

**NEW BUSINESS**

**ITEM D-5  
FY 2013/2014 Municipal Audit**

DATE SUBMITTED 01/30//2015  
 SUBMITTED BY Finance Dir  
 DATE ACTION REQUIRED 02/04/2015

**Agenda Item No D-5**  
 CITY COUNCIL ACTION ( X )  
 PUBLIC HEARING REQUIRED ( )  
 RESOLUTION ( )  
 ORDINANCE 1<sup>ST</sup> READING ( )  
 ORDINANCE 2<sup>ND</sup> READING ( )

**IMPERIAL CITY COUNCIL  
 AGENDA ITEM**

<b>SUBJECT: DISCUSSION/ACTION: FISCAL YEAR 2013/2014 MUNICIPAL FINANCIAL AUDIT.</b>							
<p align="center">1. ACCEPTANCE OF FY 2013/2014 MUNICIPAL FINANCIAL AUDIT FOR FILING.</p>							
<b>BACKGROUND/SUMMARY:</b>  <p>The City of Imperial’s Municipal Financial Audit for Fiscal Year 13/14 was recently completed by Hutchinson and Bloodgood, LLP. The audit has been forwarded for City Council review and acceptance for filing. Once accepted, this report will be submitted to the State as required by law. Staff will provide further details at the meeting.</p>							
<b>FISCAL IMPACT:</b> None							
<b>STAFF RECOMMENDATION:</b> Recommends acceptance of the audit as submitted and direct staff to file and submit to State of California as required.							
<b>MANAGER’S RECOMMENDATION:</b>	<b>MANAGER’S INITIALS</b> <u>MDB</u>						
<b>MOTION:</b>   							
<b>SECONDED:</b> <b>AYES:</b> <b>NAYES:</b> <b>ABSENT:</b>	<table style="width: 100%; border: none;"> <tr> <td>APPROVED ( )</td> <td>REJECTED ( )</td> </tr> <tr> <td>DISAPPROVED ( )</td> <td>DEFERRED ( )</td> </tr> <tr> <td colspan="2">REFERRER TO:</td> </tr> </table>	APPROVED ( )	REJECTED ( )	DISAPPROVED ( )	DEFERRED ( )	REFERRER TO:	
APPROVED ( )	REJECTED ( )						
DISAPPROVED ( )	DEFERRED ( )						
REFERRER TO:							

# City of Imperial

Financial Report of the  
Transportation Development Act Fund (TDA)  
June 30, 2014

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## **INDEPENDENT AUDITORS' REPORT**

To the City of Imperial Council Members  
Imperial, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Local Transportation Funds, Transit and Non-Transit, of the City of Imperial, a single fund of the City of Imperial as of and for the year ended June 30, 2014, and the related notes to the 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 financial position of the Local Transportation Funds for Article 3, Article 8(a), Article 8(c), and Article 8(e) of the City of Imperial as of June 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

As discussed in Note 2, the financial statements present only the Local Transportation Funds for Article 3, Article 8(a), Article 8(c), and Article 8(e), and are not intended to present fairly the financial position of the City of Imperial, and the results of its operations in conformity with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2014 on our consideration of the City of Imperial Management's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, the Transportation Development Act (TDA) Statutes and California Codes of Regulation (CCR) and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Hutchinson and Bloodgood LLP

December 23, 2014

**CITY OF IMPERIAL  
TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**

Balance Sheet

June 30, 2014

	<u>Pedestrians and Bicycles Fund Article 3</u>	<u>Local Streets and Roads Fund Article 8(a)</u>	<u>Bus, Benches, and Shelters Article 8(e)</u>	<u>Transit Services Funds Article 8(c)</u>	<u>Totals</u>
<b>ASSETS</b>					
Assets					
Cash and cash equivalents	\$ 175,812	\$ 444,722	\$ 7,551	\$ (9,536)	\$ 618,549
Due from ICTC	--	--	--	92,611	92,611
Interest receivable	<u>21</u>	<u>47</u>	<u>1</u>	<u>--</u>	<u>69</u>
Total assets	<u>\$ 175,833</u>	<u>\$ 444,769</u>	<u>\$ 7,552</u>	<u>\$ 83,075</u>	<u>\$ 711,229</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities					
Accounts payable	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 34,586</u>	<u>\$ 34,586</u>
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>34,586</u>	<u>34,586</u>
Fund balance					
Fund balance	<u>175,833</u>	<u>444,769</u>	<u>7,552</u>	<u>48,489</u>	<u>676,643</u>
Total fund balance	<u>175,833</u>	<u>444,769</u>	<u>7,552</u>	<u>48,489</u>	<u>676,643</u>
Total liabilities and fund balance	<u>\$ 175,833</u>	<u>\$ 444,769</u>	<u>\$ 7,552</u>	<u>\$ 83,075</u>	<u>\$ 711,229</u>

**CITY OF IMPERIAL**  
**TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2014

	<u>Bicycles and Pedestrians Fund</u> <u>Article 3</u>	<u>Local Streets and Roads Fund</u> <u>Article 8(a)</u>	<u>Benches and Shelters Fund</u> <u>Article 8(e)</u>	<u>Transit Services Fund</u> <u>Article 8(c)</u>	<u>Totals</u>
<b>REVENUES</b>					
Revenues					
Intergovernmental - TDA/LTF	\$ 16,865	\$ --	\$ 4,702	\$ 92,611	\$ 114,178
Intergovernmental - ICLTA	--	--	--	30,000	30,000
Fares and other fees	--	--	--	12,040	12,040
Interest	<u>80</u>	<u>265</u>	<u>3</u>	<u>5</u>	<u>353</u>
Total revenues	<u>16,945</u>	<u>265</u>	<u>4,705</u>	<u>134,656</u>	<u>156,571</u>
<b>EXPENDITURES</b>					
Expenditures					
Contract services	3,290	3,490	3,289	113,609	123,678
Departmental supplies	--	--	2,193	--	2,193
Administration	<u>1,150</u>	<u>3,800</u>	<u>50</u>	<u>--</u>	<u>5,000</u>
Total expenditures	<u>4,440</u>	<u>7,290</u>	<u>5,532</u>	<u>113,609</u>	<u>130,871</u>
Increase (decrease) in fund balance	12,505	(7,025)	(827)	21,047	25,700
Fund balance, July 1	<u>163,328</u>	<u>451,794</u>	<u>8,379</u>	<u>27,442</u>	<u>650,943</u>
Fund balance, June 30	<u>\$ 175,833</u>	<u>\$ 444,769</u>	<u>\$ 7,552</u>	<u>\$ 48,489</u>	<u>\$ 676,643</u>



**CITY OF IMPERIAL**  
**TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual - Article 3  
For the Fiscal Year Ended June 30, 2014

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	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Revenues			
Intergovernmental - TDA/LTF	\$ 15,580	\$ 16,865	\$ 1,285
Interest	<u>70</u>	<u>80</u>	<u>10</u>
Total revenues	<u>15,650</u>	<u>16,945</u>	<u>1,295</u>
<b>EXPENDITURES</b>			
Expenditures			
Contract services	3,400	3,290	110
Administration	<u>1,150</u>	<u>1,150</u>	<u>--</u>
Total expenditures	<u>4,550</u>	<u>4,440</u>	<u>110</u>
Increase (decrease) in fund balance	11,100	12,505	1,405
Fund balance, July 1	<u>163,328</u>	<u>163,328</u>	<u>--</u>
Fund balance, June 30	<u>\$ 174,428</u>	<u>\$ 175,833</u>	<u>\$ 1,405</u>

**CITY OF IMPERIAL**  
**TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual - Article 8(a)  
For the Fiscal Year Ended June 30, 2014

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	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Revenues			
Interest	\$ <u>100</u>	\$ <u>265</u>	\$ <u>165</u>
Total revenues	<u>100</u>	<u>265</u>	<u>165</u>
<b>EXPENDITURES</b>			
Expenditures			
Contract services	3,400	3,490	(90)
Administration	<u>3,800</u>	<u>3,800</u>	<u>--</u>
Total expenditures	<u>7,200</u>	<u>7,290</u>	<u>(90)</u>
Increase (decrease) in fund balance	(7,100)	(7,025)	75
Fund balance, July 1	<u>451,794</u>	<u>451,794</u>	<u>--</u>
Fund balance, June 30	<u>\$ 444,694</u>	<u>\$ 444,769</u>	<u>\$ 75</u>

**CITY OF IMPERIAL**  
**TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual - Article 8(e)  
For the Fiscal Year Ended June 30, 2014

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	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Revenues			
Intergovernmental - TDA/LTF	\$ 4,574	\$ 4,702	\$ 128
Interest	<u>3</u>	<u>3</u>	<u>--</u>
Total revenues	<u>4,577</u>	<u>4,705</u>	<u>128</u>
<b>EXPENDITURES</b>			
Expenditures			
Contract services	3,400	3,289	111
Departmental supplies	2,000	2,193	(193)
Administration	<u>50</u>	<u>50</u>	<u>--</u>
Total expenditures	<u>5,450</u>	<u>5,532</u>	<u>(82)</u>
Increase (decrease) in fund balance	(873)	(827)	46
Fund balance, July 1	<u>8,379</u>	<u>8,379</u>	<u>--</u>
Fund balance, June 30	<u>\$ 7,506</u>	<u>\$ 7,552</u>	<u>\$ 46</u>

**CITY OF IMPERIAL**  
**TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual - Article 8(c)  
For the Fiscal Year Ended June 30, 2014

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Revenues			
Intergovernmental - TDA/LTF	\$ 92,611	\$ 92,611	\$ --
Intergovernmental - ICLTA	30,000	30,000	--
Fares and other fees	12,000	12,040	40
Interest	<u>5</u>	<u>5</u>	<u>--</u>
Total revenues	<u>134,616</u>	<u>134,656</u>	<u>40</u>
<b>EXPENDITURES</b>			
Expenditures			
Purchased transportation services	<u>115,000</u>	<u>113,609</u>	<u>1,391</u>
Total expenditures	<u>115,000</u>	<u>113,609</u>	<u>1,391</u>
Increase (decrease) in fund balance	19,616	21,047	1,431
Fund balance, July 1	<u>27,442</u>	<u>27,442</u>	<u>--</u>
Fund balance, June 30	<u>\$ 47,058</u>	<u>\$ 48,489</u>	<u>\$ 1,431</u>

**CITY OF IMPERIAL**  
**TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**  
 Notes to the Financial Statements  
 June 30, 2014

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Entities***

The Local Transportation Fund, Transit and Non-Transit, are special revenue funds of the City of Imperial and are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

***Basis of Accounting***

The funds are accounted for in special revenue funds using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and expenditures are recognized as soon as they are both measurable and available.

**Note 2. ANNUAL FINANCIAL STATEMENTS**

The financial statements are intended to present the financial position, results of operations and compliance with the Transportation Development Act for the Local Transportation Fund, Transit and Non-Transit, funds only of the City of Imperial.

**Note 3. CASH AND INVESTMENTS**

Cash is pooled with other cash of the City of Imperial to maximize investment opportunity and yields. Investment income resulting from this pooling is allocated to the respective funds based upon monthly average cash balances. Information regarding categorization of investments and risk can be found in the City's financial statements. The financial statements for the City of Imperial may be obtained by contacting the City's Finance Department.

Investments are stated at fair value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

**Note 4. INTERGOVERNMENTAL ALLOCATIONS**

The City of Imperial was allocated the following funds during this fiscal year:

Article 3	\$ 16,865
Article 8(a)	--
Article 8(e)	4,702
Article 8(c)	92,611
ICLTA (Transit Services)	<u>30,000</u>
Total	<u>\$ 144,178</u>

**CITY OF IMPERIAL**  
**TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**  
Notes to the Financial Statements  
June 30, 2014

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**Note 5. TRANSIT SERVICES PROVIDED**

The City of Imperial contracted with a local transit provider to provide a demand response transportation service to handicapped individuals and senior citizens who are age sixty (60) and older within the city limits of Imperial, California.

