgetary comparison schedule, combining nonmajor fund financial statements and budgetary comparison schedules nonmajor funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2016 on our consideration of the City of Imperial, California's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Imperial's internal control over financial reporting and compliance.

Hutchinson and Bloodgood LLP

May 5, 2016

**FINANCIAL
SECTION**

CITY OF IMPERIAL
Statement of Net Position
Government-wide
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,882,392	\$ 10,353,237	\$25,235,629
Restricted assets:			
Cash and investments with fiscal agents	4,386,126	4,857,140	9,243,266
Receivables:			
Accounts	1,118,981	719,739	1,838,720
Notes	1,853,333	-	1,853,333
Interest	2,342	1,899	4,241
Land held for resale	311,012	-	311,012
Inventory	-	85,923	85,923
Deferred charges, net of accumulated amortization	-	630,766	630,766
Capital assets not being depreciated	3,329,400	79,683	3,409,083
Capital assets, net of accumulated depreciation	<u>20,888,539</u>	<u>20,189,192</u>	<u>41,077,731</u>
Total assets	<u>46,772,125</u>	<u>36,917,579</u>	<u>83,689,704</u>
DEFERRED OUTFLOWS OF RESOURCES			
City's pension contributions subsequent to the measurement date	<u>468,886</u>	<u>69,799</u>	<u>538,685</u>
Total deferred outflows of resources	<u>468,886</u>	<u>69,799</u>	<u>538,685</u>
LIABILITIES			
Accounts payable	1,164,465	123,432	1,287,897
Deposits payable	3,369,455	209,967	3,579,422
Noncurrent liabilities:			
Due within one year	580,000	1,350,000	1,930,000
Due in more than one year	21,918,717	19,652,020	41,570,737
Net pension liability	<u>2,775,828</u>	<u>413,214</u>	<u>3,189,042</u>
Total liabilities	<u>29,808,465</u>	<u>21,748,633</u>	<u>51,557,098</u>
DEFERRED INFLOWS OF RESOURCES			
Actuarially determined difference in earnings and proportions	<u>706,882</u>	<u>105,227</u>	<u>812,109</u>
Total deferred inflows of resources	<u>706,882</u>	<u>105,227</u>	<u>812,109</u>
NET POSITION			
Invested in capital assets, net of related debt	6,449,065	4,783,262	11,232,327
Restricted for:			
Debt service	(1,598,281)	-	(1,598,281)
Public safety	370,465	-	370,465
Streets and roads	(341,782)	-	(341,782)
Public services	1,301,674	-	1,301,674
Community development	(450,823)	-	(450,823)
Special districts	837,251	-	837,251
Library	429,902	-	429,902
Parks	1,400,125	-	1,400,125
Capital projects	6,059,954	-	6,059,954
Housing	(1,230,534)	-	(1,230,534)
Unrestricted	<u>3,498,648</u>	<u>10,350,256</u>	<u>13,848,904</u>
Total net position	<u>\$ 16,725,664</u>	<u>\$ 15,133,518</u>	<u>\$31,859,182</u>

CITY OF IMPERIAL

Statement of Activities

Government-wide

For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental activities:				
General government	\$ (2,174,797)	\$ 928,131	\$ -	\$ 19,300
Public safety	(3,427,269)	337,141	556,205	434,761
Public services	(2,053,940)	90,261	497,830	2,641,169
Community development	(2,884,055)	487,123	170,572	1,796,454
Parks and recreation	(1,324,588)	520,980	81,477	789,582
Library	(207,710)	11,145	975	36,010
Interest on long-term debt	(1,024,431)	-	-	-
Unallocated depreciation	(1,676,731)	-	-	-
Total governmental activities	(14,773,521)	2,374,781	1,307,059	5,717,276
Business-type activities:				
Water	(4,889,023)	4,435,384	-	-
Wastewater	(3,229,325)	3,661,940	-	-
Total business-type activities	(8,118,348)	8,097,324	-	-
Total primary government	\$ (22,891,869)	\$ 10,472,105	\$ 1,307,059	\$ 5,717,276

General revenues:

Taxes:

Property taxes

Transient occupancy taxes

Sales taxes

Franchise taxes

Other taxes

Motor vehicle tax, unrestricted

Use of money and property

Other

Total general revenues

Change in net position

Net position - beginning

Prior period adjustment

Net position - beginning, restated

Net position - ending

CITY OF IMPERIAL

Statement of Activities

Government-wide

For the Fiscal Year Ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,105,673)	\$ -	\$ (1,105,673)
(2,058,599)	-	(2,058,599)
1,175,320	-	1,175,320
(429,906)	-	(429,906)
67,451	-	67,451
(159,580)	-	(159,580)
(1,024,431)	-	(1,024,431)
(1,676,731)	-	(1,676,731)
<u>(5,212,149)</u>	<u>-</u>	<u>(5,212,149)</u>
-	(439,597)	(439,597)
-	<u>442,727</u>	<u>442,727</u>
-	3,130	3,130
<u>(5,212,149)</u>	<u>3,130</u>	<u>(5,209,019)</u>
1,570,328	-	1,570,328
25,657	-	25,657
2,061,239	-	2,061,239
254,975	-	254,975
61,201	-	61,201
1,165,995	-	1,165,995
3,048	-	3,048
323,036	-	323,036
<u>5,465,479</u>	<u>-</u>	<u>5,465,479</u>
253,330	3,130	256,460
20,737,150	15,603,184	36,340,334
<u>(4,264,816)</u>	<u>(472,796)</u>	<u>(4,737,612)</u>
<u>16,472,334</u>	<u>15,130,388</u>	<u>31,602,722</u>
<u>\$ 16,725,664</u>	<u>\$ 15,133,518</u>	<u>\$ 31,859,182</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF IMPERIAL

Balance Sheet

Governmental Funds

June 30, 2015

	<u>General</u>	<u>RDA Successor Projects</u>	<u>RDA Successor Capital</u>	<u>RDA Successor Housing</u>
ASSETS				
Cash and cash equivalents	\$ 3,304,799	\$ 416,107	\$ 730,742	\$ 80,001
Cash and investments with fiscal agents	-	-	479,566	2,308,279
Receivables				
Accounts	415,731	-	-	-
Notes	-	-	501,073	189,980
Interest	786	-	106	12
Due from other funds	1,536,495	-	183,554	-
Land held for resale	-	-	311,012	-
Total Assets	<u>\$ 5,257,811</u>	<u>\$ 416,107</u>	<u>\$2,206,053</u>	<u>\$2,578,272</u>
LIABILITIES				
Accounts payable	\$ 275,328	\$ -	\$ -	\$ -
Due to other funds	-	183,554	-	-
Deferred revenue	-	-	501,073	189,980
Deposits payable	<u>3,369,455</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>3,644,783</u>	<u>183,554</u>	<u>501,073</u>	<u>189,980</u>
FUND BALANCES				
Nonspendable	-	-	311,012	-
Restricted	-	232,553	1,393,968	2,388,292
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>1,613,028</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,613,028</u>	<u>232,553</u>	<u>1,704,980</u>	<u>2,388,292</u>
Total Liabilities and Fund Balances	<u>\$ 5,257,811</u>	<u>\$ 416,107</u>	<u>\$2,206,053</u>	<u>\$2,578,272</u>

RDA Successor Debt	Other Governmental Funds	Total Governmental Funds
\$ 3,461,997	\$ 6,888,746	\$ 14,882,392
1,598,281	-	4,386,126
-	703,250	1,118,981
-	1,162,280	1,853,333
505	933	2,342
-	-	1,720,049
-	-	311,012
<u>\$5,060,783</u>	<u>\$ 8,755,209</u>	<u>\$ 24,274,235</u>
\$ -	\$ 889,137	\$ 1,164,465
-	1,536,495	1,720,049
-	1,162,280	1,853,333
-	-	3,369,455
-	3,587,912	8,107,302
-	-	311,012
5,060,783	2,731,443	11,807,039
-	3,970,207	3,970,207
-	2,142	2,142
-	(1,536,495)	76,533
<u>5,060,783</u>	<u>5,167,297</u>	<u>16,166,933</u>
<u>\$5,060,783</u>	<u>\$ 8,755,209</u>	<u>\$ 24,274,235</u>

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CITY OF IMPERIAL

Reconciliation of the Balance Sheet of Governmental

Funds to the Statement of Net Position

June 30, 2015

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

Total fund balances - governmental funds	\$ 16,166,933
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.	
City's pension contributions subsequent to the measurement date	468,886
Actuarially determined difference in earnings and proportions	(706,882)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,217,939
Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.	1,853,333
Long-term debt and compensated absences have not been included in the governmental funds.	
Long-term debt	(22,155,000)
Net pension liability	(2,775,828)
Compensated absences	<u>(343,717)</u>
Net position of governmental activities	<u>\$ 16,725,664</u>

CITY OF IMPERIAL

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Fiscal Year Ended June 30, 2015

	General	RDA Successor Projects	RDA Successor Capital	RDA Successor Housing
REVENUES				
Taxes and assessments	\$ 3,940,063	\$ 1,774,429	\$ -	\$ -
License and permits	312,751	-	-	-
Intergovernmental	1,363,916	-	-	-
Charges for services	1,757,168	-	-	-
Use of money and property	3,048	42	609	400
Fines and forfeitures	106,941	-	-	-
Miscellaneous	323,036	-	-	19,000
Total revenues	<u>7,806,923</u>	<u>1,774,471</u>	<u>609</u>	<u>19,400</u>
EXPENDITURES				
Current:				
General government	2,163,890	-	-	-
Park and recreation	833,030	-	-	-
Public safety	3,341,481	-	-	-
Community development	678,164	30,000	572,927	1,609,000
Library	180,396	-	-	-
Public services	1,501,192	-	-	-
Capital outlay	183,779	-	-	-
Debt service:				
Principal	-	560,000	-	-
Interest and fiscal charges	-	1,024,431	-	-
Total expenditures	<u>8,881,932</u>	<u>1,614,431</u>	<u>572,927</u>	<u>1,609,000</u>
Excess (deficiency) of revenues over expenditures	<u>(1,075,009)</u>	<u>160,040</u>	<u>(572,318)</u>	<u>(1,589,600)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,189,534	-	-	-
Transfers out	-	(250,000)	-	-
Total other financing sources (uses)	<u>1,189,534</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	114,525	(89,960)	(572,318)	(1,589,600)
Fund balances - beginning	<u>1,498,503</u>	<u>322,513</u>	<u>2,277,298</u>	<u>3,977,892</u>
Fund balances - ending	<u>\$ 1,613,028</u>	<u>\$ 232,553</u>	<u>\$ 1,704,980</u>	<u>\$ 2,388,292</u>

CITY OF IMPERIAL

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Fiscal Year Ended June 30, 2015

RDA Successor Debt	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,714,492
-	-	312,751
-	5,210,267	6,574,183
-	-	1,757,168
1,974	17,614	23,687
-	-	106,941
-	-	342,036
<u>1,974</u>	<u>5,227,881</u>	<u>14,831,258</u>
-	-	2,163,890
-	491,558	1,324,588
-	85,788	3,427,269
2,000	19,435	2,911,526
-	27,314	207,710
-	552,748	2,053,940
-	6,501,167	6,684,946
-	-	560,000
-	-	1,024,431
<u>2,000</u>	<u>7,678,010</u>	<u>20,358,300</u>
<u>(26)</u>	<u>(2,450,129)</u>	<u>(5,527,042)</u>
-	-	1,189,534
-	(906,197)	(1,156,197)
-	(906,197)	33,337
(26)	(3,356,326)	(5,493,705)
<u>5,060,809</u>	<u>8,523,623</u>	<u>21,660,638</u>
<u>\$ 5,060,783</u>	<u>\$ 5,167,297</u>	<u>\$ 16,166,933</u>

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CITY OF IMPERIAL

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

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

Net Change in Fund Balances - total governmental funds \$ (5,493,705)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period. 5,008,215

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued. 27,471

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net position.