**Note 6. FAREBOX RECOVERY RATIO**

Operating Costs	\$ 113,609
Depreciation (minus)	<u>(5,246)</u>
Adjusted Operating Costs	<u>\$ 108,363</u>
Total Fares	<u>\$ 12,040</u>
Actual Farebox Recovery Ratio	11.11%
Required Farebox Recovery Ratio	10.00%

The farebox recovery ratio is calculated by dividing total fares by the operating costs excluding depreciation. For this year the farebox recovery ratio was above the required ratio of 10%. A reduction of costs of transportation services along with a slight increase in ridership during this fiscal year have had an impact on this ratio.

**Note 7. SUBSEQUENT EVENTS**

Management has evaluated its financial statements for subsequent events through December 23, 2014, the date of issuance of the financial statements. The City is not aware of any subsequent events that would require recognition or disclosure in the financial statements.



**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**

To the City of Imperial Council Members  
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 Local Transportation Funds, Transit and Non-Transit, of the City of Imperial, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Local Transportation Funds of the City of Imperial's financial statements, and have issued our report thereon dated December 23, 2014.

**Internal Control Over Financial Reporting**

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

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 charge 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 Local Transportation Funds of 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, the Transportation Development Act (TDA) Statutes and the California Code of Regulation Section 6661, 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.

Hutchinson and Bloodgood LLP

December 23, 2014



**CITY OF IMPERIAL**  
**TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**  
Schedule of Findings and Recommendations  
For the Fiscal Year Ended June 30, 2014

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**CURRENT YEAR FINANCIAL STATEMENTS FINDINGS**

There are no current year findings

**CITY OF IMPERIAL**  
**TRANSPORTATION DEVELOPMENT ACT FUND (TDA)**  
Schedule of Findings and Recommendations  
For the Fiscal Year Ended June 30, 2014

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**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES**

**2013-1 FINDING - LOW FAREBOX RECOVERY RATIO**

The City of Imperial contracted with a local transit provider to provide a demand response transportation service. Part of the agreement requires for the service provider to maintain a minimum farebox recovery ratio percentage set at ten percent as required by the California Transportation Development Act (TDA). This ratio is calculated by dividing the total passenger fares by the transit service operating costs, minus depreciation. For this fiscal year, the farebox recovery ratio was above eight percent (8.47%).

**EFFECT:**

The local transit service provider is not in compliance with the farebox performance standards established in the service contract with the City of Imperial.

**CAUSE:**

Increasing operating costs along with low ridership contributed to the low farebox return.

**RECOMMENDATION:**

It is recommended to the City of Imperial to address this with the transit service provider to explore ideas and implement strategies aimed at increasing awareness of the availability of this service. Promote the service at various community events. Prepare a marketing campaign in collaboration with members of the community it serves and among frequent service users. Determine if the need justifies the costs involved in providing this service.

**CITY'S RESPONSE:**

Management is still working with the transit service provider to address the use of the service and come up with a different strategy to promote the service and increase usage. Please note that fares did increase this year, however not at a pace with related operating costs.

**CURRENT STATUS:**

This has been resolved.

# City of Imperial

Annual Financial Report

For the Fiscal Year ended June 30, 2014

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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, 2014, 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, 2014, 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 42 and 43, and the Redevelopment Agency Successor Housing Special Revenue Fund on page 44, 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 January 30, 2015 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* and important for assessing the results of our audit.

Hutchinson and Bloodgood LLP

January 30, 2015

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**FINANCIAL  
SECTION**

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**CITY OF IMPERIAL**  
Statement of Net Position  
June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,540,733	\$ 10,167,382	\$28,708,115
Restricted assets:			
Cash and investments with fiscal agents	5,994,708	6,492,497	12,487,205
Receivables:			
Accounts	1,074,033	813,446	1,887,479
Notes	1,880,804	-	1,880,804
Interest	2,179	1,119	3,298
Land held for resale	311,012	-	311,012
Inventory	-	85,923	85,923
Deferred charges, net of accumulated amortization	1,100,745	678,722	1,779,467
Capital assets not being depreciated	2,551,850	79,683	2,631,533
Capital assets, net of accumulated depreciation	<u>16,657,874</u>	<u>19,822,119</u>	<u>36,479,993</u>
Total Assets	<u>48,113,938</u>	<u>38,140,891</u>	<u>86,254,829</u>
<b>LIABILITIES</b>			
Accounts payable	317,176	-	317,176
Deposits payable	3,944,851	198,439	4,143,290
Noncurrent liabilities:			
Due within one year	562,858	1,290,000	1,852,858
Due in more than one year	<u>22,551,903</u>	<u>21,049,268</u>	<u>43,601,171</u>
Total Liabilities	<u>27,376,788</u>	<u>22,537,707</u>	<u>49,914,495</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	3,523,226	4,757,134	8,280,360
Restricted for:			
Debt service	3,462,942	-	3,462,942
Public safety	644,634	-	644,634
Streets and roads	5,092,024	-	5,092,024
Public services	1,283,498	-	1,283,498
Community development	21,606	-	21,606
Special districts	999,314	-	999,314
Library	420,231	-	420,231
Parks	1,827,083	-	1,827,083
Capital projects	2,599,811	-	2,599,811
Housing	1,498,964	-	1,498,964
Unrestricted	<u>(636,183)</u>	<u>10,846,050</u>	<u>10,209,867</u>
Total Net Position	<u>\$ 20,737,150</u>	<u>\$ 15,603,184</u>	<u>\$36,340,334</u>

**CITY OF IMPERIAL**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ (2,333,419)	\$ 1,487,210	\$ -	\$ 52,796
Public safety	(3,593,801)	283,270	200,773	605,161
Public services	(2,285,098)	22,274	651,156	1,960,534
Community development	(986,379)	721,128	2,969,598	-
Parks and recreation	(692,500)	128,881	242,568	314,497
Library	(187,480)	11,366	300	65,039
Interest on long-term debt	(1,046,635)	-	-	-
Unallocated depreciation	(1,472,713)	-	-	-
Total governmental activities	<u>(12,598,025)</u>	<u>2,654,129</u>	<u>4,064,395</u>	<u>2,998,027</u>
Business-type activities:				
Water	(4,572,360)	4,842,914	-	-
Wastewater	(3,049,312)	3,695,866	-	-
Total business-type activities	<u>(7,621,672)</u>	<u>8,538,780</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ (20,219,697)</u>	<u>\$ 11,192,909</u>	<u>\$ 4,064,395</u>	<u>\$ 2,998,027</u>

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



**Net (Expense) Revenue and Changes in Net Position**

<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
\$ (793,413)	\$ -	\$ (793,413)
(2,504,597)	-	(2,504,597)
348,866	-	348,866
2,704,347	-	2,704,347
(6,554)	-	(6,554)
(110,775)	-	(110,775)
(1,046,635)	-	(1,046,635)
(1,472,713)	-	(1,472,713)
<u>(2,881,474)</u>	<u>-</u>	<u>(2,881,474)</u>
-	270,554	270,554
<u>-</u>	<u>646,554</u>	<u>646,554</u>
-	917,108	917,108
(2,881,474)	917,108	(1,964,366)
1,352,716	-	1,352,716
30,566	-	30,566
2,156,933	-	2,156,933
292,066	-	292,066
26,053	-	26,053
1,111,558	-	1,111,558
2,182	-	2,182
46,727	-	46,727
<u>5,018,801</u>	<u>-</u>	<u>5,018,801</u>
2,137,327	917,108	3,054,435
20,381,448	15,933,938	36,315,386
<u>(1,781,625)</u>	<u>(1,247,862)</u>	<u>(3,029,487)</u>
<u>18,599,823</u>	<u>14,686,076</u>	<u>33,285,899</u>
<u>\$ 20,737,150</u>	<u>\$ 15,603,184</u>	<u>\$ 36,340,334</u>

**CITY OF IMPERIAL**  
 Balance Sheet  
 Governmental Funds  
 June 30, 2014

	<u>General</u>	<u>RDA Successor Projects</u>	<u>RDA Successor Capital</u>	<u>RDA Successor Housing</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,591,667	\$ 322,478	\$ 1,486,605	\$ 60,961
Cash and investments with fiscal agents	-	-	479,517	3,916,925
Receivables				
Accounts	366,796	-	-	-
Notes	-	-	501,073	189,980
Interest	590	35	164	6
Due from other funds	1,766,891	-	-	-
Land held for resale	-	-	311,012	-
Total Assets	<u>\$ 5,725,944</u>	<u>\$ 322,513</u>	<u>\$2,778,371</u>	<u>\$4,167,872</u>
<b>LIABILITIES</b>				
Accounts payable	282,590	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	501,073	189,980
Deposits payable	3,944,851	-	-	-
Total Liabilities	<u>4,227,441</u>	<u>-</u>	<u>501,073</u>	<u>189,980</u>
<b>FUND BALANCES</b>				
Nonspendable	\$ -	\$ -	\$ 311,012	\$ -
Restricted	-	322,513	1,966,286	3,977,892
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,498,503	-	-	-
Total Fund Balances	<u>1,498,503</u>	<u>322,513</u>	<u>2,277,298</u>	<u>3,977,892</u>
Total Liabilities and Fund Balances	<u>\$ 5,725,944</u>	<u>\$ 322,513</u>	<u>\$2,778,371</u>	<u>\$4,167,872</u>

<b>RDA Successor Debt</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 3,462,162	\$ 9,616,860	\$ 18,540,733
1,598,266	-	5,994,708
-	707,237	1,074,033
-	1,189,751	1,880,804
381	1,003	2,179
-	-	1,766,891
-	-	311,012
<u>\$5,060,809</u>	<u>\$ 11,514,851</u>	<u>\$ 29,570,360</u>
-	34,586	317,176
-	1,766,891	1,766,891
-	1,189,751	1,880,804
-	-	3,944,851
-	<u>2,991,228</u>	<u>7,909,722</u>
\$ -	\$ -	\$ 311,012
5,060,809	5,803,631	17,131,131
-	4,455,008	4,455,008
-	23,368	23,368
-	(1,758,384)	(259,881)
<u>5,060,809</u>	<u>8,523,623</u>	<u>21,660,638</u>
<u>\$5,060,809</u>	<u>\$ 11,514,851</u>	<u>\$ 29,570,360</u>

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**CITY OF IMPERIAL**

Reconciliation of the Balance Sheet of Governmental

Funds to the Statement of Net Position

June 30, 2014

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

Total fund balances - governmental funds	\$ 21,660,638
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,209,724
Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.	1,880,804
Long-term debt and compensated absences have not been included in the governmental funds.	
Long-term debt	(22,715,000)
Original issue discount	(66,951)
Compensated absences	(332,810)
Deferred charges, net of accumulated amortization for debt issuance costs on long-term debt have not been reported in the governmental funds.	<u>1,100,745</u>
Net position of governmental activities	<u>\$ 20,737,150</u>

**CITY OF IMPERIAL**

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

## Governmental Funds

For the Fiscal Year Ended June 30, 2014

	General	RDA Successor Projects	RDA Successor Capital	RDA Successor Housing
<b>REVENUES</b>				
Taxes and assessments	\$ 3,827,768	\$ 1,914,990	\$ -	\$ -
License and permits	470,104	-	-	-
Intergovernmental	1,215,818	-	-	-
Charges for services	1,975,805	-	-	-
Use of money and property	2,182	41	1,052	1,768
Fines and forfeitures	134,524	-	-	-
Miscellaneous	46,727	-	-	18,071
Total revenues	<u>7,672,928</u>	<u>1,915,031</u>	<u>1,052</u>	<u>19,839</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,329,726	-	-	-
Park and recreation	599,463	-	-	-
Public safety	3,344,142	-	-	-
Community development	645,133	101	7,400	37,201
Library	174,869	-	-	-
Public services	1,347,498	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	540,000	-	-
Interest and fiscal charges	-	1,046,635	-	-
Total expenditures	<u>8,440,831</u>	<u>1,586,736</u>	<u>7,400</u>	<u>37,201</u>
Excess (deficiency) of revenues over expenditures	<u>(767,903)</u>	<u>328,295</u>	<u>(6,348)</u>	<u>(17,362)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	895,718	-	-	-
Transfers out	-	(50,000)	-	-
Total other financing sources (uses)	<u>895,718</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	127,815	278,295	(6,348)	(17,362)
Fund balances - beginning	1,364,112	44,218	2,283,646	3,995,254
Prior period adjustments	6,576	-	-	-
Fund balances - beginning, restated	<u>1,370,688</u>	<u>44,218</u>	<u>2,283,646</u>	<u>3,995,254</u>
Fund balances - ending	<u>\$ 1,498,503</u>	<u>\$ 322,513</u>	<u>\$ 2,277,298</u>	<u>\$ 3,977,892</u>

**CITY OF IMPERIAL**

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

## Governmental Funds

For the Fiscal Year Ended June 30, 2014

RDA Successor Debt	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,742,758
-	-	470,104
-	5,115,518	6,331,336
-	-	1,975,805
1,945	9,039	16,027
-	-	134,524
-	-	64,798
<u>1,945</u>	<u>5,124,557</u>	<u>14,735,352</u>
-	-	2,329,726
-	93,037	692,500
-	249,659	3,593,801
-	158,895	848,730
-	12,611	187,480
-	937,600	2,285,098
-	1,377,861	1,377,861
-	-	540,000
-	-	1,046,635
<u>-</u>	<u>2,829,663</u>	<u>12,901,831</u>
<u>1,945</u>	<u>2,294,894</u>	<u>1,833,521</u>
-	314,335	1,210,053
<u>-</u>	<u>(1,160,053)</u>	<u>(1,210,053)</u>
<u>-</u>	<u>(845,718)</u>	<u>-</u>
1,945	1,449,176	1,833,521
5,058,864	7,074,511	19,820,605
<u>-</u>	<u>(64)</u>	<u>6,512</u>
<u>5,058,864</u>	<u>7,074,447</u>	<u>19,827,117</u>
<u>\$ 5,060,809</u>	<u>\$ 8,523,623</u>	<u>\$ 21,660,638</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, 2014

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

Net Change in Fund Balances - total governmental funds		\$ 1,833,521
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.		(94,852)
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.		(137,649)
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	\$ 540,000	540,000
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.		(3,693)
Change in net position of governmental activities		<u>\$ 2,137,327</u>

\*Additionally, there is a difference of \$1,788,137 between the prior period adjustment shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds and the Statement of Activities. See Note #15 in the notes to the Basic Financial Statements prior period adjustments.

**CITY OF IMPERIAL**  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 5,197,064	\$ 4,970,318	\$10,167,382
Restricted cash and investments with fiscal agents	2,527,157	3,965,340	6,492,497
Account receivable, net	504,022	309,424	813,446
Interest receivable	572	547	1,119
Inventory	85,923	-	85,923
Total current assets	<u>8,314,738</u>	<u>9,245,629</u>	<u>17,560,367</u>
Noncurrent Assets:			
Deferred issuance costs, net	334,886	343,836	678,722
Capital Assets:			
Land	-	79,683	79,683
Depreciable infrastructure, net	5,590,128	4,955,602	10,545,730
Depreciable buildings and improvements, net	4,064,247	3,258,727	7,322,974
Depreciable equipment, net	1,454,732	498,683	1,953,415
Total noncurrent assets	<u>11,443,993</u>	<u>9,136,531</u>	<u>20,580,524</u>
Total assets	<u>19,758,731</u>	<u>18,382,160</u>	<u>38,140,891</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Deposits payable	87,150	111,289	198,439
Current portion of long-term obligations	735,000	555,000	1,290,000
Total current liabilities	<u>822,150</u>	<u>666,289</u>	<u>1,488,439</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Compensated absences	12,337	11,044	23,381
Certificate of participation payable	10,475,000	9,905,000	20,380,000
Bond Premium	508,286	137,601	645,887
Total noncurrent liabilities	<u>10,995,623</u>	<u>10,053,645</u>	<u>21,049,268</u>
Total liabilities	<u>11,817,773</u>	<u>10,719,934</u>	<u>22,537,707</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,252,864	2,504,270	4,757,134
Unrestricted	5,688,094	5,157,956	10,846,050
Total net position	<u>\$ 7,940,958</u>	<u>\$ 7,662,226</u>	<u>\$15,603,184</u>

**CITY OF IMPERIAL**

## Statement of Revenues, Expenses, and Changes in Net Position

## Proprietary Funds

For the Fiscal Year Ended June 30, 2014

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Totals</b>
<b>Operating revenues:</b>			
Sales and service	\$ 4,837,420	\$ 3,693,367	\$ 8,530,787
Other	3,000	7,250	10,250
Total operating revenues	<u>4,840,420</u>	<u>3,700,617</u>	<u>8,541,037</u>
<b>Operating expenses:</b>			
Salaries	766,141	499,943	1,266,084
Contractual services	1,004,584	452,525	1,457,109
Material and supplies	127,571	86,096	213,667
Repairs and maintenance	449,210	496,188	945,398
Water purchases	270,926	-	270,926
Utilities	83,877	177,086	260,963
Insurance	92,605	92,605	185,210
Depreciation	1,138,520	819,629	1,958,149
Total operating expense	<u>3,933,434</u>	<u>2,624,072</u>	<u>6,557,506</u>
Operating Income (loss)	<u>906,986</u>	<u>1,076,545</u>	<u>1,983,531</u>
<b>Nonoperating revenues (expenses):</b>			
Interest revenue	2,494	2,499	4,993
Interest expense	(630,591)	(440,825)	(1,071,416)
Transfer In/Out	(8,335)	8,335	-
Total nonoperating revenues (expenses)	<u>(636,432)</u>	<u>(429,991)</u>	<u>(1,066,423)</u>
Changes in net position	270,554	646,554	917,108
Net position - beginning	8,560,616	7,373,322	15,933,938
Prior Period Adjustment	<u>(890,212)</u>	<u>(357,650)</u>	<u>(1,247,862)</u>
Net position - beginning, restated	<u>7,670,404</u>	<u>7,015,672</u>	<u>14,686,076</u>
Net position - ending	<u>\$ 7,940,958</u>	<u>\$ 7,662,226</u>	<u>\$ 15,603,184</u>

**CITY OF IMPERIAL**

## Statement of Cash Flows

## Proprietary Funds

For the Fiscal Year Ended June 30, 2014

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers and users	\$ 4,727,298	\$ 3,875,189	\$ 8,602,487
Cash paid to suppliers for goods and services	(2,028,773)	(1,328,420)	(3,357,193)
Cash paid to employees for services	(766,141)	(499,943)	(1,266,084)
Net cash provided (used) by operating activities	<u>1,932,384</u>	<u>2,046,826</u>	<u>3,979,210</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on long-term debt	(715,000)	(540,000)	(1,255,000)
Interest paid on long-term debt	(630,591)	(440,825)	(1,071,416)
Net cash provided (used) by capital and related financing activities	<u>(1,345,591)</u>	<u>(980,825)</u>	<u>(2,326,416)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of capital assets	(1,456,492)	(190,652)	(1,647,144)
Interest received	2,494	2,499	4,993
Net cash provided (used) by investing activities	<u>(1,453,998)</u>	<u>(188,153)</u>	<u>(1,642,151)</u>
Net increase (decrease) in cash and cash equivalents	(867,205)	877,848	10,643
Cash and cash equivalents July 1	<u>8,591,426</u>	<u>8,057,810</u>	<u>16,649,236</u>
Cash and cash equivalents June 30	<u>\$ 7,724,221</u>	<u>\$ 8,935,658</u>	<u>\$16,659,879</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and investments	\$ 5,197,064	\$ 4,970,318	\$10,167,382
Restricted cash and investments with fiscal agents	<u>2,527,157</u>	<u>3,965,340</u>	<u>6,492,497</u>
	<u>\$ 7,724,221</u>	<u>\$ 8,935,658</u>	<u>\$16,659,879</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	<u>\$ 906,986</u>	<u>\$ 1,076,545</u>	<u>\$ 1,983,531</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	1,138,520	819,629	1,958,149
(Increase) decrease in accounts receivable	4,544	(13,708)	(9,164)
(Increase) decrease in due from other funds	(107,800)	118,421	10,621
(Decrease) increase in compensated absences	6,347	5,227	11,574
(Decrease) increase in deposits payable	<u>(16,213)</u>	<u>40,712</u>	<u>24,499</u>
Total Adjustments	<u>1,025,398</u>	<u>970,281</u>	<u>1,995,679</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,932,384</u>	<u>\$ 2,046,826</u>	<u>\$ 3,979,210</u>

**CITY OF IMPERIAL**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014

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<b>ASSETS</b>	<u>Agency Funds</u>
Cash and investments with fiscal agents	\$ 3,052,550
Total Assets	<u>3,052,550</u>
<b>LIABILITIES</b>	
Due to bondholders	<u>3,052,550</u>
Total Liabilities	<u>3,052,550</u>
<b>NET POSITION</b>	
Net Position	<u><u>\$ -</u></u>

draft

draft

**Notes to**  
**Basic Financial Statements**

draft

**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, Liabilities, 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, Liabilities, 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, 2014.

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

<b>Assets</b>	<b>Years</b>
Buildings	30
Improvements other than buildings	30
Infrastructure	20 to 40
Utility systems	40 to 75
Vehicles	5 to 15
Computer equipment	7
Other equipment and furnishings	7

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

**d. Assets, Liabilities, 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.

**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.

**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.

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

**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>\$ (22,715,000)</u>
Net adjustment to reduce fund balances of total governmental funds to arrive at net position of governmental activities	<u>\$ (22,715,000)</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.”

The details of this \$94,852 difference are as follows:

Capital outlay	\$ 1,377,861
Depreciation expense	<u>(1,472,713)</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>\$ (94,852)</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 \$540,000 difference are as follows:

Principal repayments:	
Certificate of participation	\$ 195,000
Tax allocation notes	<u>345,000</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>\$ 540,000</u>

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

**g. New Accounting Pronouncements**

The City has implemented the requirements of GASB Statement No. 54 and No. 59:

*Governmental Accounting Standards Board Statement No. 54*

The City has implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), "*Fund Balance Reporting and Governmental Fund Type Definitions*," The requirements of this statement are effective for financial statement periods beginning after June 15, 2010. GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and is clarifies the existing governmental fund type definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described in the Fund Balance section of this footnote.

*Governmental Accounting Standards Board Statement No. 59*

The City has implemented GASB Statement No. 59, "*Financial Instrument Omnibus*". This Statement establishes standards to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these financial statements.