Principal retirement \$ 560,000 560,000

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, this is the difference between accrual-basis pension costs and actual employer contributions. 162,256

Compensated absence expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period. (10,907)

Change in net position of governmental activities \$ 253,330

CITY OF IMPERIAL
Statement of Net Position
Proprietary Funds
June 30, 2015

ASSETS	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Totals
Current Assets:			
Cash and cash equivalents	\$ 4,440,798	\$ 5,912,439	\$10,353,237
Restricted cash and investments with fiscal agents	1,202,946	3,654,194	4,857,140
Account receivable, net	426,588	293,151	719,739
Interest receivable	648	1,251	1,899
Inventory	85,923	-	85,923
Total current assets	<u>6,156,903</u>	<u>9,861,035</u>	<u>16,017,938</u>
Noncurrent Assets:			
Deferred issuance costs, net	310,760	320,006	630,766
Capital Assets:			
Land	-	79,683	79,683
Depreciable infrastructure, net	6,476,677	4,684,588	11,161,265
Depreciable buildings and improvements, net	3,710,425	2,917,188	6,627,613
Depreciable equipment, net	1,903,166	497,148	2,400,314
Total noncurrent assets	<u>12,401,028</u>	<u>8,498,613</u>	<u>20,899,641</u>
Deferred Outflow of Resources:			
City's pension contributions subsequent to the measurement date	40,579	29,220	69,799
Total deferred outflow of resources	<u>40,579</u>	<u>29,220</u>	<u>69,799</u>
Total assets and deferred outflow of resources	<u>18,598,510</u>	<u>18,388,868</u>	<u>36,987,378</u>
LIABILITIES			
Current Liabilities:			
Deposits payable	70,290	139,677	209,967
Accounts payable	44,055	79,377	123,432
Current portion of long-term obligations	770,000	580,000	1,350,000
Total current liabilities	<u>884,345</u>	<u>799,054</u>	<u>1,683,399</u>
Noncurrent Liabilities:			
Noncurrent portion of long-term obligations:			
Compensated absences	14,192	14,309	28,501
Certificate of participation payable	9,705,000	9,325,000	19,030,000
Net pension liability	240,230	172,984	413,214
Bond premium	467,075	126,444	593,519
Total noncurrent liabilities	<u>10,426,497</u>	<u>9,638,737</u>	<u>20,065,234</u>
Deferred Inflows of Resources:			
Actuarially determined difference in earnings and proportions	61,176	44,051	105,227
Total deferred inflow of resources	<u>61,176</u>	<u>44,051</u>	<u>105,227</u>
Total liabilities and deferred inflow of resources	<u>11,372,018</u>	<u>10,481,842</u>	<u>21,853,860</u>
NET POSITION			
Invested in capital assets, net of related debt	2,661,899	2,121,363	4,783,262
Unrestricted	4,564,593	5,785,663	10,350,256
Total net position	<u>\$ 7,226,492</u>	<u>\$ 7,907,026</u>	<u>\$15,133,518</u>

CITY OF IMPERIAL

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2015

	Business-type Activities -		
	Enterprise Funds		
	Water	Wastewater	Totals
Operating revenues:			
Sales and service	\$ 4,399,994	\$ 3,657,199	\$ 8,057,193
Other	32,769	1,200	33,969
Total operating revenues	<u>4,432,763</u>	<u>3,658,399</u>	<u>8,091,162</u>
Operating expenses:			
Salaries	792,773	580,798	1,373,571
Contractual services	493,228	427,864	921,092
Material and supplies	633,784	127,704	761,488
Repairs and maintenance	647,624	348,969	996,593
General government	-	-	-
Water purchases	98,649	-	98,649
Utilities	100,415	179,143	279,558
Insurance	206,403	256,403	462,806
Depreciation	<u>1,410,756</u>	<u>850,085</u>	<u>2,260,841</u>
Total operating expense	<u>4,383,632</u>	<u>2,770,966</u>	<u>7,154,598</u>
Operating Income (loss)	<u>49,131</u>	<u>887,433</u>	<u>936,564</u>
Nonoperating revenues (expenses):			
Interest revenue	2,621	3,541	6,162
Interest expense	(472,320)	(433,938)	(906,258)
Transfer In/Out	<u>(19,029)</u>	<u>(14,309)</u>	<u>(33,338)</u>
Total nonoperating revenues (expenses)	<u>(488,728)</u>	<u>(444,706)</u>	<u>(933,434)</u>
Changes in net position	(439,597)	442,727	3,130
Net position - beginning	7,940,958	7,662,226	15,603,184
Prior Period Adjustment	<u>(274,869)</u>	<u>(197,927)</u>	<u>(472,796)</u>
Net position - beginning (restated)	<u>7,666,089</u>	<u>7,464,299</u>	<u>15,130,388</u>
Net position - ending	<u><u>\$ 7,226,492</u></u>	<u><u>\$ 7,907,026</u></u>	<u><u>\$ 15,133,518</u></u>

CITY OF IMPERIAL

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 4,503,058	\$ 3,783,364	\$ 8,286,422
Cash paid to suppliers for goods and services	(2,181,823)	(1,340,083)	(3,521,906)
Cash paid to employees for services	(806,815)	(590,910)	(1,397,725)
Net cash provided (used) by operating activities	<u>1,514,420</u>	<u>1,852,371</u>	<u>3,366,791</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	(735,000)	(555,000)	(1,290,000)
Interest paid on long-term debt	(472,320)	(433,938)	(906,258)
Net cash provided (used) by capital and related financing activities	<u>(1,207,320)</u>	<u>(988,938)</u>	<u>(2,196,258)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of capital assets	(2,390,198)	(235,999)	(2,626,197)
Interest received	2,621	3,541	6,162
Net cash provided (used) by investing activities	<u>(2,387,577)</u>	<u>(232,458)</u>	<u>(2,620,035)</u>
Net increase (decrease) in cash and cash equivalents	(2,080,477)	630,975	(1,449,502)
Cash and cash equivalents July 1	<u>7,724,221</u>	<u>8,935,658</u>	<u>16,659,879</u>
Cash and cash equivalents June 30	<u>\$ 5,643,744</u>	<u>\$ 9,566,633</u>	<u>\$15,210,377</u>
Reconciliation to Statement of Net Position:			
Cash and investments	\$ 4,440,798	\$ 5,912,439	\$10,353,237
Restricted cash and investments with fiscal agents	<u>1,202,946</u>	<u>3,654,194</u>	<u>4,857,140</u>
	<u>\$ 5,643,744</u>	<u>\$ 9,566,633</u>	<u>\$15,210,377</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ 49,131</u>	<u>\$ 887,433</u>	<u>\$ 936,564</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	1,410,756	850,085	2,260,841
(Increase) decrease in accounts receivable	77,434	16,273	93,707
(Increase) decrease in due from other funds	(37,909)	(2,338)	(40,247)
(Decrease) increase in accounts payable	44,055	79,377	123,432
(Decrease) increase in compensated absences	1,855	3,265	5,120
(Decrease) increase in net pension liability	(14,042)	(10,112)	(24,154)
(Decrease) increase in deposits payable	(16,860)	28,388	11,528
Total Adjustments	<u>1,465,289</u>	<u>964,938</u>	<u>2,430,227</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,514,420</u>	<u>\$ 1,852,371</u>	<u>\$ 3,366,791</u>

CITY OF IMPERIAL

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

ASSETS	<u>Agency Funds</u>
Cash and investments with fiscal agents	<u>\$ 8,353,613</u>
Total Assets	<u>8,353,613</u>
LIABILITIES	
Due to bondholders	<u>564,868</u>
Total Liabilities	<u>564,868</u>
NET POSITION	
Net Position	<u>\$ 7,788,745</u>

**Notes to
Basic Financial Statements**

Note 1 Summary of Significant Accounting Policies

The financial statements of the City of Imperial (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

a. Reporting Entity

The City of Imperial is a political subdivision provided for by the General Law of the State of California and, as such, can exercise the powers specified by the Constitution and laws of the State of California. The City was incorporated in 1904 as a general law city. The City operates under a council-manager form of government.

The City of Imperial is a municipal corporation governed by an elected five-member City Council who, in turn, elects one of its members to serve as the Mayor. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the City. The blended component units have a June 30 fiscal year end to coincide with the City's.

Blended Component Units. The Successor Redevelopment Agency of the City of Imperial (Agency) project area is bounded in its entirety within the city limits. The Agency is governed by a Board which is comprised of the City Council, and the City Manager serves as the Executive Director of the Agency. Debt is authorized by the Board and is repaid through tax increment financing; bonded debt is not a liability of the City of Imperial. The financial activity of the Agency is reported in the Special Revenue, Debt Service, and Capital Projects Funds. In addition, because of legal requirements, the Agency has issued an annual financial report under separate cover. A copy of that report may be obtained from:

City of Imperial
Finance Director
420 South Imperial Avenue
Imperial, California 92251

In addition, in May 1994, the Imperial Financing Authority (Authority) was formed in order to provide a funding vehicle for necessary street improvements within the City. The governing board of the Imperial Financing Authority is the City Council, and the City Manager acts as Executive Director. A separate financial report is not being issued for the Imperial Financing Authority. The activity of the Authority is reported in the General Debt Service Fund of the City.

The Imperial Community Facilities District (District) was formed in order to provide funding for necessary community development projects within the City. The City currently has six separate Districts: 2004-1 Victoria, 2004-2 Mayfield, 2004-3 Bratton, 2005-1 Springfield, 2006-1 Monterrey Park, 2006-2 Savannah Ranch.

b. Government-wide and Fund Financial Statements

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

Note 1 Summary of Significant Accounting Policies (Continued)

b. Government-wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal 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.

In the fund financial statements, fiduciary funds are presented using the accrual basis of accounting. The fiduciary funds do not have a measurement focus.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The Imperial Redevelopment Successor Housing Special Revenue Fund – This fund accounts for 20% set-aside property taxes collected by the Agency.

The Imperial Redevelopment Agency Successor Capital Projects Fund – This fund accounts for the financing, construction, and administrative activities of the Agency.

Note 1 Summary of Significant Accounting Policies (Continued)

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

The Imperial Redevelopment Agency Successor Debt Service Fund – This fund accounts for all of debt service repayment activities of the Agency.

The City reports the following major proprietary funds:

The Water Enterprise Fund – This fund accounts for the operation and maintenance of the City’s water distribution system.

The Wastewater Enterprise Fund – This fund accounts for the operation and maintenance of the City’s wastewater collection system including operating costs of the wastewater treatment facility.

Additionally, the City reports the following fund types:

Fiduciary Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. These funds are not included in the government-wide financial statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). For proprietary fund type activities, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity

Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

In accordance with the State of California Government Code, the City adopts an investment policy annually that, among other things, authorizes types and concentrations of investments and maximum investment terms.

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of its portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

Receivables and Payables

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

All trade and tax receivables are shown net of an allowance for uncollectible accounts, if applicable, and estimated refunds due.

Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes.

Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increase approved by the voters. The property taxes are pooled and allocated to cities based on complex formulas prescribed by state statutes. Accordingly, the City accrues only those taxes that are received within 60 days after year end. Taxes are collected by the Imperial County and are remitted to the City periodically.

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity (Continued)

Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of the City’s long-term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet and statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

In the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, these bond monies may be invested in accordance with the ordinance; resolutions and indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City’s general investment policy. In no instance have additional types of investments been authorized that are not permitted by the City’s general investment policy.

Capital Assets

Capital assets, which include property, plant, equipment, fine art, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2015.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20
Improvements other than buildings	20
Infrastructure	10 to 20
Utility systems	40 to 75
Vehicles	5 to 15
Computer equipment	5
Other equipment and furnishings	5

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. All vacation and sick leave benefits are accrued as earned by employees. A portion of unused sick leave benefits, varying by employee bargaining unit, vests and is payable upon retirement. For proprietary funds, a current liability is reported for that portion of the estimated value of vacation and sick leave benefits to be used during the subsequent fiscal year, and the estimated value vacation of vested sick leave benefits of employees approaching or at their respective retirement ages. The balance is considered a long-term obligation.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one item which qualifies for reporting in this category, which are the changes of assumptions and changes in proportion and differences between employer's contributions and the proportionate share of contributions calculated by the actuarial study. Deferred outflows of resources are reported in the proprietary funds are included in the Government-wide Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as: property taxes, grant revenue, and long-term loan receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method (which approximates the effective interest method). The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the life of the refunding debt or remaining life of the refunded debt. Bond issuance costs, including deferred refunding amounts and underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense or in the case of proprietary funds, amortization expense.

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

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity (Continued)

Net Position and Fund Equity

In the Government-wide financial statements and proprietary fund financial statements, net position are reported in three categories: net position invested in capital assets, net of related debt; restricted net position, and unrestricted net position. Restricted net position represent net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. All other net positions are considered unrestricted.

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

e. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

f. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental funds balance sheet includes reconciliation between fund balances – governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term debt and compensated absences from the general long-term debt account group have not been included in the governmental fund activity”. The detail of the \$ 22,715,000 long-term debt difference is as follows:

Long-term debt:	
Tax allocation notes payable	<u>\$ 22,155,000</u>
Net adjustment to reduce fund balances of total governmental funds to arrive at net position of governmental activities	<u>\$ 22,155,000</u>

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

f. Reconciliation of Government-wide and Fund Financial Statements (Continued)

The details of this \$5,008,215 difference are as follows:

Capital outlay	\$ 6,684,946
Depreciation expense	<u>(1,676,731)</u>
Net adjustment to decrease net changes in fund balances of total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 5,008,215</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. The details of this \$560,000 difference are as follows:

Principal repayments:	
Certificate of participation	\$ 200,000
Tax allocation notes	<u>360,000</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 560,000</u>

g. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the statement and the impact on the City’s financial statements are explained in Note 9.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 66, *Technical Correction - 2012*. This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2015.

Note 1 Summary of Significant Accounting Policies (Continued)**g. New Accounting Pronouncements (Continued)***Governmental Accounting Standards Board Statement No. 67*

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2015.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2015.

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as the requirements of Statement No. 50, *Pension Disclosures*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of GASB Statement No. 68 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Note 10.

Governmental Accounting Standards Board Statement No. 69

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Implementation of the GASB Statement No. 69 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2015.

Note 1 Summary of Significant Accounting Policies (Continued)

g. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68 Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. Implementation of the GASB Statement No. 71 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Note 10.

h. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the City's highest level of decision-making authority (the City Council) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance – amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.
- Unassigned fund balance – the residual classification for the City's funds that include amounts not contained in the other classifications.

Note 2 Stewardship, Compliance, and Accountability

a. General Budget Policies

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.

Note 2 Stewardship, Compliance, and Accountability (Continued)

a. General Budget Policies (Continued)

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

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

- 3. Formal budgetary integration is employed as a management control device during the fiscal year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations which are encumbered lapse at fiscal year-end, and then are added to the following fiscal year’s budgeted appropriations.
- 4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. For the fiscal year ended June 30, 2015, there were no budgets adopted for any of the following funds: Dial-A-Ride, COPS Grant 2011, CDBG Home, Housing Rehab, Sewer Clark Road, Traffic Signal, Joshua Tree Street Improvement, Library Donations, Clark 4 Lane, Aten & Hwy 86, Clark Road Improvement, Imperial County Grants, Library Literacy, COPS Grant 2010, General Housing, Fire Impact, Police Impact, Admin Impact, Library Impact, Park Impact, Circulation Impact, STPL and CMAQ Special Revenue Fund.
- 5. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for these fund types.
- 6. Capital projects are budgeted through the Capital Projects Funds. Appropriations for capital projects authorized but not constructed or completed during the fiscal year are carried forward as continuing appropriations into the following fiscal year’s budget.

b. Deficit Fund Balances, Retained Earnings, and Net Position

The following funds contained deficit fund balances as of June 30, 2015:

<u>Nonmajor Governmental Funds:</u>	<u>Amount</u>
Special Revenue Funds:	
CDBG Home Grant	\$ 101,720
COPS Grant 2006	26,662
Prop 1B	164,419
Police Technology Grant	112,075
FEMA/CALEMA	562
Fire Impact	31,890
Circulation Impact	150,761
STPL	817,141
Colonias	131,265

The deficit fund balances will be rectified as fees, such as circulation impact fees, are received. It is the City’s intent that the General fund will cover any deficit fund balances where future excess revenues over expenditures are not sufficient to erase the deficit fund balances.

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 2 Stewardship, Compliance, and Accountability (Continued)

c. Excess Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2015:

Fund	Final Budget	Expenditures	Excess
Nonmajor Funds:			
Local Transportation	\$ 5,000	\$ 15,069	\$ 10,069
Dial-A-Ride	-	131,434	131,434
LTA Measure D	-	183,622	183,622
Asset Forfeiture	-	97,953	97,953
Housing Rehab	-	21	21
RLA	-	34,428	34,428
Wildflower Landscape	-	4,533	4,533
Paseo Del Sol Landscape	-	5,506	5,506
Imperial County Grants	-	32,854	32,854
Sky Ranch District	-	53,751	53,751
Library Literacy	-	11,514	11,514
COPS 2010 Grant	-	1,982	1,982
General Housing	-	436	436
Fire Impact Fees	-	50,000	50,000
Park Impact Fees	-	6,236	6,236
Circulation Impact Fees	-	27,435	27,435
STPL	-	4,550	4,550

Note 3 Cash and Investments

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 25,235,629
Cash and investments with fiscal agents	9,243,266
Statement of fiduciary net position:	
Cash and investments with fiscal agents	<u>8,353,613</u>
Total cash and investments	<u>\$ 42,832,508</u>

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 450
Deposits with financial institutions	21,894,810
Investments	<u>20,937,248</u>
Total cash and investments	<u>\$ 42,832,508</u>

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

The table below identifies the investment types that are authorized for the City of Imperial 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 (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee 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.

Note 3 Cash and Investments (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State of California Obligations	5 years	None	None
California Local Agency Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	None
Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements & Securities Lending Agreements	92 days	20%	None
Medium-Term Noted	5 years	30%	None
Mutual Funds	N/A	20%	None
Money Market Mutual Funds	N/A	None	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$50 million

The investment policy allows for the above investments which have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the City.

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees 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 trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State of California Obligations	5 years	None	None
California Local Agency Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	None
Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements & Securities Lending Agreements	92 days	20%	None
Medium-Term Noted	5 years	30%	None
Mutual Funds	N/A	20%	None
Money Market Mutual Funds	N/A	None	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$50 million

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 3 Cash and Investments (Continued)

C. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool (LAIF)	\$ 6,000,334	\$ 6,000,334	\$ -	\$ -	\$ -
Held by Bond Trustees:					
Money Market Funds	14,936,914	14,936,914	-	-	-
	<u>\$ 20,937,248</u>	<u>\$ 20,937,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

E. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
State Investment Pool	\$ 6,000,334	N/A	\$ -	\$ -	\$ -	\$ -	\$ 6,000,334
Held by Bond Trustee:							
Money Market Funds	14,936,914		-	14,936,914	-	-	-
Total	<u>\$ 20,937,248</u>		<u>\$ -</u>	<u>\$ 14,936,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000,334</u>

F. Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City holds no investment (other than money market funds and LAIF) that represents 5% or more of total City investment.

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 3 Cash and Investments (Continued)

G. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). 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.

G. Investment in State Investment Pool

The City is 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.

Note 4 Notes Receivable

Notes receivable in the amount of \$1,853,333 consist of mortgage loans for housing and property rehabilitation and construction. These are all deferred loans which carry no interest rates. Principal balances are due when titles of property are transferred.

Note 5 Accounts Receivable

Accounts, taxes, interests, grants and other receivable balances of the General, Special Revenue, Capital Projects, Debt Service, and Fiduciary Funds are stated net of allowances for uncollectible accounts. Uncollectible accounts are not set up for Proprietary Funds because the balances for receivables over 90 days (the period the City uses as a risk of becoming uncollectible) are immaterial. The following is a schedule of receivables applicable at June 30, 2015.

	Receivable	Allowance	Net
Governmental Activities	<u>\$ 1,118,981</u>	<u>\$ -</u>	<u>\$ 1,118,981</u>
Business-type Activities	<u>\$ 719,739</u>	<u>\$ -</u>	<u>\$ 719,739</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 6 Interfund Transactions

A. Current Interfund 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 following presents a summary of current interfund balances at June 30, 2015.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:		Nonmajor Governmental Funds:	
General Fund	\$ 1,536,495	CDBG Home Grant	\$ 101,720
Totals	<u>\$ 1,536,495</u>	COPS Grant 2006	26,662
		Prop 1B	164,419
		Police Technology Grant	112,075
		FEMA/CALEMA	562
		Fire Impact	31,890
		Circulation Impact	150,761
		STPL	817,141
		Colonias	<u>131,265</u>
		Totals	<u>\$ 1,536,495</u>

B. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditure/expenses on behalf of another fund, less often, an equity transfer may be made to open or close a fund. Transfers totaled \$7,528,360 in the fund financial statements.

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Governmental Funds:		
General	\$ 1,189,535	\$ -
Nonmajor Governmental Funds:		
Traffic Safety	-	4,616
State Gas Tax	-	605,000
Local Transportation	-	5,000
LTA Measure D	-	78,002
Prop 172	-	140,579
COPS 2013	-	45,500
Asset Forfeiture	-	20,000
RLA	-	5,000
Paseo Del Sol	-	2,500
Successor Agency	-	250,000
Enterprise Funds:		
Water	1,368,668	1,972,084
Water - Bond	1,953,055	1,368,668
Wastewater	62,237	2,969,174
Wastewater - Bond	<u>2,954,865</u>	<u>62,237</u>
Totals	<u>\$ 7,528,360</u>	<u>\$ 7,528,360</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 7 Capital Assets

a. Governmental Activities

Capital asset governmental activity for the fiscal year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
Capital Assets, not being depreciated:				
Land	\$ 2,551,850	\$ 777,550	\$ -	\$ 3,329,400
Total Capital Assets, not being depreciated	<u>2,551,850</u>	<u>777,550</u>	<u>-</u>	<u>3,329,400</u>
Capital Assets, being depreciated:				
Equipment and machinery	5,567,767	751,942	(113,224)	6,206,485
Infrastructure	25,903,041	5,155,454	-	31,058,495
Total Capital Assets, being depreciated	<u>31,470,808</u>	<u>5,907,396</u>	<u>(113,224)</u>	<u>37,264,980</u>
Less accumulated depreciation for:				
Equipment and machinery	(3,849,685)	(443,575)	113,224	(4,180,036)
Infrastructure	(10,963,249)	(1,233,156)	-	(12,196,405)
Total accumulated depreciation	<u>(14,812,934)</u>	<u>(1,676,731)</u>	<u>113,224</u>	<u>(16,376,441)</u>
Total Capital Assets, being depreciated, Net	<u>16,657,874</u>	<u>4,230,665</u>	<u>-</u>	<u>20,888,539</u>
Total Capital Assets, Net	<u>\$ 19,209,724</u>	<u>\$ 5,008,215</u>	<u>\$ -</u>	<u>\$ 24,217,939</u>

Depreciation expense is shown on the City's governmental activities as unallocated in the amount of \$1,676,731.

b. Business-type activities

Capital asset business-type activity for the fiscal year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
Water Fund:				
Capital Assets, being depreciated:				
Infrastructure	\$ 10,165,904	\$ 1,374,331	\$ -	\$ 11,540,235
Buildings and improvements	10,344,831	-	-	10,344,831
Equipment and machinery	2,396,976	1,017,586	-	3,414,562
Total Capital Assets, being depreciated	<u>22,907,711</u>	<u>2,391,917</u>	<u>-</u>	<u>25,299,628</u>
Less accumulated depreciation for:				
Infrastructure	(4,575,776)	(487,782)	-	(5,063,558)
Buildings and improvements	(6,280,584)	(353,822)	-	(6,634,406)
Equipment and machinery	(942,244)	(569,152)	-	(1,511,396)
Total accumulated depreciation	<u>(11,798,604)</u>	<u>(1,410,756)</u>	<u>-</u>	<u>(13,209,360)</u>
Water Fund Capital Assets, net	<u>\$ 11,109,107</u>	<u>\$ 981,161</u>	<u>\$ -</u>	<u>\$ 12,090,268</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 7 Capital Assets (Continued)

b. Business-type activities (Continued)

Wastewater Fund:

Capital Assets, not being depreciated:

Land	\$ 79,683	\$ -	\$ -	\$ 79,683
Total Capital Assets, not being depreciated	<u>79,683</u>	<u>-</u>	<u>-</u>	<u>79,683</u>

Capital Assets, being depreciated:

Infrastructure	9,477,415	111,613	-	9,589,028
Buildings and improvements	8,063,593	-	-	8,063,593
Equipment and machinery	<u>859,916</u>	<u>124,386</u>	<u>-</u>	<u>984,302</u>
Total Capital Assets, being depreciated	<u>18,400,924</u>	<u>235,999</u>	<u>-</u>	<u>18,636,923</u>

Less accumulated depreciation for:

Infrastructure	(4,521,813)	(382,627)	-	(4,904,440)
Buildings and improvements	(4,804,866)	(341,539)	-	(5,146,405)
Equipment and machinery	<u>(361,233)</u>	<u>(125,921)</u>	<u>-</u>	<u>(487,154)</u>
Total accumulated depreciation	<u>(9,687,912)</u>	<u>(850,087)</u>	<u>-</u>	<u>(10,537,999)</u>

Wastewater Fund Capital Assests, net \$ 8,792,695 \$ (614,088) \$ - \$ 8,178,607

Total Capital Assets, Net \$ 19,901,802 \$ 367,073 \$ - \$ 20,268,875

Depreciation expenses are \$1,410,756 for the Water Fund and \$850,085 for the Wastewater Fund.