**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.
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, 2014, 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, and STPL 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, 2014:

<u>Nonmajor Governmental Funds:</u>	<u>Amount</u>
Special Revenue Funds:	
Dial-A-Ride	\$ 44,122
Asset Forfeiture	136,210
CDBG Home Grant	126,604
COPS Grant 2006	26,662
Prop 1B	164,419
Police Technology Grant	112,075
FEMA/CALEMA	562
General Loan Account	2,901
Fire Impact	41,072
Circulation Impact	197,113
STPL	817,318
FEMA CALEMA	562
Fire Impact Fees	53,088
STPL	818,870
Colonias	131,265



**CITY OF IMPERIAL**

Notes to Basic Financial Statements

June 30, 2014

**Note 2 Stewardship, Compliance, and Accountability (Continued)**

**b. Deficit Fund Balances, Retained Earnings, and Net Position (Continued)**

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.

**c. Excess Expenditures over Appropriations**

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2014:

<u>Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Major Fund:			
General Fund	\$ 8,574,015	\$ 8,440,831	\$(133,184)
Nonmajor Funds:			
Local Transportation	5,000	12,262	7,262
Dial-A-Ride	-	101,569	101,569
LTA Measure D	-	1,533,587	1,533,587
Asset Forfeiture	-	268,916	268,916
Housing Rehab	-	108,849	108,849
RLA	-	35,000	35,000
Wildflower Landscape	-	23,502	23,502
Paseo Del Sol Landscape	-	3,603	3,603
Imperial County Grants	-	13,447	13,447
Sky Ranch District	-	84,204	84,204
Library Literacy	-	12,611	12,611
COPS 2010 Grant	-	1,381	1,381
General Housing	-	15,046	15,046
Fire Impact Fees	-	407,521	407,521
Park Impact Fees	-	8,833	8,833
Circulation Impact Fees	-	153,446	153,446
STPL	-	1,552	1,552

**Note 3 Cash and Investments**

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 28,708,115
Cash and investments with fiscal agents	12,487,205
Statement of fiduciary net position:	
Cash and investments with fiscal agents	<u>3,052,550</u>
Total cash and investments	<u>\$ 44,247,870</u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 450
Deposits with financial institutions	22,722,507
Investments	<u>21,524,913</u>
Total cash and investments	<u>\$ 44,247,870</u>

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

<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.

**CITY OF IMPERIAL**

Notes to Basic Financial Statements

June 30, 2014

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

**B. Investments Authorized by Debt Agreements (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

**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)	\$ 5,985,699	\$ 5,985,699	\$ -	\$ -	\$ -
Held by Bond Trustees:					
Money Market Funds	<u>15,539,214</u>	<u>15,539,214</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,524,913</u>	<u>\$ 21,524,913</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).

**CITY OF IMPERIAL**

Notes to Basic Financial Statements

June 30, 2014

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

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	\$ 5,985,699	N/A	\$ -	\$ -	\$ -	\$ -	\$ 5,985,699
Held by Bond Trustee:							
Money Market Funds	<u>15,539,214</u>		-	<u>15,539,214</u>	-	-	-
<b>Total</b>	<u>\$ 21,524,913</u>		<u>\$ -</u>	<u>\$ 15,539,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,985,699</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.

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.

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 \$1,880,804 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.

**CITY OF IMPERIAL**

Notes to Basic Financial Statements

June 30, 2014

**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, 2014.

	Receivable	Allowance	Net
Governmental Activities	<u>\$ 1,074,033</u>	<u>\$ -</u>	<u>\$ 1,074,033</u>
Business-type Activities	<u>\$ 813,446</u>	<u>\$ -</u>	<u>\$ 813,446</u>

**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, 2014.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:		Nonmajor Governmental Funds:	
General Fund	\$ 1,766,891	Dial-A-Ride	\$ 9,536
		Asset Forfeiture	136,210
		CDBG Home Grant	126,604
		COPS Grant 2006	26,662
		Prop 1B	164,419
		Police Technology Grant	112,075
		FEMA/CALEMA	562
		General Loan Account	2,901
		Fire Impact	40,673
		Circulation Impact	197,114
		STPL	818,870
		Colonias	131,265
Totals	<u>\$ 1,766,891</u>	Totals	<u>\$ 1,766,891</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 \$1,226,723 in the fund financial statements.

**CITY OF IMPERIAL**

Notes to Basic Financial Statements

June 30, 2014

**Note 6 Interfund Transactions (Continued)**

**B. Transfers Between Funds (Continued)**

Fund	Transfers in	Transfers out
Major Governmental Funds:		
General	\$ 895,718	\$ -
Nonmajor Governmental Funds:		
Traffic Congestion Relief	-	-
Traffic Safety	-	8,422
State Gas Tax	-	500,000
Local Transportation	-	5,000
LTA Measure D	-	64,241
RLA	-	5,000
Sewer Clark Rd	-	23,920
Wildflower Landscape Lighting	-	56,000
Traffic Signal - Aten / La Brucherie	145,160	-
Paseo Del Sol	-	56,000
Clark Rd 4 Lane	-	90,843
Aten / Clark Traffic	-	41,011
Aten & Hwy 86	-	14,437
Clark Rd Improvements	-	22,884
Sky Ranch District	-	65,000
General Housing	-	62,135
Circulation Impact Fees	169,175	145,160
Successor Agency	-	50,000
Enterprise Funds:		
Water	-	8,335
Wastewater	16,670	8,335
Totals	<u>\$ 1,226,723</u>	<u>\$ 1,226,723</u>

**Note 7 Capital Assets**

**a. Governmental Activities**

Capital asset governmental activity for the fiscal year ended June 30, 2014 was as follows:

	Balance at July 1, 2013	Additions	Disposals	Balance at June 30, 2014
<b>Capital Assets, not being depreciated:</b>				
Land	\$ 2,536,850	\$ 15,000	\$ -	\$ 2,551,850
Total Capital Assets, not being depreciated	<u>2,536,850</u>	<u>15,000</u>	<u>-</u>	<u>2,551,850</u>
<b>Capital Assets, being depreciated:</b>				
Equipment and machinery	4,733,855	833,912	-	5,567,767
Infrastructure	25,337,230	565,811	-	25,903,041
Total Capital Assets, being depreciated	<u>30,071,085</u>	<u>1,399,723</u>	<u>-</u>	<u>31,470,808</u>
Less accumulated depreciation for:				
Equipment and machinery	(3,381,524)	(468,161)	-	(3,849,685)
Infrastructure	(9,958,697)	(1,004,552)	-	(10,963,249)
Total accumulated depreciation	<u>(13,340,221)</u>	<u>(1,472,713)</u>	<u>-</u>	<u>(14,812,934)</u>
Total Capital Assets, being depreciated, Net	<u>16,730,864</u>	<u>(72,990)</u>	<u>-</u>	<u>16,657,874</u>
<b>Total Capital Assets, Net</b>	<u>\$ 19,267,714</u>	<u>\$ (57,990)</u>	<u>\$ -</u>	<u>\$ 19,209,724</u>

Depreciation expense is shown on the City's governmental activities as unallocated in the amount of \$1,472,713.

**CITY OF IMPERIAL**

Notes to Basic Financial Statements

June 30, 2014

**Note 7 Capital Assets (Continued)**

**b. Business-type activities**

Capital asset business-type activity for the fiscal year ended June 30, 2014 was as follows:

	Balance at July 1, 2013	Additions	Disposals	Balance at June 30, 2014
<b>Water Fund:</b>				
Capital Assets, being depreciated:				
Infrastructure	\$ 9,124,416	\$ 1,041,488	\$ -	\$ 10,165,904
Buildings and improvements	10,344,831	-	-	10,344,831
Equipment and machinery	1,973,637	423,339	-	2,396,976
Total Capital Assets, being depreciated	<u>21,442,884</u>	<u>1,464,827</u>	<u>-</u>	<u>22,907,711</u>
Less accumulated depreciation for:				
Infrastructure	(4,156,429)	(419,347)	-	(4,575,776)
Buildings and improvements	(5,927,045)	(353,539)	-	(6,280,584)
Equipment and machinery	(576,610)	(365,634)	-	(942,244)
Total accumulated depreciation	<u>(10,660,084)</u>	<u>(1,138,520)</u>	<u>-</u>	<u>(11,798,604)</u>
<b>Water Fund Capital Assets, net</b>	<u>\$ 10,782,800</u>	<u>\$ 326,307</u>	<u>\$ -</u>	<u>\$ 11,109,107</u>
<b>Wastewater Fund:</b>				
Capital Assets, 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	9,457,008	20,407	-	9,477,415
Buildings and improvements	8,063,593	-	-	8,063,593
Equipment and machinery	673,001	186,915	-	859,916
Total Capital Assets, being depreciated	<u>18,193,602</u>	<u>207,322</u>	<u>-</u>	<u>18,400,924</u>
Less accumulated depreciation for:				
Infrastructure	(4,144,767)	(377,046)	-	(4,521,813)
Buildings and improvements	(4,463,327)	(341,539)	-	(4,804,866)
Equipment and machinery	(260,189)	(101,044)	-	(361,233)
Total accumulated depreciation	<u>(8,868,283)</u>	<u>(819,629)</u>	<u>-</u>	<u>(9,687,912)</u>
<b>Wastewater Fund Capital Assets, net</b>	<u>\$ 9,405,002</u>	<u>\$ (612,307)</u>	<u>\$ -</u>	<u>\$ 8,792,695</u>
<b>Total Capital Assets, Net</b>	<u>\$ 20,187,802</u>	<u>\$ (286,000)</u>	<u>\$ -</u>	<u>\$ 19,901,802</u>

Depreciation expenses are \$1,138,520 for the Water Fund and \$819,629 for the Wastewater Fund.

**Note 8 Long-Term Liabilities**

- a. The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2014:

**CITY OF IMPERIAL**

Notes to Basic Financial Statements

June 30, 2014

**Note 8 Long-Term Liabilities (Continued)**

	Balance at June 30, 2013	Additions	Repayments	Balance at June 30, 2014	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 329,117	\$ 3,693	\$ -	\$ 332,810	\$ -
2005 RDA tax allocation notes	7,865,000	-	(195,000)	7,670,000	200,000
2008 RDA tax allocation notes	15,390,000	-	(345,000)	15,045,000	360,000
Original issue discount	69,809	-	(2,858)	66,951	2,858
Total	<u>\$ 23,653,926</u>	<u>\$ 3,693</u>	<u>\$ (542,858)</u>	<u>\$ 23,114,761</u>	<u>\$ 562,858</u>
<b>Business-type Activities:</b>					
<b>Water Fund:</b>					
Compensated absences	\$ 5,990	\$ 6,347	\$ -	\$ 12,337	\$ -
2005 Certificates of participation	1,860,000	-	(50,000)	1,810,000	50,000
2012 Certificates of participation	10,065,000	-	(665,000)	9,400,000	685,000
2012 Bond premium	549,499	-	(41,213)	508,286	-
<b>Wastewater Fund:</b>					
Compensated absences	5,817	5,227	-	11,044	-
2005 Certificates of participation	2,450,000	-	(65,000)	2,385,000	65,000
2012 Certificates of participation	8,550,000	-	(475,000)	8,075,000	490,000
2012 Bond premium	148,758	-	(11,157)	137,601	-
Total	<u>\$ 23,635,064</u>	<u>\$ 11,574</u>	<u>\$ (1,307,370)</u>	<u>\$ 22,339,268</u>	<u>\$ 1,290,000</u>

**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, 2014, the outstanding principal balance is \$7,670,000.

**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, 2014 was \$15,045,000.

**c. Long-Term Debt Amortization – Governmental Activities**

The annual requirements to amortize long-term debt outstanding at June 30, 2014 (other than compensated absences) are as follows:



**Note 8 Long-Term Liabilities (Continued)**

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

Fiscal Year Ended June 30,	2005 - Tax Allocation Notes		
	Principal	Interest	Total
2015	200,000	345,038	545,038
2016	210,000	336,838	546,838
2017-2021	1,180,000	1,545,435	2,725,435
2022-2026	1,460,000	1,261,220	2,721,220
2027-2031	1,810,000	894,852	2,704,852
2032-2036	2,285,000	413,234	2,698,234
2037	525,000	12,778	537,778
	<u>\$ 7,670,000</u>	<u>\$ 4,809,395</u>	<u>\$ 12,479,395</u>

Fiscal Year Ended June 30,	2008 - Tax Allocation Notes		
	Principal	Interest	Total
2015	360,000	698,515	1,058,515
2016	370,000	685,915	1,055,915
2017-2021	2,075,000	3,214,325	5,289,325
2022-2026	2,545,000	2,747,702	5,292,702
2027-2031	3,185,000	2,112,812	5,297,812
2032-2036	4,045,000	1,242,750	5,287,750
2037-2038	2,465,000	199,750	2,664,750
	<u>\$ 15,045,000</u>	<u>\$ 10,901,769</u>	<u>\$ 25,946,769</u>

Fiscal Year Ended June 30,	Total Governmental Long Term Debt		
	Principal	Interest	Total
2015	560,000	1,043,553	1,603,553
2016	580,000	1,022,753	1,602,753
2017-2021	3,255,000	4,759,760	8,014,760
2022-2026	4,005,000	4,008,922	8,013,922
2027-2031	4,995,000	3,007,664	8,002,664
2032-2036	6,330,000	1,655,984	7,985,984
2037-2038	2,990,000	212,528	3,202,528
	<u>\$ 22,715,000</u>	<u>\$ 15,711,164</u>	<u>\$ 38,426,164</u>

**d. 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, 2014, the balances remaining for Water and Wastewater Refunding are \$1,810,000, and \$2,385,000 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, 2014, the balances remaining for Water and Wastewater Refunding are \$9,400,000 and \$8,075,000 respectively.

**CITY OF IMPERIAL**

Notes to Basic Financial Statements

June 30, 2014

**Note 8 Long-Term Liabilities (Continued)**

**e. Business-type Long-Term Debt Amortization**

The annual requirements to amortize Business-type long-term debt outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	2005 Certificates of Participation (Water)		
	Principal	Interest	Total
2015	50,000	83,060	133,060
2016	55,000	81,060	136,060
2017-2021	295,000	371,073	666,073
2022-2026	365,000	300,638	665,638
2027-2031	465,000	205,676	670,676
2032-2036	580,000	85,500	665,500
	<u>\$ 1,810,000</u>	<u>\$ 1,127,007</u>	<u>\$ 2,937,007</u>

Fiscal Year Ending June 30,	2005 Certificates of Participation (Wastewater)		
	Principal	Interest	Total
2015	65,000	109,454	174,454
2016	70,000	106,853	176,853
2017-2021	390,000	489,628	879,628
2022-2026	485,000	395,710	880,710
2027-2031	605,000	271,937	876,937
2032-2036	770,000	113,288	883,288
	<u>\$ 2,385,000</u>	<u>\$ 1,486,870</u>	<u>\$ 3,871,870</u>

Fiscal Year Ending June 30,	2012 Certificates of Participation (Water)		
	Principal	Interest	Total
2015	685,000	421,162	1,106,162
2016	715,000	393,762	1,108,762
2017-2021	4,055,000	1,490,864	5,545,864
2022-2026	3,945,000	686,137	4,631,137
	<u>\$ 9,400,000</u>	<u>\$ 2,991,925</u>	<u>\$ 12,391,925</u>

Fiscal Year Ending June 30,	2012 Certificates of Participation (Wastewater)		
	Principal	Interest	Total
2015	490,000	323,000	813,000
2016	510,000	303,400	813,400
2017-2021	2,835,000	1,217,800	4,052,800
2022-2026	4,240,000	635,650	4,875,650
	<u>\$ 8,075,000</u>	<u>\$ 2,479,850</u>	<u>\$ 10,554,850</u>

Fiscal Year Ending June 30,	Total Business-type Funds Long Term Debt		
	Principal	Interest	Total
2015	1,290,000	936,676	2,226,676
2016	1,350,000	885,075	2,235,075
2017-2021	7,575,000	3,569,365	11,144,365
2022-2026	9,035,000	2,018,135	11,053,135
2027-2031	1,070,000	477,613	1,547,613
2032-2036	1,350,000	198,788	1,548,788
	<u>\$ 21,670,000</u>	<u>\$ 8,085,652</u>	<u>\$ 29,755,652</u>

**Note 9 Defined Benefit Pension Plan**

**Plan Description**

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

**Funding Policy**

Participants are required to contribute 7% (Miscellaneous) and 9% (Public Safety) of their annual covered salary. The City makes the contributions required of city employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 8.005% for miscellaneous employees and 30.311% for public safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

**Annual Pension Cost**

For 2014, the City’s annual pension cost of \$961,443 for PERS was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2014 was 10 years.

**THREE-YEAR TREND INFORMATION FOR PERS**

Fiscal Year <u>Ending</u>	Annual Pension Cost <u>(APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/12	797,966	100%	\$ -
6/30/13	805,490	100%	-
6/30/14	961,443	100%	-

**Note 10 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 11 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 12 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.

**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 13 Fund Balance Reporting**

The City has adopted GASB 54 as part of its 2012-2013 fiscal year reporting. Implementation of GASB 54 is required for fiscal years beginning after June 15, 2010. The intention of the GASB is to provide a more structural classification of fund balance and improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

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.

**Note 13 Fund Balance Reporting (Continued)**

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 \$17,131,131 that are classified as restricted.

Committed: The City has funds totaling \$4,455,008 that are classified as committed.

Assigned: The City has funds totaling \$23,368 that are classified as assigned.

Unassigned: The City has funds totaling \$(259,881) that are classified as unassigned.

**Note 14 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.

**Note 14 Contingent Liabilities (Continued)**

**SERAF Contributions (Continued)**

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.

**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 15 Prior Period Adjustments**

The accompanying financial statements reflect adjustments resulting from a restatement of beginning fund balance/net position as of June 30, 2014 as follows:

- Decrease in Water fund balance of \$890,212 to remove Deferred Cost and Accumulated Amortization that could not be substantiated – previously recorded in FY 2005 and FY 2007.
- Decrease in Wastewater fund balance of \$357,650 to remove Deferred Cost and Accumulated Amortization that could not be substantiated – previously recorded in FY 2005 and FY 2007.
- A difference of \$1,788,137 between the prior period adjustment shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds and the Statement of Activities which is related to the previous year's adjustments not previously recorded.

The combined effect of these prior period adjustments on the government-wide financial statements is a decrease in the governmental activities beginning net position from \$20,381,448 to \$18,599,823.

**Note 16. Subsequent Events**

Management has evaluated subsequent events through January 30, 2015, 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**

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**CITY OF IMPERIAL**

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

## General Fund

For the Fiscal Year Ended June 30, 2014

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,224,667	\$ 1,224,667	\$ 1,352,716	\$ 128,049
Sales	2,010,000	2,010,000	2,156,933	146,933
Franchise	250,000	250,000	292,066	42,066
Other	25,000	25,000	26,053	1,053
Licenses and permits	295,300	295,300	470,104	174,804
Fines and penalties	107,000	107,000	134,524	27,524
Intergovernmental	977,100	977,100	1,215,818	238,718
Charges for services	1,795,192	1,795,192	1,975,805	180,613
Interest	2,500	2,500	2,182	(318)
Other revenue	25,000	25,000	46,727	21,727
Total revenue	<u>6,711,759</u>	<u>6,711,759</u>	<u>7,672,928</u>	<u>961,169</u>
<b>EXPENDITURES</b>				
General government:				
Council	41,062	41,062	44,229	(3,167)
Clerk	112,693	112,693	108,173	4,520
Attorney	150,350	150,350	129,239	21,111
Manager	184,198	184,198	197,620	(13,422)
Financial services	439,082	439,082	401,927	37,155
Human resources	473,420	473,420	386,122	87,298
Non-departmental	857,300	857,300	1,062,416	(205,116)
Total general government	<u>2,258,105</u>	<u>2,258,105</u>	<u>2,329,726</u>	<u>(71,621)</u>
Public services				
Public services management	8,501	8,501	14,261	(5,760)
Buildings and grounds	133,544	133,544	135,679	(2,135)
Streets	298,043	298,043	290,865	7,178
Sanitation	923,000	923,000	906,693	16,307
Total public services	<u>1,363,088</u>	<u>1,363,088</u>	<u>1,347,498</u>	<u>15,590</u>
Public safety				
Police	2,258,815	2,258,815	2,376,935	(118,120)
Fire	860,500	860,500	955,083	(94,583)
Animal control	30,720	30,720	12,124	18,596
Total public safety	<u>3,150,035</u>	<u>3,150,035</u>	<u>3,344,142</u>	<u>(194,107)</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, 2014

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Culture and leisure				
Pool	\$ 45,795	\$ 45,795	\$ 39,668	\$ 6,127
Parks	533,767	533,767	559,795	(26,028)
Library	<u>211,312</u>	<u>211,312</u>	<u>174,869</u>	<u>36,443</u>
Total culture and leisure	<u>790,874</u>	<u>790,874</u>	<u>774,332</u>	<u>16,542</u>
Planning and development				
Planning	716,587	716,587	421,423	295,164
Building and safety	120,018	120,018	98,909	21,109
Engineering	<u>175,308</u>	<u>175,308</u>	<u>124,801</u>	<u>50,507</u>
Total planning and development	<u>1,011,913</u>	<u>1,011,913</u>	<u>645,133</u>	<u>366,780</u>
Total expenditures	<u>8,574,015</u>	<u>8,574,015</u>	<u>8,440,831</u>	<u>133,184</u>
Excess (deficiency) of revenues over expenditures	<u>(1,862,256)</u>	<u>(1,862,256)</u>	<u>(767,903)</u>	<u>1,094,353</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,914,466</u>	<u>1,914,466</u>	<u>895,718</u>	<u>(1,018,748)</u>
Total other financing sources (uses)	<u>1,914,466</u>	<u>1,914,466</u>	<u>895,718</u>	<u>(1,018,748)</u>
Net change in fund balance	52,210	52,210	127,815	(75,605)
Fund balance - beginning	1,364,112	1,364,112	1,364,112	-
Prior Period Adjustment	-	-	6,576	(6,576)
Fund balance - beginning, restated	<u>1,364,112</u>	<u>1,364,112</u>	<u>1,370,688</u>	<u>(6,576)</u>
Fund balance - ending	<u>\$ 1,416,322</u>	<u>\$ 1,416,322</u>	<u>\$ 1,498,503</u>	<u>\$ (82,181)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 1,768	\$ 1,768
Other	-	-	18,071	18,071
Total Revenues	-	-	19,839	19,839
<b>EXPENDITURES</b>				
Curent:				
Community development	-	-	37,202	(37,202)
Total Expenditures	-	-	37,202	(37,202)
Excess (deficiency) of revenues over expenditures	-	-	(17,363)	(17,363)
Net change in fund balance	-	-	(17,363)	(17,363)
Fund balance - beginning	3,995,254	3,995,254	3,995,254	-
Fund balance - ending	<u>\$ 3,995,254</u>	<u>\$ 3,995,254</u>	<u>\$ 3,977,891</u>	<u>\$ (17,363)</u>