Note 8 Long-Term Liabilities

a. Governmental Activities

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2015:

	Balance at June 30, 2014	Additions	Repayments	Balance at June 30, 2015	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 332,810	\$ 10,907	\$ -	\$ 343,717	\$ -
2005 RDA tax allocation notes	7,670,000	-	(200,000)	7,470,000	210,000
2008 RDA tax allocation notes	<u>15,045,000</u>	<u>-</u>	<u>(360,000)</u>	<u>14,685,000</u>	<u>370,000</u>
Total	<u>\$ 23,047,810</u>	<u>\$ 10,907</u>	<u>\$ (560,000)</u>	<u>\$ 22,498,717</u>	<u>\$ 580,000</u>
Business-type Activities:					
Water Fund:					
Compensated absences	\$ 12,337	\$ 1,855	\$ -	\$ 14,192	\$ -
2005 Certificates of participation	1,810,000	-	(50,000)	1,760,000	55,000
2012 Certificates of participation	9,400,000	-	(685,000)	8,715,000	715,000
2012 Bond premium	<u>508,286</u>	<u>-</u>	<u>(41,211)</u>	<u>467,075</u>	<u>-</u>
Wastewater Fund:					
Compensated absences	11,044	3,265	-	14,309	-
2005 Certificates of participation	2,385,000	-	(65,000)	2,320,000	70,000
2012 Certificates of participation	8,075,000	-	(490,000)	7,585,000	510,000
2012 Bond premium	<u>137,601</u>	<u>-</u>	<u>(11,157)</u>	<u>126,444</u>	<u>-</u>
Total	<u>\$ 22,339,268</u>	<u>\$ 5,120</u>	<u>\$ (1,342,368)</u>	<u>\$ 21,002,020</u>	<u>\$ 1,350,000</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 8 Long-Term Liabilities (Continued)

2005 RDA Tax Allocation Notes

On December 1, 2005, the Redevelopment Agency of the City of Imperial (the "Agency") issued \$9,055,000 of 2005 Tax Allocation Notes. The proceeds from the issue were used to (i) refund all of the Agency's outstanding 2002 Tax Allocation Notes; (ii) fund a reserve fund for the Notes; (iii) fund two years of interest on the Notes, and (iv) pay the costs of issuing the Notes. Interest is payable semi-annually every June 1 and December 1 of each year, commencing June 1, 2006 and maturing on June 1, 2037. The Notes bear interest varying from 3.000% to 4.500%. As of June 30, 2015, the outstanding principal balance is \$7,470,000.

2008 RDA Tax Allocation Notes

On November 17, 2007, the Redevelopment Agency of the City of Imperial issued \$16,935,000 of 2008 Tax Allocation Notes. The proceeds from the issue were used to refund the 2006 Tax Allocation Notes, finance certain redevelopment activities of benefit to the Agency's project area, fund a reserve account, pay capitalized interest on the notes commencing June 1, 2008, and pay the costs of issuing the notes. The notes bear interest at an annual rate of 4.50%. The notes mature on December 1, 2037. The notes are payable from and secured by Pledged Revenues. The outstanding principal balance as of June 30, 2015 was \$14,685,000.

b. Long-Term Debt Amortization – Governmental Activities

The annual requirements to amortize long-term debt outstanding at June 30, 2015 (other than compensated absences) are as follows:

Fiscal Year Ended June 30,	2005 - Tax Allocation Notes		
	Principal	Interest	Total
2016	\$ 210,000	\$ 336,838	\$ 546,838
2017	220,000	328,239	548,239
2018	225,000	319,226	544,226
2019	235,000	309,679	544,679
2020	245,000	299,538	544,538
2021-2025	1,400,000	1,323,781	2,723,781
2026-2030	1,730,000	976,319	2,706,319
2031-2035	2,180,000	520,361	2,700,361
2036-2038	1,025,000	50,375	1,075,375
	<u>\$ 7,470,000</u>	<u>\$ 4,464,356</u>	<u>\$ 11,934,356</u>

Fiscal Year Ended June 30,	2008 - Tax Allocation Notes		
	Principal	Interest	Total
2016	\$ 370,000	\$ 685,915	\$ 1,055,915
2017	380,000	672,965	1,052,965
2018	400,000	659,190	1,059,190
2019	415,000	644,190	1,059,190
2020	430,000	627,590	1,057,590
2021-2025	2,440,000	2,853,535	5,293,535
2026-2030	3,040,000	2,256,869	5,296,869
2031-2035	3,855,000	1,435,500	5,290,500
2036-2038	3,355,000	367,500	3,722,500
	<u>\$ 14,685,000</u>	<u>\$ 10,203,254</u>	<u>\$ 24,888,254</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 8 Long-Term Liabilities (Continued)

b. Long-Term Debt Amortization – Governmental Activities (Continued)

Fiscal Year Ended June 30,	Total Governmental Long Term Debt		
	Principal	Interest	Total
2016	\$ 580,000	\$ 1,022,753	\$ 1,602,753
2017	600,000	1,001,204	1,601,204
2018	625,000	978,416	1,603,416
2019	650,000	953,869	1,603,869
2020	675,000	927,128	1,602,128
2021-2025	3,840,000	4,177,316	8,017,316
2026-2030	4,770,000	3,233,188	8,003,188
2031-2035	6,035,000	1,955,861	7,990,861
2036-2038	4,380,000	417,875	4,797,875
	<u>\$ 20,350,000</u>	<u>\$ 11,665,237</u>	<u>\$ 32,015,237</u>

c. Business -type Activities

Water/Wastewater Parity 2005 COP

On November 1, 2005, the City issued the Parity 2005 certificates of participation in the amount of \$2,160,000 for the water facility and \$2,845,000 for the wastewater facility. The proceeds were used to finance certain capital improvements to the City’s water and wastewater systems. Interest will be payable semi-annually on April and October 15 commencing on April 15, 2006. As of June 30, 2015, the balances remaining for Water and Wastewater Refunding are \$1,760,000, and \$2,320,000 respectively.

Water/Wastewater 2012 COP

On April 1, 2012, the City issued the 2012 certificates of participation in the amount of \$10,065,000 for the water facility and \$8,550,000 for the wastewater facility. The proceeds of the sale will be used together with other available moneys to provide funds to the City to prepay and defease on a current basis the City’s Refunding Certificates of Participation Series 2001 of which \$7,190,000 (water) and \$4,995,000 remained outstanding, and to finance certain capital improvements to the City’s water and wastewater system, to fund a reserve fund for the Bonds, and to pay certain costs of issuing the Bonds. Interest will be payable semi-annually on April and October 15 commencing on October 15, 2012. As of June 30, 2015, the balances remaining for Water and Wastewater Refunding are \$8,715,000 and \$7,585,000 respectively.

d. Business-type Long-Term Debt Amortization

The annual requirements to amortize Business-type long-term debt outstanding at June 30, 2015 are as follows:

Fiscal Year Ending June 30,	2005 Certificates of Participation (Water)		
	Principal	Interest	Total
2016	\$ 55,000	\$ 81,060	\$ 136,060
2017	55,000	78,860	133,860
2018	55,000	76,660	131,660
2019	60,000	74,391	134,391
2020	60,000	71,871	131,871
2021-2025	350,000	316,491	666,491
2026-2030	445,000	226,813	671,813
2031-2035	550,000	111,625	661,625
2036	130,000	6,175	136,175
	<u>\$ 1,760,000</u>	<u>\$ 1,043,946</u>	<u>\$ 2,803,946</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 8 Long-Term Liabilities (Continued)

Fiscal Year Ending June 30,	2005 Certificates of Participation (Wastewater)		
	Principal	Interest	Total
2016	\$ 70,000	\$ 106,853	\$ 176,853
2017	70,000	104,054	174,054
2018	75,000	101,254	176,254
2019	80,000	98,160	178,160
2020	80,000	94,800	174,800
2021-2025	465,000	416,770	881,770
2026-2030	575,000	299,250	874,250
2031-2035	735,000	148,200	883,200
2036	170,000	8,075	178,075
	<u>\$ 2,320,000</u>	<u>\$ 1,377,416</u>	<u>\$ 3,697,416</u>

Fiscal Year Ending June 30,	2012 Certificates of Participation (Water)		
	Principal	Interest	Total
2016	\$ 715,000	\$ 393,762	\$ 1,108,762
2017	745,000	365,163	1,110,163
2018	775,000	335,363	1,110,363
2019	805,000	304,362	1,109,362
2020	845,000	264,113	1,109,113
2021-2025	3,395,000	799,500	4,194,500
2026-2027	1,435,000	108,500	1,543,500
	<u>\$ 8,715,000</u>	<u>\$ 2,570,763</u>	<u>\$ 11,285,763</u>

Fiscal Year Ending June 30,	2012 Certificates of Participation (Wastewater)		
	Principal	Interest	Total
2016	\$ 510,000	\$ 303,400	\$ 813,400
2017	530,000	283,000	813,000
2018	550,000	261,800	811,800
2019	565,000	245,300	810,300
2020	580,000	228,350	808,350
2021-2025	3,320,000	736,825	4,056,825
2026-2027	1,530,000	98,175	1,628,175
	<u>\$ 7,585,000</u>	<u>\$ 2,156,850</u>	<u>\$ 9,741,850</u>

Fiscal Year Ending June 30,	Total Business-type Funds Long Term Debt		
	Principal	Interest	Total
2016	\$ 1,350,000	\$ 885,075	\$ 2,235,075
2017	1,400,000	831,077	2,231,077
2018	1,455,000	775,077	2,230,077
2019	1,510,000	722,213	2,232,213
2020	1,565,000	659,134	2,224,134
2021-2025	7,530,000	2,269,586	9,799,586
2026-2030	3,985,000	732,738	4,717,738
2031-2035	1,285,000	259,825	1,544,825
2036	300,000	14,250	314,250
	<u>\$ 20,380,000</u>	<u>\$ 7,148,975</u>	<u>\$ 27,528,975</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 9 Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the City recognized deferred outflows of resources in the government wide and proprietary fund statements. These items are a consumption of net position by the City that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The City has one item that is reportable on the government-wide Statement of Net Position and is related to outflows from changes in the net pension liability due to pension contributions subsequent to measurement date. Deferred outflows of resources that are reported in the proprietary funds are included in the government-wide Statement of Net Position.

Deferred outflows of resources balances for the year ended June 30, 2015 were as follows:

Government-wide Deferred Outflows	
Governmental Activities	
Pensions	\$ 468,886
Total Governmental Activities	<u>\$ 468,886</u>
Business-type Activities	
Pensions	\$ 69,799
Total Business-type Activities	<u>69,799</u>
Total Governmentwide Deferred Outflows	<u>\$ 538,685</u>

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the City recognized deferred inflows of resources in the government-wide, governmental fund, and proprietary fund statements. These items are an acquisition of net position by the City that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The City has one item that is reportable on the government-wide Statement of Net Position and is related to inflows from changes in the net pension liability. Deferred inflows of resources that are reported in the proprietary funds are included in the government-wide Statement of Net Position.

Deferred inflows of resources balances for the year ended June 30, 2015 were as follows:

Government-wide Deferred Inflows	
Governmental Activities	
Pensions	\$ 706,882
Total Governmental Activities	<u>\$ 706,882</u>
Business-type Activities	
Pensions	\$ 105,227
Total Business-type Activities	<u>105,227</u>
Total Governmentwide Deferred Inflows	<u>\$ 812,109</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 10 Defined Benefit Pension Plan

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 Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS Financial Office. 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.

A. General Information about the Pension Plan

Plan Descriptions - All qualified employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, cost-sharing and agent multiple employer defined benefit pension plans, respectively, administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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.

Employees Covered - At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	City Misc Plan		City Safety Plan	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50	62
Monthly benefits, as a % of eligible compensation	2.00%	2.00%	3.0%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%	9.00%	11.50%
Required employer contribution rates	6.709%	6.237%	13.813%	6.237%

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 both Plans 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.

Note 10 Defined Benefit Pension Plan (Continued)

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions- The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30%-14.20% (1)	3.30%-14.20% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

Note 10 Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Year 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

C. Changes in the Net Pension Liability

The change in the Net Pension Liability for each Plan follows:

Pension Liability	
Misc. Plan	Safety Plan
\$ 1,367,153	\$ 1,821,888

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 10 Defined Benefit Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

Safety plan:

As of June 30, 2015, the City Safety Plan reported net pension liabilities for its proportionate share of the net position liability of the Plan as follows:

Pension Liability	
Misc. Plan	Safety Plan
\$ 1,367,153	\$ 1,821,888

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, 2014, 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, 2013 rolled forward to June 30, 2014 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 plans 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, 2013 and 2014 was as follows:

	City Miscellaneous Plan	City Safety Plan
Proportion - June 30, 2013	0.05431%	0.04527%
Proportion - June 30, 2014	0.05532%	0.04857%
Change - Increase (Decrease)	0.00101%	0.00330%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each Plan, as well as what the City's 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
1% Decrease	6.50%	6.50%
Net Pension Liability	\$2,299,856	\$2,744,703
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$1,367,153	\$1,821,888
1% Increase	8.50%	8.50%
Net Pension Liability	\$593,098	\$1,061,528

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

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2015

Note 10 Defined Benefit Pension Plan (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$296,617. At June 30, 2015, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 538,685	\$ -
Net differences between projected and actual earnings on pension plan investments		(738,203)
Adjustment due to differences in proportions		(73,906)
Total	<u>\$ 538,685</u>	<u>\$ (812,109)</u>

\$538,685 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 fiscal year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2016	\$ (210,946)
2017	(210,946)
2018	(205,667)
2019	(184,550)
Total	<u>\$ (812,109)</u>

Note 11 Deferred Compensation

The City has established a Deferred Compensation Plan and Trust as provided in Section 457 of the Internal Revenue Code of 1986, as amended. The City, acting as trustee of this plan, has agreed to perform its services as trustee in accordance with, and as necessary limited to comply with, applicable law. All amounts of compensation deferred pursuant to the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall be held in trust for the exclusive benefit of participants and beneficiaries under the plan.

Note 12 Risk Management

The City is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. The City has had no settlements which exceeded insurance coverage in the last three fiscal years.

Note 13 Net Position

GASB Statement No. 34 adds the concept of net position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Note 13 Net Position (Continued)

a. Net Position

Net position is divided into three captions under GASB Statement No. 34. These captions apply only to net position as determined at the government-wide level, and are described below:

Invested in Capital Assets, net of related debt 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 debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.

Unrestricted describes the portion of net position which is not restricted as to use.

Note 14 Fund Balance Reporting

GASB 54 provides for two major fund types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The City does not have any prepaid items or nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

Restricted: fund balances that are constrained by external parties, constitutional provisions or enabling legislation.

Committed: fund balances include amounts that can be used only for the specific purposes determined by a formal action of the City Council (the Agency's highest level of decision making authority).

Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.

Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Agency has classified its fund balances with the following hierarchy:

Nonspendable: The City has land held for resale totaling \$311,012 that is classified as nonspendable.

Restricted: The City has funds totaling \$11,807,039 that are classified as restricted.

Committed: The City has funds totaling \$3,970,207 that are classified as committed.

Assigned: The City has funds totaling \$2,142 that are classified as assigned.

Unassigned: The City has funds totaling \$76,533 that are classified as unassigned.

Note 15 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of City operations. In the aggregate, those claims seek monetary damages in significant amounts. To the extent the outcome of such litigation may be determined to result in financial loss to the City, in the opinion of City management, any potential liability for these actions is adequately provided for in the basic financial statements. The timing of potential payment of such losses cannot presently be determined.

SERAF Contingency

During the fiscal year 2008-2009, the State of California experienced a severe budgetary crisis. Various “budget trailer bills” were passed by the state legislature to balance the state’s budget, including bills that required California redevelopment agencies to transfer funds to the Educational Revenue Augmentation Fund (ERAF) and Supplemental Educational Revenue Augmentation Fund (SERAF) administered by the various county auditor-controllers. Noted below is a general explanation of the ERAF and SERAF legislation, together with the effect of this legislation on the Imperial Redevelopment Agency (the Agency).

SERAF Contributions

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make SERAF contributions totaling \$1.7 billion for the fiscal year 2009-2010 and \$350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portion of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the (CRA) filed a class action lawsuit on behalf of all California redevelopment agencies challenging the SERAF obligations as unconstitutional.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (“The Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “Successor Agency” to hold the assets until they are distributed to other units of state and local government. On January 30, 2013, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution.

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the Successor Agency by the Bill.

Note 15 Contingent Liabilities (Continued)

ERAF Contribution

Pursuant to AB 1389, a budget trailer bill, California redevelopment agencies were required to make ERAF contributions totaling \$350 million.

In response to AB 1389, the California Redevelopment Association (CRA) filed a lawsuit against the State of California (California Redevelopment Association et al v. Genest), challenging the constitutionality of the required ERAF contributions. On April 30, 2009, the Sacramento Superior Court held in favor of CRA, ruling that AB 1389 was unconstitutional. On September 28, 2009, the State of California announced its decision not to appeal the decision in "Genest". Accordingly, the Superior Court's decision is now final and binding, and California redevelopment agencies will not be required to make the ERAF contributions pursuant to AB 1389.

Note 16 Prior Period Adjustments

The accompanying financial statements reflect adjustments resulting from a restatement of beginning fund balance/net position as of June 30, 2015 as follows:

- Decrease to General Activities in Statement of Activities in the amount of \$1,088,736 for deferred costs that could not be substantiated recorded prior to FY 2004.
- The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, during fiscal year 2015. The cumulative effect of applying GASB No. 68 and 71 has resulted in a decrease to the net position at July 1, 2014 as follows:

Major Enterprise Funds	Net Pension Liability	Deferred Outflow of Resources
Water	\$ (297,213)	\$ 22,344
Wastewater	(214,016)	16,090
Governmental Activities	(3,434,264)	258,183

The effect of this prior period adjustment on the government-wide financial statements is a decrease in the governmental activities beginning net position from \$20,737,150 to \$16,472,334 and a decrease in the business-type activities beginning net position from \$15,603,184 to \$15,130,388.

Note 17 Subsequent Events

Management has evaluated subsequent events through May 5, 2016, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 1,332,000	\$ 1,332,000	\$ 1,570,328	\$ 238,328
Sales	1,900,000	1,900,000	2,061,239	161,239
Franchise	260,000	260,000	254,975	(5,025)
Other	56,000	56,000	53,521	(2,479)
Licenses and permits	316,460	316,460	312,751	(3,709)
Fines and penalties	106,300	106,300	106,941	641
Intergovernmental	1,122,510	1,122,510	1,363,916	241,406
Charges for services	1,580,200	1,580,200	1,757,168	176,968
Interest	2,500	2,500	3,048	548
Other revenue	138,150	138,150	323,036	184,886
Total revenue	<u>6,814,120</u>	<u>6,814,120</u>	<u>7,806,923</u>	<u>992,803</u>
EXPENDITURES				
General government:				
Council	38,311	38,311	47,496	(9,185)
Clerk	131,713	131,713	101,435	30,278
Attorney	120,350	120,350	162,667	(42,317)
Manager	181,962	181,962	206,343	(24,381)
Financial services	319,993	319,993	343,868	(23,875)
Human resources	469,105	469,105	444,344	24,761
Non-departmental	686,300	686,300	857,737	(171,437)
Total general government	<u>1,947,734</u>	<u>1,947,734</u>	<u>2,163,890</u>	<u>(216,156)</u>
Public services				
Public services management	6,758	6,758	10,224	(3,466)
Buildings and grounds	143,477	143,477	148,148	(4,671)
Streets	306,817	306,817	350,731	(43,914)
Storm Drains	34,505	34,505	34,000	505
Sanitation	878,500	878,500	958,089	(79,589)
Total public services	<u>1,370,057</u>	<u>1,370,057</u>	<u>1,501,192</u>	<u>(131,135)</u>
Public safety				
Police	2,380,204	2,380,204	2,381,183	(979)
Fire	894,000	894,000	942,007	(48,007)
Animal control	19,379	19,379	18,291	1,088
Total public safety	<u>3,293,583</u>	<u>3,293,583</u>	<u>3,341,481</u>	<u>(47,898)</u>

(Continued)

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2015

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Culture and leisure				
Pool	\$ 56,078	\$ 56,078	\$ 61,855	\$ (5,777)
Parks	561,514	561,514	628,097	(66,583)
Library	210,751	210,751	180,396	30,355
Successor Agency	85,000	85,000	326,857	(241,857)
Total culture and leisure	<u>913,343</u>	<u>913,343</u>	<u>1,197,205</u>	<u>(283,862)</u>
Planning and development				
Planning	645,166	645,166	431,467	213,699
Building and safety	150,837	150,837	119,964	30,873
Engineering	231,127	231,127	126,733	104,394
Total planning and development	<u>1,027,130</u>	<u>1,027,130</u>	<u>678,164</u>	<u>348,966</u>
Total expenditures	<u>8,551,847</u>	<u>8,551,847</u>	<u>8,881,932</u>	<u>(330,085)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,737,727)</u>	<u>(1,737,727)</u>	<u>(1,075,009)</u>	<u>662,718</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,743,304</u>	<u>1,743,304</u>	<u>1,189,534</u>	<u>(553,770)</u>
Total other financing sources (uses)	<u>1,743,304</u>	<u>1,743,304</u>	<u>1,189,534</u>	<u>(553,770)</u>
Net change in fund balance	5,577	5,577	114,525	108,948
Fund balance - beginning	<u>1,498,503</u>	<u>1,498,508</u>	<u>1,498,503</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,504,080</u>	<u>\$ 1,504,085</u>	<u>\$ 1,613,028</u>	<u>\$ 108,943</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Redevelopment Agency Successor Housing Special Revenue Fund
 For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 400	\$ 400
Other	-	-	19,000	19,000
Total Revenues	-	-	19,400	19,400
EXPENDITURES				
Curent:				
Community development	-	-	1,609,000	(1,609,000)
Total Expenditures	-	-	1,609,000	(1,609,000)
Excess (deficiency) of revenues over expenditures	-	-	(1,589,600)	(1,589,600)
Net change in fund balance	-	-	(1,589,600)	(1,589,600)
Fund balance - beginning	3,977,892	3,977,892	3,977,892	-
Fund balance - ending	<u>\$ 3,977,892</u>	<u>\$ 3,977,892</u>	<u>\$ 2,388,292</u>	<u>\$ (1,589,600)</u>

CITY OF IMPERIAL

Cost Sharing Defined Benefit Pension Plans
 For the Fiscal Year Ended June 30, 2015

Cost Sharing Defined Benefit Pension PlansSchedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years*

	<u>June 30, 2015</u>	
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Proportion of the net pension liability	0.05532%	0.04857%
Proportionate share of the net pension liability	\$ 1,367,153	\$ 1,821,888
Covered-employee payroll	\$ 1,651,054	\$ 1,075,212
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	82.80%	169.44%
Plan's fiduciary net position	\$ 5,663,481	\$ 5,067,491
Plan's total pension liability	\$ 7,030,634	\$ 6,889,379
Plan fiduciary net position as a percentage of total pension liability	80.55%	73.56%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: NoneSchedule of Contributions – Last 10 Years*

	<u>June 30, 2015</u>	
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Contractual required contribution (actuarially determined)	\$ 313,414	\$ 374,623
Contributions in relation to the actuarially determined contributions	<u>(313,414)</u>	<u>(374,623)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,651,054	\$ 1,075,212
Contributions as a percentage of covered employee payroll	18.98%	34.84%

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF IMPERIAL

Cost Sharing Defined Benefit Pension Plans

For the Fiscal Year Ended June 30, 2015

(Continued)

Cost Sharing Defined Benefit Pension Plans

Notes to Schedule

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Other Supplementary Information

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Redevelopment Agency Successor Capital Projects Fund
 For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 609	\$ 609
Total Revenues	-	-	609	609
EXPENDITURES				
Curent:				
Community development	-	-	572,927	(572,927)
Total Expenditures	-	-	572,927	(572,927)
Excess (deficiency) of revenues over expenditures	-	-	(572,318)	(572,318)
Net change in fund balance	-	-	(572,318)	(572,318)
Fund balance - beginning	2,277,298	2,277,298	2,277,298	-
Fund balance - ending	<u>\$ 2,277,298</u>	<u>\$ 2,277,298</u>	<u>\$ 1,704,980</u>	<u>\$ (572,318)</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Redevelopment Agency Successor Debt Service Fund
 For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 1,974	\$ 1,974
Total Revenues	-	-	1,974	1,974
EXPENDITURES				
Curent:				
Community development	-	-	2,000	2,000
Total Expenditures	-	-	2,000	2,000
Excess (deficiency) of revenues over expenditures	-	-	(26)	(26)
Net change in fund balance	-	-	(26)	(26)
Fund balance - beginning	5,060,809	5,060,809	5,060,809	-
Fund balance - ending	<u>\$ 5,060,809</u>	<u>\$ 5,060,809</u>	<u>\$ 5,060,783</u>	<u>\$ (26)</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Redevelopment Agency Successor Projects Fund
 For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 1,774,429	\$ 1,774,429
Use of money and property	-	-	42	42
Total Revenues	-	-	1,774,471	1,774,471
EXPENDITURES				
Curent:				
Community development	-	-	30,000	(30,000)
Debt Service:				
Interest and fiscal charges	-	-	1,584,431	(1,584,431)
Total Expenditures	-	-	1,614,431	(1,614,431)
Excess (deficiency) of revenues over expenditures	-	-	160,040	160,040
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(250,000)	(250,000)
Total Other Financing Sources (Uses)	-	-	(250,000)	(250,000)
Net change in fund balance	-	-	(89,960)	(89,960)
Fund balance - beginning	322,513	322,513	322,513	-
Fund balance - ending	\$ 322,513	\$ 322,513	\$ 232,553	\$ (89,960)

CITY OF IMPERIAL
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Traffic Congestion Relief	Traffic Safety	Gas Tax	Local Transportation	Dial - A - Ride
ASSETS					
Cash and cash equivalents	\$ 10	\$ 10	\$ 217,873	\$ 636,554	\$ 15,095
Receivables:					
Accounts	-	-	46,872	-	-
Notes	-	-	-	-	-
Interest	-	-	32	93	2
Total assets	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 264,777</u>	<u>\$ 636,647</u>	<u>\$ 15,097</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted for:					
Public safety	-	-	-	-	-
Streets and roads	10	10	264,777	636,647	-
Community development	-	-	-	-	15,097
Low and mod income housing	-	-	-	-	-
Lighting and landscaping	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>10</u>	<u>10</u>	<u>264,777</u>	<u>636,647</u>	<u>15,097</u>
Total liabilities and fund balances (deficit)	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 264,777</u>	<u>\$ 636,647</u>	<u>\$ 15,097</u>