**Other Supplementary Information**

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**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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 1,052	\$ 1,052
Total Revenues	-	-	1,052	1,052
<b>EXPENDITURES</b>				
Curent:				
Community development	-	-	7,400	(7,400)
Total Expenditures	-	-	7,400	(7,400)
Excess (deficiency) of revenues over expenditures	-	-	(6,348)	(6,348)
Net change in fund balance	-	-	(6,348)	(6,348)
Fund balance - beginning	2,283,646	2,283,646	2,283,646	-
Fund balance - ending	<u>\$ 2,283,646</u>	<u>\$ 2,283,646</u>	<u>\$ 2,277,298</u>	<u>\$ (6,348)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 1,945	\$ 1,945
Total Revenues	-	-	1,945	1,945
<b>EXPENDITURES</b>				
Curent:				
Community development	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	1,945	1,945
Net change in fund balance	-	-	1,945	1,945
Fund balance - beginning	5,058,864	5,058,864	5,058,864	-
Fund balance - ending	<u>\$ 5,058,864</u>	<u>\$ 5,058,864</u>	<u>\$ 5,060,809</u>	<u>\$ 1,945</u>

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**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, 2014

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 1,914,990	\$ 1,914,990
Use of money and property	-	-	41	41
Total Revenues	-	-	1,915,031	1,915,031
<b>EXPENDITURES</b>				
Curent:				
Community development	-	-	101	(101)
Debt Service:				
Interest and fiscal charges	-	-	1,586,635	(1,586,635)
Total Expenditures	-	-	1,586,736	(1,586,736)
Excess (deficiency) of revenues over expenditures	-	-	328,295	328,295
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(250,000)	(250,000)	(50,000)	200,000
Total Other Financing Sources (Uses)	(250,000)	(250,000)	(50,000)	200,000
Net change in fund balance	(250,000)	(250,000)	278,295	528,295
Fund balance - beginning	44,218	44,218	44,218	-
Fund balance - ending	<u>\$(205,782)</u>	<u>\$(205,782)</u>	<u>\$ 322,513</u>	<u>\$ 528,295</u>

**CITY OF IMPERIAL**

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2014

	<b>Traffic Congestion Relief</b>	<b>Traffic Safety</b>	<b>Gas Tax</b>	<b>Local Transportation</b>	<b>Dial - A - Ride</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10	\$ 10	\$ 357,229	\$ 628,085	\$ -
Receivables:					
Accounts	-	-	50,859	-	-
Notes	-	-	-	-	-
Interest	-	-	39	69	-
Total assets	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 408,127</u>	<u>\$ 628,154</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-	-	34,586
Due to other funds	-	-	-	-	9,536
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,122</u>
<b>FUND BALANCE</b>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -
Streets and roads	10	10	408,127	628,154	-
Community development	-	-	-	-	-
Low and mod income housing	-	-	-	-	-
Lighting and landscaping	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Unassigned	-	-	-	-	(44,122)
Total fund balances (deficit)	<u>10</u>	<u>10</u>	<u>408,127</u>	<u>628,154</u>	<u>(44,122)</u>
Total liabilities and fund balances (deficit)	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 408,127</u>	<u>\$ 628,154</u>	<u>\$ -</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>
\$ 3,726,193	\$ 50	\$ 89,034	\$ -	\$ 16,278	\$ -	\$ 34,942	\$ 50	\$ 23,318
-	-	-	-	-	-	-	-	-
-	-	-	-	-	841,314	348,437	-	-
410	-	10	-	1	-	4	-	2
<u>\$ 3,726,603</u>	<u>\$ 50</u>	<u>\$ 89,044</u>	<u>\$ -</u>	<u>\$ 16,279</u>	<u>\$ 841,314</u>	<u>\$ 383,383</u>	<u>\$ 50</u>	<u>\$ 23,320</u>
-	-	-	-	-	-	-	-	-
-	-	-	136,210	-	126,604	-	-	-
-	-	-	-	-	841,314	348,437	-	-
-	-	-	136,210	-	967,918	348,437	-	-
\$ -	\$ 50	\$ 89,044	\$ -	\$ 16,279	\$ -	\$ -	\$ -	\$ -
3,726,603	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	50	-
-	-	-	-	-	-	34,946	-	23,320
-	-	-	-	-	-	-	-	-
-	-	-	(136,210)	-	(126,604)	-	-	-
<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>23,320</u>
<u>\$ 3,726,603</u>	<u>\$ 50</u>	<u>\$ 89,044</u>	<u>\$ -</u>	<u>\$ 16,279</u>	<u>\$ 841,314</u>	<u>\$383,383</u>	<u>\$ 50</u>	<u>\$ 23,320</u>

Continued

**CITY OF IMPERIAL**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2014  
 (Continued)

	<u>Wildflower Landscape Lighting</u>	<u>Paseo Del Sol Landscape Lighting</u>	<u>Joshua Tree Street Improvement</u>	<u>Library Donations</u>	<u>COPS Grant 2006</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,925	\$ 15,306	\$ 31,227	\$ 1,550	\$ -
Receivables:					
Accounts	-	-	-	-	-
Notes	-	-	-	-	-
Interest	-	2	3	-	-
Total assets	<u>\$ 3,925</u>	<u>\$ 15,308</u>	<u>\$ 31,230</u>	<u>\$ 1,550</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-	-	-
Due to other funds	-	-	-	-	26,662
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,662</u>
<b>FUND BALANCE</b>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -
Streets and roads	-	-	31,230	-	-
Community development	-	-	-	-	-
Low and mod income housing	-	-	-	-	-
Lighting and landscaping	3,925	15,308	-	-	-
Parks and recreation	-	-	-	1,550	-
Unassigned	-	-	-	-	(26,662)
Total fund balances (deficit)	<u>3,925</u>	<u>15,308</u>	<u>31,230</u>	<u>1,550</u>	<u>(26,662)</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,925</u>	<u>\$ 15,308</u>	<u>\$ 31,230</u>	<u>\$ 1,550</u>	<u>\$ -</u>

<u>COPS Grant 2012</u>	<u>Imperial County Grants</u>	<u>Sky Ranch District</u>	<u>Prop 1B</u>	<u>Library Literacy</u>	<u>Police Technology Grant</u>	<u>Austin Worthington</u>	<u>FEMA CALEMA</u>	<u>General Housing</u>
\$19,727	\$ 13,462	\$ 979,973	\$ -	\$50,804	\$ -	\$ 95,750	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2	2	108	-	6	-	-	-	-
<u>\$ 19,729</u>	<u>\$ 13,464</u>	<u>\$ 980,081</u>	<u>\$ -</u>	<u>\$ 50,810</u>	<u>\$ -</u>	<u>\$ 95,750</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-	-	-	-
-	-	-	164,419	-	112,075	-	562	2,901
-	-	-	-	-	-	-	-	-
-	-	-	164,419	-	112,075	-	562	2,901
\$ 19,729	\$ 13,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	95,750	-	-
-	-	-	-	-	-	-	-	-
-	-	980,081	-	-	-	-	-	-
-	-	-	-	50,810	-	-	-	-
-	-	-	(164,419)	-	(112,075)	-	(562)	(2,901)
<u>19,729</u>	<u>13,464</u>	<u>980,081</u>	<u>(164,419)</u>	<u>50,810</u>	<u>(112,075)</u>	<u>95,750</u>	<u>(562)</u>	<u>(2,901)</u>
<u>\$ 19,729</u>	<u>\$ 13,464</u>	<u>\$ 980,081</u>	<u>\$ -</u>	<u>\$ 50,810</u>	<u>\$ -</u>	<u>\$ 95,750</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

**CITY OF IMPERIAL**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2014  
 (Continued)

	<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>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$506,013	\$441,208	\$367,830	\$1,826,882
Receivables:					
Accounts	-	-	-	-	-
Notes	-	-	-	-	-
Interest	-	55	48	41	201
Total assets	<u>\$ -</u>	<u>\$ 506,068</u>	<u>\$ 441,256</u>	<u>\$ 367,871</u>	<u>\$ 1,827,083</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-	-	-
Due to other funds	40,673	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>40,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>					
Restricted for:					
Public safety	\$ -	\$ 506,068	\$ -	\$ -	\$ -
Streets and roads	-	-	-	-	-
Community development	-	-	441,256	-	-
Low and mod income housing	-	-	-	-	-
Lighting and landscaping	-	-	-	-	-
Parks and recreation	-	-	-	367,871	1,827,083
Unassigned	<u>(40,673)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>(40,673)</u>	<u>506,068</u>	<u>441,256</u>	<u>367,871</u>	<u>1,827,083</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 506,068</u>	<u>\$ 441,256</u>	<u>\$ 367,871</u>	<u>\$ 1,827,083</u>

<b>Circulation Impact Fees</b>	<b>STPL</b>	<b>CMAQ</b>	<b>EDA</b>	<b>Colonias</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$202,140	\$185,864	\$ -	\$ 9,616,860
-	-	-	656,378	-	707,237
-	-	-	-	-	1,189,751
-	-	-	-	-	1,003
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,140</u>	<u>\$ 842,242</u>	<u>\$ -</u>	<u>\$ 11,514,851</u>
-	-	-	-	-	\$ 34,586
197,114	818,870	-	-	131,265	1,766,891
-	-	-	-	-	1,189,751
<u>197,114</u>	<u>818,870</u>	<u>-</u>	<u>-</u>	<u>131,265</u>	<u>2,991,228</u>
\$ -	\$ -	\$ -	\$ -	\$ -	644,634
-	-	202,140	-	-	5,092,024
-	-	-	842,242	-	1,283,548
-	-	-	-	-	58,266
-	-	-	-	-	999,314
-	-	-	-	-	2,247,314
<u>(197,114)</u>	<u>(818,870)</u>	<u>-</u>	<u>-</u>	<u>(131,265)</u>	<u>(1,801,477)</u>
<u>(197,114)</u>	<u>(818,870)</u>	<u>202,140</u>	<u>842,242</u>	<u>(131,265)</u>	<u>8,523,623</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,140</u>	<u>\$ 842,242</u>	<u>\$ -</u>	<u>\$ 11,514,851</u>

**CITY OF IMPERIAL**

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

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2014

	<u>Traffic Congestion Relief</u>	<u>Traffic Safety</u>	<u>Gas Tax</u>	<u>Local Transportation</u>	<u>Dial - A - Ride</u>
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 8,382	\$ 501,030	\$ 21,567	\$ 30,000
Use of money and property	-	-	210	348	5
Total Revenues	<u>-</u>	<u>8,382</u>	<u>501,240</u>	<u>21,915</u>	<u>30,005</u>
<b>EXPENDITURES</b>					
Current:					
Park and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Library	-	-	-	-	-
Public services	-	-	-	12,262	101,569
Capital outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,262</u>	<u>101,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>8,382</u>	<u>501,240</u>	<u>9,653</u>	<u>(71,564)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(8,422)	(500,000)	(5,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(8,422)</u>	<u>(500,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balances	-	(40)	1,240	4,653	(71,564)
Fund balance - beginning	10	50	406,887	623,501	27,442
Prior period adjustment	-	-	-	-	-
Fund balance - beginning, restated	<u>10</u>	<u>50</u>	<u>406,887</u>	<u>623,501</u>	<u>27,442</u>
Fund balance - ending	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 408,127</u>	<u>\$ 628,154</u>	<u>\$ (44,122)</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>
\$ 1,844,945	\$ -	\$ 89,034	\$ 200,773	\$ -	\$ -	\$ 110,316	\$ -
2,069	-	10	-	11	-	891	-
<u>1,847,014</u>	<u>-</u>	<u>89,044</u>	<u>200,773</u>	<u>11</u>	<u>-</u>	<u>111,207</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	200,593	31,829	-	-	-
-	-	-	-	-	-	108,849	-
-	-	-	-	-	-	-	-
641,479	-	-	-	-	-	-	-
892,108	-	-	68,323	-	-	-	-
<u>1,533,587</u>	<u>-</u>	<u>-</u>	<u>268,916</u>	<u>31,829</u>	<u>-</u>	<u>108,849</u>	<u>-</u>
<u>313,427</u>	<u>-</u>	<u>89,044</u>	<u>(68,143)</u>	<u>(31,818)</u>	<u>-</u>	<u>2,358</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>(64,241)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(64,241)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
249,186	-	89,044	(68,143)	(31,818)	-	2,358	-
3,477,417	50	-	(68,067)	48,097	(126,604)	32,588	50
-	-	-	-	-	-	-	-
<u>3,477,417</u>	<u>50</u>	<u>-</u>	<u>(68,067)</u>	<u>48,097</u>	<u>(126,604)</u>	<u>32,588</u>	<u>50</u>
<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>