<u>LTA Measure D</u>	<u>Public Safety Prop 172</u>	<u>COPS Grant 2013</u>	<u>Asset Forfeiture</u>	<u>COPS Grant 2011</u>	<u>CDBG HOME Grant</u>	<u>Housing Rehab</u>	<u>ED CDBG</u>	<u>RLA</u>
\$ 1,574,563	\$ 29,821	\$ 92,990	\$ 30,873	\$ 7,615	\$ -	\$ 41,706	\$ 50	\$ 36,438
-	-	-	-	-	-	-	-	-
-	-	-	-	-	821,380	340,900	-	-
230	4	13	5	1	-	7	-	5
<u>\$ 1,574,793</u>	<u>\$ 29,825</u>	<u>\$ 93,003</u>	<u>\$ 30,878</u>	<u>\$ 7,616</u>	<u>\$ 821,380</u>	<u>\$ 382,613</u>	<u>\$ 50</u>	<u>\$ 36,443</u>
\$ 887,897	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	101,720	-	-	-
-	-	-	-	-	821,380	340,900	-	-
<u>887,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>923,100</u>	<u>340,900</u>	<u>-</u>	<u>-</u>
-	29,825	93,003	30,878	7,616	-	-	-	-
686,896	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	50	-
-	-	-	-	-	-	41,713	-	36,443
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(101,720)	-	-	-
<u>686,896</u>	<u>29,825</u>	<u>93,003</u>	<u>30,878</u>	<u>7,616</u>	<u>(101,720)</u>	<u>41,713</u>	<u>50</u>	<u>36,443</u>
<u>\$ 1,574,793</u>	<u>\$ 29,825</u>	<u>\$ 93,003</u>	<u>\$ 30,878</u>	<u>\$ 7,616</u>	<u>\$ 821,380</u>	<u>\$ 382,613</u>	<u>\$ 50</u>	<u>\$ 36,443</u>

Continued

CITY OF IMPERIAL

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015
 (Continued)

	<u>Wildflower Landscape Lighting</u>	<u>Paseo Del Sol Landscape Lighting</u>	<u>Joshua Tree Street Improvement</u>	<u>Library Donations</u>	<u>Aten Clark Traffic</u>	<u>COPS Grant 2006</u>
ASSETS						
Cash and cash equivalents	\$ 3,890	\$ 66,542	\$ 31,243	\$ 2,142	\$ 5,382	\$ -
Receivables:						
Accounts	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Interest	-	10	5	-	-	-
Total assets	<u>\$ 3,890</u>	<u>\$ 66,552</u>	<u>\$ 31,248</u>	<u>\$ 2,142</u>	<u>\$ 5,382</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	26,662
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,662</u>
FUND BALANCE						
Restricted for:						
Public safety	-	-	-	-	-	-
Streets and roads	-	-	31,248	-	5,382	-
Community development	-	-	-	-	-	-
Low and mod income housing	-	-	-	-	-	-
Lighting and landscaping	3,890	66,552	-	-	-	-
Parks and recreation	-	-	-	2,142	-	-
Unassigned	-	-	-	-	-	(26,662)
Total fund balances (deficit)	<u>3,890</u>	<u>66,552</u>	<u>31,248</u>	<u>2,142</u>	<u>5,382</u>	<u>(26,662)</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,890</u>	<u>\$ 66,552</u>	<u>\$ 31,248</u>	<u>\$ 2,142</u>	<u>\$ 5,382</u>	<u>\$ -</u>

COPS Grant 2012	Imperial County Grants	Sky Ranch District	Prop 1B	Library Literacy	Police Technology Grant	Austin Worthington	FEMA CALEMA	General Housing
\$ 12,400	\$ 13,469	\$ 766,697	\$ -	\$ 54,296	\$ -	\$ 95,750	\$ -	\$ 5,834
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>2</u>	<u>2</u>	<u>112</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 12,402</u>	<u>\$ 13,471</u>	<u>\$ 766,809</u>	<u>\$ -</u>	<u>\$ 54,305</u>	<u>\$ -</u>	<u>\$ 95,750</u>	<u>\$ -</u>	<u>\$ 5,834</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	164,419	-	112,075	-	562	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>164,419</u>	<u>-</u>	<u>112,075</u>	<u>-</u>	<u>562</u>	<u>-</u>
12,402	13,471	-	-	-	-	-	-	-
-	-	-	-	-	-	95,750	-	-
-	-	-	-	-	-	-	-	5,834
-	-	-	-	-	-	-	-	-
-	-	766,809	-	-	-	-	-	-
-	-	-	-	54,305	-	-	-	-
-	-	-	(164,419)	-	(112,075)	-	(562)	-
<u>12,402</u>	<u>13,471</u>	<u>766,809</u>	<u>(164,419)</u>	<u>54,305</u>	<u>(112,075)</u>	<u>95,750</u>	<u>(562)</u>	<u>5,834</u>
<u>\$ 12,402</u>	<u>\$ 13,471</u>	<u>\$ 766,809</u>	<u>\$ -</u>	<u>\$ 54,305</u>	<u>\$ -</u>	<u>\$ 95,750</u>	<u>\$ -</u>	<u>\$ 5,834</u>

Continued

CITY OF IMPERIAL

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2015

(Continued)

	Fire Impact Fees	Police Impact Fees	Admin Impact Fees	Library Impact Fees	Park Impact Fees
ASSETS					
Cash and cash equivalents	\$ -	\$ 524,448	\$ 460,489	\$ 373,401	\$ 1,401,161
Receivables:					
Accounts	-	-	-	-	-
Notes	-	-	-	-	-
Interest	-	76	67	54	204
Total assets	<u>\$ -</u>	<u>\$ 524,524</u>	<u>\$ 460,556</u>	<u>\$ 373,455</u>	<u>\$ 1,401,365</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,240
Due to other funds	31,890	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>31,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,240</u>
FUND BALANCE					
Restricted for:					
Public safety	-	524,524	-	-	-
Streets and roads	-	-	-	-	-
Community development	-	-	460,556	-	-
Low and mod income housing	-	-	-	-	-
Lighting and landscaping	-	-	-	-	-
Parks and recreation	-	-	-	373,455	1,400,125
Unassigned	<u>(31,890)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>(31,890)</u>	<u>524,524</u>	<u>460,556</u>	<u>373,455</u>	<u>1,400,125</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 524,524</u>	<u>\$ 460,556</u>	<u>\$ 373,455</u>	<u>\$ 1,401,365</u>

Circulation Impact Fees	STPL	CMAQ	EDA	Colonias	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 202,140	\$185,864	\$ -	\$ 6,888,746
-	-	-	656,378	-	703,250
-	-	-	-	-	1,162,280
-	-	-	-	-	933
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,140</u>	<u>\$ 842,242</u>	<u>\$ -</u>	<u>\$ 8,755,209</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 889,137
150,761	817,141	-	-	131,265	1,536,495
-	-	-	-	-	1,162,280
<u>150,761</u>	<u>817,141</u>	<u>-</u>	<u>-</u>	<u>131,265</u>	<u>3,587,912</u>
-	-	-	-	-	711,719
-	-	202,140	-	-	1,922,860
-	-	-	842,242	-	1,323,779
-	-	-	-	-	78,156
-	-	-	-	-	837,251
-	-	-	-	-	1,830,027
<u>(150,761)</u>	<u>(817,141)</u>	<u>-</u>	<u>-</u>	<u>(131,265)</u>	<u>(1,536,495)</u>
<u>(150,761)</u>	<u>(817,141)</u>	<u>202,140</u>	<u>842,242</u>	<u>(131,265)</u>	<u>5,167,297</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,140</u>	<u>\$ 842,242</u>	<u>\$ -</u>	<u>\$ 8,755,209</u>

CITY OF IMPERIAL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2015

	<u>Traffic Congestion Relief</u>	<u>Traffic Safety</u>	<u>Gas Tax</u>	<u>Local Transportation</u>	<u>Dial - A - Ride</u>
REVENUES					
Intergovernmental	\$ -	\$ 4,616	\$ 461,407	\$ 25,807	\$ 92,611
Use of money and property	-	-	243	357	17
Total Revenues	<u>-</u>	<u>4,616</u>	<u>461,650</u>	<u>26,164</u>	<u>92,628</u>
EXPENDITURES					
Current:					
Park and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Library	-	-	-	-	-
Public services	-	-	-	12,671	33,409
Capital outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,671</u>	<u>33,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>4,616</u>	<u>461,650</u>	<u>13,493</u>	<u>59,219</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(4,616)	(605,000)	(5,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,616)</u>	<u>(605,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balances	-	-	(143,350)	8,493	59,219
Fund balance - beginning	<u>10</u>	<u>10</u>	<u>408,127</u>	<u>628,154</u>	<u>(44,122)</u>
Fund balance - ending	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 264,777</u>	<u>\$ 636,647</u>	<u>\$ 15,097</u>

<u>LTA Measure D</u>	<u>Public Safety Prop 172</u>	<u>COPS Grant 2013</u>	<u>Asset Forfeiture</u>	<u>COPS Grant 2011</u>	<u>CDBG HOME Grant</u>	<u>Housing Rehab</u>	<u>ED CDBG</u>
\$ 2,591,191	\$ 170,342	\$ 98,598	\$ 287,188	\$ -	\$ 19,934	\$ 7,537	\$ -
<u>1,896</u>	<u>12</u>	<u>31</u>	<u>10</u>	<u>7</u>	<u>4,950</u>	<u>530</u>	<u>-</u>
<u>2,593,087</u>	<u>170,354</u>	<u>98,629</u>	<u>287,198</u>	<u>7</u>	<u>24,884</u>	<u>8,067</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	76,973	1,478	-	-	-
-	-	-	-	-	-	1,300	-
-	-	-	-	-	-	-	-
478,900	-	-	-	-	-	-	-
<u>5,075,892</u>	<u>-</u>	<u>49,170</u>	<u>23,137</u>	<u>7,192</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,554,792</u>	<u>-</u>	<u>49,170</u>	<u>100,110</u>	<u>8,670</u>	<u>-</u>	<u>1,300</u>	<u>-</u>
<u>(2,961,705)</u>	<u>170,354</u>	<u>49,459</u>	<u>187,088</u>	<u>(8,663)</u>	<u>24,884</u>	<u>6,767</u>	<u>-</u>
<u>(78,002)</u>	<u>(140,579)</u>	<u>(45,500)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(78,002)</u>	<u>(140,579)</u>	<u>(45,500)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,039,707)	29,775	3,959	167,088	(8,663)	24,884	6,767	-
<u>3,726,603</u>	<u>50</u>	<u>89,044</u>	<u>(136,210)</u>	<u>16,279</u>	<u>(126,604)</u>	<u>34,946</u>	<u>50</u>
<u>\$ 686,896</u>	<u>\$ 29,825</u>	<u>\$ 93,003</u>	<u>\$ 30,878</u>	<u>\$ 7,616</u>	<u>\$ (101,720)</u>	<u>\$ 41,713</u>	<u>\$ 50</u>

Continued

CITY OF IMPERIAL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2015

(Continued)

	<u>RLA</u>	<u>Wildflower Landscape Lighting</u>	<u>Paseo Del Sol Landscape Lighting</u>	<u>Joshua Tree Street Improvement</u>	<u>Library Donations</u>
REVENUES					
Intergovernmental	\$ 16,732	\$ 24,163	\$ 57,293	\$ -	\$ 975
Use of money and property	6,391	1	20	18	-
Total Revenues	<u>23,123</u>	<u>24,164</u>	<u>57,313</u>	<u>18</u>	<u>975</u>
EXPENDITURES					
Current:					
Park and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	5,000	-	-	-	-
Library	-	-	-	-	383
Public services	-	24,199	3,569	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>5,000</u>	<u>24,199</u>	<u>3,569</u>	<u>-</u>	<u>383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,123</u>	<u>(35)</u>	<u>53,744</u>	<u>18</u>	<u>592</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,123	(35)	51,244	18	592
Fund balance - beginning	<u>23,320</u>	<u>3,925</u>	<u>15,308</u>	<u>31,230</u>	<u>1,550</u>
Fund balance - ending	<u>\$ 36,443</u>	<u>\$ 3,890</u>	<u>\$ 66,552</u>	<u>\$ 31,248</u>	<u>\$ 2,142</u>

<u>Aten Clark Traffic</u>	<u>COPS Grant 2006</u>	<u>COPS Grant 2012</u>	<u>Imperial County Grants</u>	<u>Sky Ranch District</u>	<u>Prop 1B</u>
\$ 5,382	\$ -	\$ -	\$ -	\$ 243,645	\$ -
-	-	10	7	1,445	-
<u>5,382</u>	<u>-</u>	<u>10</u>	<u>7</u>	<u>245,090</u>	<u>-</u>
-	-	-	-	320,058	-
-	-	7,337	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	138,304	-
<u>-</u>	<u>-</u>	<u>7,337</u>	<u>-</u>	<u>458,362</u>	<u>-</u>
<u>5,382</u>	<u>-</u>	<u>(7,327)</u>	<u>7</u>	<u>(213,272)</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
5,382	-	(7,327)	7	(213,272)	-
<u>-</u>	<u>(26,662)</u>	<u>19,729</u>	<u>13,464</u>	<u>980,081</u>	<u>(164,419)</u>
<u>\$ 5,382</u>	<u>\$ (26,662)</u>	<u>\$ 12,402</u>	<u>\$ 13,471</u>	<u>\$ 766,809</u>	<u>\$ (164,419)</u>