Continued

**CITY OF IMPERIAL**

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

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2014

(Continued)

	<u>RLA</u>	<u>Sewer Clark Road</u>	<u>Wildflower Landscape Lighting</u>	<u>Traffic Signal</u>	<u>Paseo Del Sol Landscape Lighting</u>
<b>REVENUES</b>					
Intergovernmental	\$ 12,833	\$ -	\$ 38,462	\$ -	\$ 24,886
Use of money and property	3,076	8	8	-	16
Total Revenues	<u>15,909</u>	<u>8</u>	<u>38,470</u>	<u>-</u>	<u>24,902</u>
<b>EXPENDITURES</b>					
Current:					
Park and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	35,000	-	-	-	-
Library	-	-	-	-	-
Public services	-	-	23,502	-	3,603
Capital outlay	-	-	-	-	-
Total Expenditures	<u>35,000</u>	<u>-</u>	<u>23,502</u>	<u>-</u>	<u>3,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,091)</u>	<u>8</u>	<u>14,968</u>	<u>-</u>	<u>21,299</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	145,160	-
Transfers out	(5,000)	(23,920)	(56,000)	-	(56,000)
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(23,920)</u>	<u>(56,000)</u>	<u>145,160</u>	<u>(56,000)</u>
Net change in fund balances	(24,091)	(23,912)	(41,032)	145,160	(34,701)
Fund balance - beginning	47,411	23,912	44,957	(145,160)	50,009
Prior period adjustment	-	-	-	-	-
Fund balance - beginning, restated	<u>47,411</u>	<u>23,912</u>	<u>44,957</u>	<u>(145,160)</u>	<u>50,009</u>
Fund balance - ending	<u>\$ 23,320</u>	<u>\$ -</u>	<u>\$ 3,925</u>	<u>\$ -</u>	<u>\$ 15,308</u>



<u>Joshua Tree Street Improvement</u>	<u>Library Donations</u>	<u>Clark Road 4 Lane</u>	<u>Aten Clark Traffic</u>	<u>Aten Highway 86</u>	<u>COPS Grant 2006</u>	<u>COPS Grant 2012</u>	<u>Clark Road Improvement</u>
\$ -	\$ 300	\$ -	\$ 26,105	\$ -	\$ -	\$ -	\$ -
18	-	29	6	5	-	11	8
<u>18</u>	<u>300</u>	<u>29</u>	<u>26,111</u>	<u>5</u>	<u>-</u>	<u>11</u>	<u>8</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,409	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,909	-
-	-	-	-	-	-	<u>12,318</u>	-
<u>18</u>	<u>300</u>	<u>29</u>	<u>26,111</u>	<u>5</u>	<u>-</u>	<u>(12,307)</u>	<u>8</u>
-	-	-	-	-	-	-	-
-	-	(90,843)	(41,011)	(14,437)	-	-	(22,884)
-	-	<u>(90,843)</u>	<u>(41,011)</u>	<u>(14,437)</u>	<u>-</u>	<u>-</u>	<u>(22,884)</u>
18	300	(90,814)	(14,900)	(14,432)	-	(12,307)	(22,876)
31,212	1,250	90,814	14,900	14,432	(26,662)	32,036	22,876
-	-	-	-	-	-	-	-
<u>31,212</u>	<u>1,250</u>	<u>90,814</u>	<u>14,900</u>	<u>14,432</u>	<u>(26,662)</u>	<u>32,036</u>	<u>22,876</u>
<u>\$ 31,230</u>	<u>\$ 1,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,662)</u>	<u>\$ 19,729</u>	<u>\$ -</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, 2014

(Continued)

	<u>Imperial County Grants</u>	<u>Sky Ranch District</u>	<u>Prop 1B</u>	<u>Library Literacy</u>	<u>Police Technology Grant</u>
<b>REVENUES</b>					
Intergovernmental	\$ 12,696	\$ 242,067	\$ -	\$ 10,000	\$ -
Use of money and property	9	501	-	32	-
Total Revenues	<u>12,705</u>	<u>242,568</u>	<u>-</u>	<u>10,032</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
Park and recreation	-	84,204	-	-	-
Public safety	13,447	-	-	-	-
Community development	-	-	-	-	-
Library	-	-	-	12,611	-
Public services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>13,447</u>	<u>84,204</u>	<u>-</u>	<u>12,611</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(742)</u>	<u>158,364</u>	<u>-</u>	<u>(2,579)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(65,000)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(742)	93,364	-	(2,579)	-
Fund balance - beginning	14,206	886,717	(164,419)	53,389	(112,075)
Prior period adjustment	-	-	-	-	-
Fund balance - beginning, restated	<u>14,206</u>	<u>886,717</u>	<u>(164,419)</u>	<u>53,389</u>	<u>(112,075)</u>
Fund balance - ending	<u>\$ 13,464</u>	<u>\$ 980,081</u>	<u>\$ (164,419)</u>	<u>\$ 50,810</u>	<u>\$ (112,075)</u>

<b>COPS Grant 2010</b>	<b>Austin Worthington</b>	<b>FEMA CALEMA</b>	<b>General Housing</b>	<b>Fire Impact Fees</b>	<b>Police Impact Fees</b>	<b>Admin Impact Fees</b>	<b>Library Impact Fees</b>
\$ -	\$ -	\$ -	\$ 62,335	\$ 452,987	\$ 50,129	\$ 52,559	\$ 54,812
-	-	-	38	-	274	237	195
-	-	-	62,373	452,987	50,403	52,796	55,007
-	-	-	-	-	-	-	-
1,381	-	-	-	-	-	-	-
-	-	-	15,046	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	407,521	-	-	-
1,381	-	-	15,046	407,521	-	-	-
(1,381)	-	-	47,327	45,466	50,403	52,796	55,007
-	-	-	-	-	-	-	-
-	-	-	(62,135)	-	-	-	-
-	-	-	(62,135)	-	-	-	-
(1,381)	-	-	(14,808)	45,466	50,403	52,796	55,007
1,381	95,750	(562)	11,971	(86,139)	455,665	388,460	312,864
-	-	-	(64)	-	-	-	-
1,381	95,750	(562)	11,907	(86,139)	455,665	388,460	312,864
\$ -	\$ 95,750	\$ (562)	\$ (2,901)	\$ (40,673)	\$ 506,068	\$ 441,256	\$ 367,871

Continued

**CITY OF IMPERIAL**

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

## Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2014

(Continued)

	<u>Park Impact Fees</u>	<u>Circulation Impact Fees</u>	<u>STPL</u>	<u>CMAQ</u>
<b>REVENUES</b>				
Intergovernmental	\$ 313,538	\$ 113,520	\$ -	\$ -
Use of money and property	959	-	-	65
Total Revenues	<u>314,497</u>	<u>113,520</u>	<u>-</u>	<u>65</u>
<b>EXPENDITURES</b>				
Current:				
Park and recreation	8,833	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Library	-	-	-	-
Public services	-	153,446	1,552	187
Capital outlay	-	-	-	-
Total Expenditures	<u>8,833</u>	<u>153,446</u>	<u>1,552</u>	<u>187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>305,664</u>	<u>(39,926)</u>	<u>(1,552)</u>	<u>(122)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	169,175	-	-
Transfers out	-	(145,160)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>24,015</u>	<u>-</u>	<u>-</u>
Net change in fund balances	305,664	(15,911)	(1,552)	(122)
Fund balance - beginning	1,521,419	(181,203)	(817,318)	202,262
Prior period adjustment	-	-	-	-
Fund balance - beginning, restated	<u>1,521,419</u>	<u>(181,203)</u>	<u>(817,318)</u>	<u>202,262</u>
Fund balance - ending	<u>\$ 1,827,083</u>	<u>\$ (197,114)</u>	<u>\$ (818,870)</u>	<u>\$ 202,140</u>

<u>EDA</u>	<u>Colonias</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 842,242	\$ -	\$ 5,115,518
<u>-</u>	<u>-</u>	<u>9,039</u>
842,242	-	5,124,557
-	-	93,037
-	-	249,659
-	-	158,895
-	-	12,611
-	-	937,600
<u>-</u>	<u>-</u>	<u>1,377,861</u>
<u>-</u>	<u>-</u>	<u>2,829,663</u>
<u>842,242</u>	<u>-</u>	<u>2,294,894</u>
-	-	314,335
<u>-</u>	<u>-</u>	<u>(1,160,053)</u>
<u>-</u>	<u>-</u>	<u>(845,718)</u>
842,242	-	1,449,176
-	(131,265)	7,074,511
<u>-</u>	<u>-</u>	<u>(64)</u>
<u>-</u>	<u>(131,265)</u>	<u>7,074,447</u>
<u>\$ 842,242</u>	<u>\$ (131,265)</u>	<u>\$ 8,523,623</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, 2014

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

draft

**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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Intergovernmental	\$ -	\$ 8,381	\$ 8,381
Use of money and property	-	-	-
Total Revenue	<u>-</u>	<u>8,381</u>	<u>8,381</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(10,000)</u>	<u>(8,421)</u>	<u>1,579</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(8,421)</u>	<u>1,579</u>
Net change in fund balance	-	(40)	(40)
Fund balances - beginning	<u>50</u>	<u>50</u>	<u>-</u>
Fund balances - ending	<u>\$ 50</u>	<u>\$ 10</u>	<u>\$ (40)</u>

draft

**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Intergovernmental	-	\$ 501,030	\$ 501,030
Use of money and property	-	210	210
Total revenue	-	501,240	501,240
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	(500,000)	(500,000)	-
Total other financing sources (uses)	(500,000)	(500,000)	-
Net change in fund balance	(500,000)	1,240	501,240
Fund balances - beginning	406,887	406,887	-
Fund balances - ending	<u>\$ (93,113)</u>	<u>\$ 408,127</u>	<u>\$ 501,240</u>

draft



**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 21,567	\$ 21,567
Use of money and property	-	348	348
Total revenues	<u>-</u>	<u>21,915</u>	<u>21,915</u>
<b>EXPENDITURES</b>			
Current:			
Public services	-	(12,262)	(12,262)
Total expenditures	<u>-</u>	<u>(12,262)</u>	<u>(12,262)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>9,653</u>	<u>9,653</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)	4,653	9,653
Fund balances - beginning	<u>623,501</u>	<u>623,501</u>	<u>-</u>
Fund balances - ending	<u>\$ 618,501</u>	<u>\$ 628,154</u>	<u>\$ 9,653</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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 30,000	\$ 30,000
Use of money and property	-	5	5
Total revenues	-	30,005	-
<b>EXPENDITURES</b>			
Current:			
Public services	-	(101,569)	(101,569)
Total expenditures	-	(101,569)	(101,569)
Net change in fund balance	-	(71,564)	(71,564)
Fund balances - beginning	27,442	27,442	-
Fund balances - ending	<u>\$ 27,442</u>	<u>\$ (44,122)</u>	<u>\$ (71,564)</u>