Continued

CITY OF IMPERIAL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2015

(Continued)

	<u>Library Literacy</u>	<u>Police Technology Grant</u>	<u>Austin Worthington</u>	<u>FEMA CALEMA</u>	<u>General Housing</u>
REVENUES					
Intergovernmental	\$ 16,000	\$ -	\$ -	\$ -	\$ 21,870
Use of money and property	33	-	-	-	-
Total Revenues	<u>16,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,870</u>
EXPENDITURES					
Current:					
Park and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	-	-	-	-	13,135
Library	12,538	-	-	-	-
Public services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>12,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,735</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,495	-	-	-	8,735
Fund balance - beginning	<u>50,810</u>	<u>(112,075)</u>	<u>95,750</u>	<u>(562)</u>	<u>(2,901)</u>
Fund balance - ending	<u>\$ 54,305</u>	<u>\$ (112,075)</u>	<u>\$ 95,750</u>	<u>\$ (562)</u>	<u>\$ 5,834</u>

<u>Fire Impact Fees</u>	<u>Police Impact Fees</u>	<u>Admin Impact Fees</u>	<u>Library Impact Fees</u>	<u>Park Impact Fees</u>	<u>Circulation Impact Fees</u>	<u>STPL</u>	<u>CMAQ</u>
\$ 416,305	\$ 18,163	\$ 19,043	\$ 19,764	\$ 543,619	\$ 46,353	\$ 1,729	\$ -
-	293	257	213	873	-	-	-
<u>416,305</u>	<u>18,456</u>	<u>19,300</u>	<u>19,977</u>	<u>544,492</u>	<u>46,353</u>	<u>1,729</u>	<u>-</u>
-	-	-	-	171,500	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	14,393	-	-	-	-
-	-	-	-	-	-	-	-
407,522	-	-	-	799,950	-	-	-
<u>407,522</u>	<u>-</u>	<u>-</u>	<u>14,393</u>	<u>971,450</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,783</u>	<u>18,456</u>	<u>19,300</u>	<u>5,584</u>	<u>(426,958)</u>	<u>46,353</u>	<u>1,729</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,783	18,456	19,300	5,584	(426,958)	46,353	1,729	-
<u>(40,673)</u>	<u>506,068</u>	<u>441,256</u>	<u>367,871</u>	<u>1,827,083</u>	<u>(197,114)</u>	<u>(818,870)</u>	<u>202,140</u>
<u>\$ (31,890)</u>	<u>\$ 524,524</u>	<u>\$ 460,556</u>	<u>\$ 373,455</u>	<u>\$ 1,400,125</u>	<u>\$ (150,761)</u>	<u>\$ (817,141)</u>	<u>\$ 202,140</u>

Continued

CITY OF IMPERIAL

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2015

(Continued)

	<u>EDA</u>	<u>Colonias</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 5,210,267
Use of money and property	-	-	17,614
Total Revenues	<u>-</u>	<u>-</u>	<u>5,227,881</u>
EXPENDITURES			
Current:			
Park and recreation	-	-	491,558
Public safety	-	-	85,788
Community development	-	-	19,435
Library	-	-	27,314
Public services	-	-	552,748
Capital outlay	-	-	6,501,167
Total Expenditures	<u>-</u>	<u>-</u>	<u>7,678,010</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(2,450,129)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>-</u>	<u>(906,197)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(906,197)</u>
Net change in fund balances	-	-	(3,356,326)
Fund balance - beginning	<u>842,242</u>	<u>(131,265)</u>	<u>8,523,623</u>
Fund balance - ending	<u>\$ 842,242</u>	<u>\$ (131,265)</u>	<u>\$ 5,167,297</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Traffic Congestion Relief Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	(10,000)	-	10,000
Fund balances - beginning	<u>10</u>	<u>10</u>	<u>-</u>
Fund balances - ending	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ -</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Traffic Safety Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ 4,616	\$ 4,616
Total Revenue	<u>-</u>	<u>4,616</u>	<u>4,616</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(10,000)</u>	<u>(4,616)</u>	<u>5,384</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(4,616)</u>	<u>5,384</u>
Net change in fund balance	-	-	-
Fund balances - beginning	<u>10</u>	<u>10</u>	<u>-</u>
Fund balances - ending	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ -</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Gas Tax Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ 461,407	\$ 461,407
Use of money and property	-	243	243
	<u>-</u>	<u>461,650</u>	<u>461,650</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	<u>(306,000)</u>	<u>(605,000)</u>	<u>(299,000)</u>
	<u>(306,000)</u>	<u>(605,000)</u>	<u>(299,000)</u>
Net change in fund balance	(306,000)	(143,350)	162,650
Fund balances - beginning	<u>408,127</u>	<u>408,127</u>	<u>-</u>
Fund balances - ending	<u>\$ 102,127</u>	<u>\$ 264,777</u>	<u>\$ 162,650</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Local Transportation Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 25,807	\$ 25,807
Use of money and property	-	357	357
Total revenues	<u>-</u>	<u>26,164</u>	<u>26,164</u>
EXPENDITURES			
Current:			
Public services	<u>-</u>	<u>(12,671)</u>	<u>(12,671)</u>
Total expenditures	<u>-</u>	<u>(12,671)</u>	<u>(12,671)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>13,493</u>	<u>13,493</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	(5,000)	8,493	13,493
Fund balances - beginning	<u>628,154</u>	<u>628,154</u>	<u>-</u>
Fund balances - ending	<u>\$ 623,154</u>	<u>\$ 636,647</u>	<u>\$ 13,493</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Dial-A-Ride Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 92,611	\$ 92,611
Use of money and property	-	17	17
Total revenues	-	92,628	-
EXPENDITURES			
Current:			
Public services	-	(33,409)	(33,409)
Total expenditures	-	(33,409)	(33,409)
Net change in fund balance	-	59,219	59,219
Fund balances - beginning	(44,122)	(44,122)	-
Fund balances - ending	<u>\$ (44,122)</u>	<u>\$ 15,097</u>	<u>\$ 59,219</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

LTA Measure D Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 2,591,191	\$ 2,591,191
Use of money and property	-	1,896	1,896
Total revenues	<u>-</u>	<u>2,593,087</u>	<u>2,593,087</u>
EXPENDITURES			
Current:			
Public services	-	(478,900)	(478,900)
Capital outlay	<u>(405,000)</u>	<u>(5,075,892)</u>	<u>(4,670,892)</u>
Total expenditures	<u>(405,000)</u>	<u>(5,554,792)</u>	<u>5,149,792</u>
Excess (deficiency) of revenues over expenditures	<u>(405,000)</u>	<u>(2,961,705)</u>	<u>7,742,879</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(78,002)</u>	<u>(78,002)</u>	-
Total other financing sources (uses)	<u>(78,002)</u>	<u>(78,002)</u>	-
Net change in fund balance	(405,000)	(3,039,707)	(2,634,707)
Fund balances - beginning	<u>3,726,603</u>	<u>3,726,603</u>	-
Fund balances - ending	<u>\$ 3,321,603</u>	<u>\$ 686,896</u>	<u>\$ (2,634,707)</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Public Safety Prop. 172 Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 170,342	\$ 170,342
Use of money and property	-	12	12
Total revenues	<u>-</u>	<u>170,354</u>	<u>170,354</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>170,354</u>	<u>170,354</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(140,579)</u>	<u>(140,579)</u>	<u>-</u>
Total other financing sources (uses)	<u>(140,579)</u>	<u>(140,579)</u>	<u>-</u>
Net change in fund balance	(140,579)	29,775	170,354
Fund balances - beginning	<u>50</u>	<u>50</u>	<u>-</u>
Fund balances - ending	<u>\$ (140,529)</u>	<u>\$ 29,825</u>	<u>\$ 170,354</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
COPS Grant 2013 Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 98,598	\$ 98,598
Use of money and property	-	31	31
Total revenues	-	98,629	98,629
EXPENDITURES			
Current:			
Capital	-	(49,170)	(49,170)
Total expenditures	-	(49,170)	(49,170)
Excess (deficiency) of revenues over expenditures	-	49,459	49,459
OTHER FINANCING SOURCES (USES)			
Transfers Out	(45,500)	(45,500)	-
Total other financing sources (uses)	(45,500)	(45,500)	-
Net change in fund balance	(45,500)	3,959	49,459
Fund balances - beginning	89,044	89,044	-
Fund balances - ending	<u>\$ 43,544</u>	<u>\$ 93,003</u>	<u>\$ 49,459</u>

CITY OF IMPERIALSchedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Police Asset Forfeiture Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 287,188	\$ 287,188
Use of money and property	-	10	10
Total revenues	<u>-</u>	<u>287,198</u>	<u>287,198</u>
EXPENDITURES			
Current:			
Public safety	-	(76,973)	76,973
Capital outlay	<u>-</u>	<u>(23,137)</u>	<u>23,137</u>
Total expenditures	<u>-</u>	<u>(100,110)</u>	<u>100,110</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>187,088</u>	<u>387,308</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(218,055)</u>	<u>(20,000)</u>	<u>198,055</u>
Total other financing sources (uses)	<u>(218,055)</u>	<u>(20,000)</u>	<u>198,055</u>
Net change in fund balance	(218,055)	167,088	385,143
Fund balances - beginning	<u>(136,210)</u>	<u>(136,210)</u>	<u>-</u>
Fund balances - ending	<u>\$ (354,265)</u>	<u>\$ 30,878</u>	<u>\$ 385,143</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

COPS Grant 2011 Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Use of money and property	\$ -	\$ 7	\$ -
Total revenues	<u>-</u>	<u>7</u>	<u>-</u>
EXPENDITURES			
Current:			
Public safety	-	(1,478)	(1,478)
Capital	-	(7,192)	(7,192)
Total expenditures	<u>-</u>	<u>(8,670)</u>	<u>(8,670)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(8,663)</u>	<u>(8,670)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(86,100)</u>	<u>-</u>	<u>86,100</u>
Total other financing sources (uses)	<u>(86,100)</u>	<u>-</u>	<u>86,100</u>
Net change in fund balance	(86,100)	(8,663)	77,437
Fund balances - beginning	<u>16,279</u>	<u>16,279</u>	<u>-</u>
Fund balances - ending	<u>\$ (69,821)</u>	<u>\$ 7,616</u>	<u>\$ 77,437</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

CDBG Home Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 19,934	\$ 19,934
Use of money and property	-	4,950	4,950
	<u>-</u>	<u>24,884</u>	<u>24,884</u>
EXPENDITURES			
Current:			
Community Development	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	24,884	24,884
Fund balances - beginning	<u>(126,604)</u>	<u>(126,604)</u>	<u>-</u>
Fund balances - ending	<u>\$ (126,604)</u>	<u>\$ (101,720)</u>	<u>\$ 24,884</u>

CITY OF IMPERIALSchedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Housing Rehab Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 7,537	\$ 7,537
Use of money and property	-	530	530
	-	8,067	8,067
EXPENDITURES			
Current:			
Community development	-	(1,300)	1,300
	-	(1,300)	1,300
Net change in fund balance			
	-	6,767	6,767
Fund balances - beginning	34,946	34,946	-
Fund balances - ending	<u>\$ 34,946</u>	<u>\$ 41,713</u>	<u>\$ 6,767</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Economic Development Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	-	-
 Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
 EXPENDITURES			
Current:			
Capital	-	-	-
 Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
 OTHER FINANCING SOURCES (USES)			
Transfers Out	-	-	-
 Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance	-	-	-
 Fund balances - beginning	<u>50</u>	<u>50</u>	<u>-</u>
 Fund balances - ending	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ -</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

RLA Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 16,732	\$ 16,732
Use of money and property	-	6,391	6,391
Total revenues	<u>-</u>	<u>23,123</u>	<u>23,123</u>
EXPENDITURES			
Current:			
Community development	-	(5,000)	5,000
Total expenditures	<u>-</u>	<u>(5,000)</u>	<u>5,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>18,123</u>	<u>28,123</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(5,000)	(5,000)	-
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	(5,000)	13,123	18,123
Fund balances - beginning	<u>23,320</u>	<u>23,320</u>	<u>-</u>
Fund balances - ending	<u>\$ 18,320</u>	<u>\$ 36,443</u>	<u>\$ 18,123</u>

CITY OF IMPERIALSchedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Wildflower Landscape Lighting Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 24,163	\$ 24,163
Use of money and property	-	1	1
Total revenues	-	24,164	24,164
EXPENDITURES			
Current:			
Public services	-	(24,199)	24,199
Total expenditures	-	(24,199)	24,199
Excess (deficiency) of revenues over expenditures	-	(35)	48,363
OTHER FINANCING SOURCES (USES)			
Transfers out	(7,500)	-	-
Total other financing sources (uses)	(7,500)	-	-
Net change in fund balance	(7,500)	(35)	7,465
Fund balances - beginning	3,925	3,925	-
Fund balances - ending	<u>\$ (3,575)</u>	<u>\$ 3,890</u>	<u>\$ 7,465</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Paseo Del Sol Landscape Lighting Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 57,293	\$ 57,293
Use of money and property	-	20	20
Total revenues	<u>-</u>	<u>57,313</u>	<u>57,313</u>
EXPENDITURES			
Current:			
Public services	-	(3,569)	(3,569)
Total expenditures	<u>-</u>	<u>(3,569)</u>	<u>(3,569)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>53,744</u>	<u>53,744</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(7,500)</u>	<u>(2,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,500)</u>	<u>(2,500)</u>	<u>-</u>
Net change in fund balance	(7,500)	51,244	58,744
Fund balances - beginning	<u>15,308</u>	<u>15,308</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 7,808</u></u>	<u><u>\$ 66,552</u></u>	<u><u>\$ 58,744</u></u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Joshua Tree Street Improvement Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Use of money and property	\$ -	\$ 18	\$ 18
Total revenue	<u>-</u>	<u>18</u>	<u>18</u>
EXPENDITURES			
Capital outlay	<u>(31,000)</u>	<u>-</u>	<u>31,000</u>
Total expenditures	<u>(31,000)</u>	<u>-</u>	<u>31,000</u>
Net change in fund balance	(31,000)	18	31,018
Fund balances - beginning	<u>31,230</u>	<u>31,230</u>	<u>-</u>
Fund balances - ending	<u>\$ 230</u>	<u>\$ 31,248</u>	<u>\$ 31,018</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Library Donations Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 975	\$ 975
Use of money and property	-	-	-
Total revenues	<u>-</u>	<u>975</u>	<u>975</u>
EXPENDITURES			
Current:			
Library	-	(383)	383
Total expenditures	<u>-</u>	<u>(383)</u>	<u>383</u>
Net change in fund balance	-	592	592
Fund balances - beginning	<u>1,550</u>	<u>1,550</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,550</u>	<u>\$ 2,142</u>	<u>\$ 592</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Aten Clark Traffic Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 5,382	\$ 5,382
Use of money and property	-	-	-
Total revenues	-	5,382	5,382
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	-	5,382	5,382
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 5,382</u>	<u>\$ 5,382</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

COPS 2006 Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Total revenues	-	-	-
EXPENDITURES			
Current:			
Public safety	-	-	-
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balances - beginning	(26,662)	(26,662)	-
Fund balances - ending	<u>\$ (26,662)</u>	<u>\$ (26,662)</u>	<u>\$ -</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

COPS 2012 Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Use of money and property	\$ -	\$ 10	\$ 10
Total revenues	<u>-</u>	<u>10</u>	<u>10</u>
EXPENDITURES			
Current:			
Public safety	<u>-</u>	<u>(7,337)</u>	<u>7,337</u>
Total expenditures	<u>-</u>	<u>(7,337)</u>	<u>(7,337)</u>
Net change in fund balance	-	(7,327)	(7,327)
Fund balances - beginning	<u>19,729</u>	<u>19,729</u>	<u>-</u>
Fund balances - ending	<u>\$ 19,729</u>	<u>\$ 12,402</u>	<u>\$ (7,327)</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Imperial County Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Use of money and property	\$ -	\$ 7	\$ 7
Total revenues	<u>-</u>	<u>7</u>	<u>7</u>
EXPENDITURES			
Current:			
Public safety	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>7</u>	<u>7</u>
Net change in fund balance	-	7	7
Fund balances - beginning	<u>13,464</u>	<u>13,464</u>	<u>-</u>
Fund balances - ending	<u>\$ 13,464</u>	<u>\$ 13,471</u>	<u>\$ 7</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Sky Ranch District Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 243,645	\$ 243,645
Use of money and property	-	1,445	1,445
Total revenues	<u>-</u>	<u>245,090</u>	<u>245,090</u>
EXPENDITURES			
Current:			
Park and recreation	-	(363,807)	(363,807)
Capital outlay	<u>(644,000)</u>	<u>(94,555)</u>	<u>549,445</u>
Total expenditures	<u>(644,000)</u>	<u>(458,362)</u>	<u>185,638</u>
Net change in fund balance	(644,000)	(213,272)	430,728
Fund balances - beginning	<u>980,081</u>	<u>980,081</u>	<u>-</u>
Fund balances - ending	<u>\$ 336,081</u>	<u>\$ 766,809</u>	<u>\$ 430,728</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Prop 1B Bond Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Public services	-	-	-
Capital	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balances - beginning	<u>(164,419)</u>	<u>(164,419)</u>	<u>-</u>
Fund balances - ending	<u>\$ (164,419)</u>	<u>\$ (164,419)</u>	<u>\$ -</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Library Literacy Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 16,000	\$ 16,000
Use of money and property	-	33	33
	<u>-</u>	<u>16,033</u>	<u>16,033</u>
EXPENDITURES			
Current:			
Library	-	(12,538)	(12,538)
	<u>-</u>	<u>(12,538)</u>	<u>(12,538)</u>
Net change in fund balance	-	3,495	3,495
Fund balances - beginning	<u>50,810</u>	<u>50,810</u>	<u>-</u>
Fund balances - ending	<u>\$ 50,810</u>	<u>\$ 54,305</u>	<u>\$ 3,495</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Police Technology Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Public safety	-	-	-
Capital	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	-
Fund balances - beginning	<u>(112,075)</u>	<u>(112,075)</u>	<u>-</u>
Fund balances - ending	<u><u>\$ (112,075)</u></u>	<u><u>\$ (112,075)</u></u>	<u><u>\$ -</u></u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Austin/Worthington Impact Fee Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Personnel services	-	-	-
Supplies and services	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances - beginning	95,750	95,750	-
	<hr/>	<hr/>	<hr/>
Fund balances - ending	<u>\$ 95,750</u>	<u>\$ 95,750</u>	<u>\$ 95,750</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

FEMA/CALEMA Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Supplies and services	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balances - beginning	<u>(562)</u>	<u>(562)</u>	<u>-</u>
Fund balances - ending	<u>\$ (562)</u>	<u>\$ (562)</u>	<u>\$ -</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

General Housing Account Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ 21,870	\$ 21,870
Total revenue	<u>-</u>	<u>21,870</u>	<u>-</u>
EXPENDITURES			
Current:			
Community Development	-	(13,135)	13,135
Total expenditures	<u>-</u>	<u>(13,135)</u>	<u>13,135</u>
Net change in fund balance	-	8,735	8,735
Fund balance - beginning	<u>(2,901)</u>	<u>(2,901)</u>	<u>-</u>
Fund balances - ending	<u>\$ (2,901)</u>	<u>\$ 5,834</u>	<u>\$ 8,735</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Fire Impact Fees Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 416,305	\$ 416,305
Total revenues	<u>-</u>	<u>416,305</u>	<u>416,305</u>
EXPENDITURES			
Current:			
Capital	<u>-</u>	<u>(407,522)</u>	<u>(407,522)</u>
Total expenditures	<u>-</u>	<u>(407,522)</u>	<u>(407,522)</u>
Net change in fund balance	-	8,783	8,783
Fund balances - beginning	<u>(40,673)</u>	<u>(40,673)</u>	<u>-</u>
Fund balances - ending	<u>\$ (40,673)</u>	<u>\$ (31,890)</u>	<u>\$ 8,783</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Police Impact Fees Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 18,163	\$ 18,163
Use of money and property	-	293	293
	<hr/>	<hr/>	<hr/>
Total revenues	-	18,456	18,456
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Public safety	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	18,456	18,456
Fund balances - beginning	506,068	506,068	-
	<hr/>	<hr/>	<hr/>
Fund balances - ending	<u>\$ 506,068</u>	<u>\$ 524,524</u>	<u>\$ 18,456</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Admin Impact Fees Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 19,043	\$ 19,043
Use of money and property	-	257	257
Total revenues	-	19,300	19,300
EXPENDITURES			
Current:			
General government	(100,000)	-	100,000
Total expenditures	(100,000)	-	100,000
Net change in fund balance	(100,000)	19,300	119,300
Fund balances - beginning	441,256	441,256	-
Fund balances - ending	<u>\$ 341,256</u>	<u>\$ 460,556</u>	<u>\$ 119,300</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Library Impact Fees Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 19,764	\$ 19,764
Use of money and property	-	213	213
 Total revenues	 -	 19,977	 19,977
 EXPENDITURES			
Current:			
Library	-	(14,393)	(14,393)
 Total expenditures	 -	 (14,393)	 (14,393)
 Net change in fund balance	 -	 5,584	 5,584
 Fund balances - beginning	 367,871	 367,871	 -
 Fund balances - ending	 <u>\$ 367,871</u>	 <u>\$ 373,455</u>	 <u>\$ 5,584</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Park Impact Fees Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 543,619	\$ 543,619
Use of money and property	-	873	873
Total revenues	<u>-</u>	<u>544,492</u>	<u>544,492</u>
EXPENDITURES			
Current:			
Park and recreation	-	(171,500)	(171,500)
Capital Outlay	-	(799,950)	(799,950)
Total expenditures	<u>-</u>	<u>(971,450)</u>	<u>(971,450)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(150,000)</u>	-	150,000
Total Other Financing Sources (Uses)	(150,000)	-	(150,000)
Net change in fund balance	(150,000)	(426,958)	(276,958)
Fund balances - beginning	<u>1,827,083</u>	<u>1,827,083</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,677,083</u>	<u>\$ 1,400,125</u>	<u>\$ (276,958)</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Circulation Impact Fees Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ 46,353	\$ 46,353
Total revenue	<u>-</u>	<u>46,353</u>	<u>46,353</u>
EXPENDITURES			
Current:			
Public services	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	46,353	46,353
Fund balances - beginning	<u>(197,114)</u>	<u>(197,114)</u>	<u>-</u>
Fund balances - ending	<u>\$ (197,114)</u>	<u>\$ (150,761)</u>	<u>\$ 46,353</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

STPL Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ 1,729	\$ 1,729
Total revenue	<u>-</u>	<u>1,729</u>	<u>1,729</u>
EXPENDITURES			
Public Services	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	1,729	1,729
Fund balances - beginning	<u>(818,870)</u>	<u>(818,870)</u>	<u>-</u>
Fund balances - ending	<u>\$ (818,870)</u>	<u>\$ (817,141)</u>	<u>\$ 1,729</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

CMAQ Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Public Services	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balances - beginning	<u>202,140</u>	<u>202,140</u>	<u>-</u>
Fund balances - ending	<u>\$ 202,140</u>	<u>\$ 202,140</u>	<u>\$ 202,140</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

EDA Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Public Services	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balances - beginning	<u>842,242</u>	<u>842,242</u>	<u>-</u>
Fund balances - ending	<u>\$ 842,242</u>	<u>\$ 842,242</u>	<u>\$ 842,242</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Colonias Special Revenue Fund

For the Fiscal Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Capital	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balances - beginning	<u>(131,265)</u>	<u>(131,265)</u>	<u>-</u>
Fund balances - ending	<u>\$ (131,265)</u>	<u>\$ (131,265)</u>	<u>\$ -</u>



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*

INDEPENDENT AUDITORS' REPORT

Members of the City Council of the
City of Imperial
Imperial, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Imperial as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Imperial's basic financial statements, and have issued our report thereon dated May 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Imperial's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Imperial's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Imperial'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 entity'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 over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Imperial's financial statements are free of 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 determination of financial statement amounts. 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 or other matters that are required to be reported under *Government Auditing Standards*.

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 of Imperial'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 of Imperial's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We noted certain matters that we reported to the management of City of Imperial, in a separate letter dated May 5, 2016.

The City of Imperial's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit City of Imperial's response and, accordingly, we express no opinion on it.

Hutchinson and Bloodgood LLP

May 5, 2016

CITY OF IMPERIAL

Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2015

SECTION I – FINANCIAL STATEMENTS FINDINGS

2015-1 Finding – Activities not recognized in their proper period

During our review of the financial statements it was noted that there were several material adjustments related to activities not recognized in prior years. Note 16 address these adjustments.

Effect:

Prior years' reported financial information is not correct.

Recommendation:

Recognize activities in their respective year in accordance with accrual accounting procedures.

City's Response:

The City will ensure that all adjustments or entries to be performed will be conducted during the closing of the fiscal year.

CITY OF IMPERIAL

Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2015

SECTION II – STATUS OF PRIOR YEAR FINDINGS AND RESPONSES

2014-1 Finding – Activities not recognized in their proper period

During our review of the financial statements it was noted that there were several material adjustments related to activities not recognized in prior years. Note 16 address these adjustments.

Effect:

Fiscal year 2012-2013’s financial information was not correct, which required a prior period adjustment on the financial statements.

Recommendation:

Recognize activities in their respective year in accordance with accrual accounting procedures.

City’s Response:

The City continues to work on this issue.