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**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 1,844,945	\$ 1,844,945
Use of money and property	-	2,069	2,069
Total revenues	<u>-</u>	<u>1,847,014</u>	<u>1,847,014</u>
<b>EXPENDITURES</b>			
Current:			
Public services	-	(641,478)	(641,478)
Capital outlay	-	(892,108)	(892,108)
Total expenditures	<u>-</u>	<u>(1,533,586)</u>	<u>1,533,586</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>313,428</u>	<u>3,380,600</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(284,241)</u>	<u>(64,241)</u>	<u>220,000</u>
Total other financing sources (uses)	<u>(284,241)</u>	<u>(64,241)</u>	<u>220,000</u>
Net change in fund balance	-	249,187	249,187
Fund balances - beginning	<u>3,477,417</u>	<u>3,477,417</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,477,417</u>	<u>\$ 3,726,604</u>	<u>\$ 249,187</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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	-	-
Total revenues	-	-	-
<b>EXPENDITURES</b>			
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(78,000)	-	78,000
Total other financing sources (uses)	(78,000)	-	78,000
Net change in fund balance	(78,000)	-	78,000
Fund balances - beginning	50	50	-
Fund balances - ending	<u>\$ (77,950)</u>	<u>\$ 50</u>	<u>\$ 78,000</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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 89,034	\$ -
Use of money and property	-	10	10
	<u>-</u>	<u>89,044</u>	<u>10</u>
Total revenues	-	89,044	10
<b>EXPENDITURES</b>			
Current:			
Personnel services	-	-	-
Public safety	-	-	-
Capital	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	89,044	10
Net change in fund balance	-	89,044	89,044
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 89,044</u>	<u>\$ 89,044</u>

**CITY OF IMPERIAL**

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

## Police Asset Forfeiture Special Revenue Fund

For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 200,773	\$ 200,773
Use of money and property	-	-	-
Total revenues	<u>-</u>	<u>200,773</u>	<u>200,773</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	(200,593)	200,593
Capital outlay	-	(68,323)	68,323
Total expenditures	<u>-</u>	<u>(268,916)</u>	<u>268,916</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(68,143)</u>	<u>469,689</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(163,055)</u>	-	<u>163,055</u>
Total other financing sources (uses)	<u>(163,055)</u>	-	<u>163,055</u>
Net change in fund balance	(163,055)	(68,143)	94,912
Fund balances - beginning	<u>(68,067)</u>	<u>(68,067)</u>	<u>-</u>
Fund balances - ending	<u>\$ (231,122)</u>	<u>\$ (136,210)</u>	<u>\$ 94,912</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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	11	11
	<u>-</u>	<u>11</u>	<u>11</u>
Total revenues	-	11	11
<b>EXPENDITURES</b>			
Current:			
Personnel services	-	-	-
Public safety	-	(31,829)	(31,829)
Capital	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	(31,829)	(31,829)
Excess (deficiency) of revenues over expenditures	-	(31,818)	(31,818)
Net change in fund balance	-	(31,818)	(31,818)
Fund balances - beginning	48,097	48,097	-
Fund balances - ending	<u>\$ 48,097</u>	<u>\$ 16,279</u>	<u>\$ (31,818)</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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-
<b>EXPENDITURES</b>			
Current:			
Community Development	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	-
Fund balances - beginning	(126,604)	(126,604)	-
	<hr/>	<hr/>	<hr/>
Fund balances - ending	<u>\$ (126,604)</u>	<u>\$ (126,604)</u>	<u>\$ -</u>

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**CITY OF IMPERIAL**

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

## Housing Rehab Special Revenue Fund

For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 110,316	\$ 110,316
Use of money and property	-	891	891
Total revenues	-	111,207	111,207
<b>EXPENDITURES</b>			
Current:			
Community development	-	(108,849)	108,849
Total expenditures	-	(108,849)	108,849
Excess (deficiency) of revenues over expenditures	-	2,358	220,056
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(20,000)	-	20,000
Total other financing sources (uses)	(20,000)	-	(20,000)
Net change in fund balance	(20,000)	2,358	22,358
Fund balances - beginning	32,588	32,588	-
Fund balances - ending	\$ 12,588	\$ 34,946	\$ 22,358

**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
Capital	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
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>

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**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 12,833	\$ 12,833
Use of money and property	-	3,076	3,076
Total revenues	<u>-</u>	<u>15,909</u>	<u>15,909</u>
<b>EXPENDITURES</b>			
Current:			
Community development	-	(35,000)	35,000
Total expenditures	<u>-</u>	<u>(35,000)</u>	<u>35,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(19,091)</u>	<u>50,909</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)	(24,091)	(19,091)
Fund balances - beginning	<u>47,411</u>	<u>47,411</u>	<u>-</u>
Fund balances - ending	<u>\$ 42,411</u>	<u>\$ 23,320</u>	<u>\$ (19,091)</u>

**CITY OF IMPERIAL**

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

## Sewer Clark Road Special Revenue Fund

For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	8	8
Total revenues	<u>-</u>	<u>8</u>	<u>8</u>
<b>EXPENDITURES</b>			
Current:			
Community development	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>8</u>	<u>8</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	-	(23,920)	(23,920)
Total other financing sources (uses)	<u>-</u>	<u>(23,920)</u>	<u>(23,920)</u>
Net change in fund balance	-	(23,912)	(23,912)
Fund balances - beginning	<u>23,912</u>	<u>23,912</u>	<u>-</u>
Fund balances - ending	<u>\$ 23,912</u>	<u>\$ -</u>	<u>\$ (23,912)</u>

**CITY OF IMPERIAL**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
 Wildflower Landscape Lighting Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 38,462	\$ 38,462
Use of money and property	-	8	8
Total revenues	<u>-</u>	<u>38,470</u>	<u>38,470</u>
<b>EXPENDITURES</b>			
Current:			
Public services	-	(23,502)	23,502
Total expenditures	<u>-</u>	<u>(23,502)</u>	<u>23,502</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>14,968</u>	<u>61,972</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(56,000)	(56,000)	-
Total other financing sources (uses)	<u>(56,000)</u>	<u>(56,000)</u>	<u>-</u>
Net change in fund balance	(56,000)	(41,032)	14,968
Fund balances - beginning	<u>44,957</u>	<u>44,957</u>	<u>-</u>
Fund balances - ending	<u>\$ (11,043)</u>	<u>\$ 3,925</u>	<u>\$ 14,968</u>

**CITY OF IMPERIAL**

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

Traffic Signal Special Revenue Fund

For the Fiscal Year Ended June 30, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	145,160	145,160
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	145,160	145,160
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	145,160	145,160
	<hr/>	<hr/>	<hr/>
Fund balances - beginning	(145,160)	(145,160)	-
	<hr/>	<hr/>	<hr/>
Fund balances - ending	<u>\$ (145,160)</u>	<u>\$ -</u>	<u>\$ (145,160)</u>

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**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 24,886	\$ 24,886
Use of money and property	-	16	16
Total revenues	<u>-</u>	<u>24,902</u>	<u>24,902</u>
<b>EXPENDITURES</b>			
Current:			
Public services	-	(3,603)	(3,603)
Total expenditures	<u>-</u>	<u>(3,603)</u>	<u>(3,603)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>21,299</u>	<u>21,299</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(56,000)	(56,000)	-
Total other financing sources (uses)	<u>(56,000)</u>	<u>(56,000)</u>	<u>-</u>
Net change in fund balance	(56,000)	(34,701)	21,299
Fund balances - beginning	<u>50,009</u>	<u>50,009</u>	<u>-</u>
Fund balances - ending	<u>\$ (5,991)</u>	<u>\$ 15,308</u>	<u>\$ 21,299</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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Use of money and property	\$ -	\$ 18	\$ 18
Total revenue	<u>-</u>	<u>18</u>	<u>18</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	18	18
Fund balances - beginning	<u>31,212</u>	<u>31,212</u>	<u>-</u>
Fund balances - ending	<u>\$ 31,212</u>	<u>\$ 31,230</u>	<u>\$ 18</u>

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**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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 300	\$ 300
Use of money and property	-	-	-
Total revenues	-	300	300
<b>EXPENDITURES</b>			
Current:			
Library	-	-	-
Capital Outlay	-	-	-
Total expenditures	-	-	-
Net change in fund balance	-	300	300
Fund balances - beginning	1,250	1,250	-
Fund balances - ending	<u>\$ 1,250</u>	<u>\$ 1,550</u>	<u>\$ 300</u>

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**CITY OF IMPERIAL**

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

Clark Road 4 Lane Special Revenue Fund

For the Fiscal Year Ended June 30, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Use of money and property	\$ -	\$ 29	\$ 29
Total revenue	<u>-</u>	<u>29</u>	<u>29</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>-</u>	<u>(90,843)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(90,843)</u>	<u>-</u>
Net change in fund balance	-	(90,814)	(90,814)
Fund balances - beginning	<u>90,814</u>	<u>90,814</u>	<u>-</u>
Fund balances - ending	<u>\$ 90,814</u>	<u>\$ -</u>	<u>\$ (90,814)</u>

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**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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 26,105	\$ 26,105
Use of money and property	-	6	6
Total revenues	-	26,111	26,111
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(41,011)	-
Total other financing sources (uses)	-	(41,011)	-
Net change in fund balance	-	(14,900)	(14,900)
Fund balances - beginning	14,900	14,900	-
Fund balances - ending	<u>\$ 14,900</u>	<u>\$ -</u>	<u>\$ (14,900)</u>

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**CITY OF IMPERIAL**

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

Aten & Highway 86 Special Revenue Fund

For the Fiscal Year Ended June 30, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Use of money and property	\$ -	\$ 5	\$ 5
Total revenue	<u>-</u>	<u>5</u>	<u>5</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>-</u>	<u>(14,437)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(14,437)</u>	<u>-</u>
Net change in fund balance	-	(14,432)	(14,432)
Fund balances - beginning	<u>14,432</u>	<u>14,432</u>	<u>-</u>
Fund balances - ending	<u>\$ 14,432</u>	<u>\$ -</u>	<u>\$ (14,432)</u>

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**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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	-	-
Total revenues	-	-	-
<b>EXPENDITURES</b>			
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>

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**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	11	11
Total revenues	-	11	11
<b>EXPENDITURES</b>			
Current:			
Public safety	-	(2,409)	(2,409)
Capital	-	(9,909)	9,909
Total expenditures	-	(12,318)	(12,318)
Excess (deficiency) of revenues over expenditures	-	(12,307)	(12,307)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	-	(12,307)	(12,307)
Fund balances - beginning	32,036	32,036	-
Fund balances - ending	\$ 32,036	\$ 19,729	\$ (12,307)

**CITY OF IMPERIAL**

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

Clark Road Improvement Special Revenue Fund

For the Fiscal Year Ended June 30, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	7	7
Total revenues	-	7	7
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(22,883)	-
Total other financing sources (uses)	-	(22,883)	-
Net change in fund balance	-	(22,876)	(22,876)
Fund balances - beginning	22,876	22,876	-
Fund balances - ending	\$ 22,876	\$ -	\$ (22,876)

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**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 12,696	\$ 12,696
Use of money and property	-	9	9
Total revenues	<u>-</u>	<u>12,705</u>	<u>12,705</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	(13,447)	(13,447)
Capital	-	-	-
Total expenditures	<u>-</u>	<u>(13,447)</u>	<u>(13,447)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(742)</u>	<u>(742)</u>
Net change in fund balance	-	(742)	(742)
Fund balances - beginning	<u>14,206</u>	<u>14,206</u>	<u>-</u>
Fund balances - ending	<u>\$ 14,206</u>	<u>\$ 13,464</u>	<u>\$ (742)</u>

draft



**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 242,067	\$ 242,067
Use of money and property	-	501	501
Total revenues	<u>-</u>	<u>242,568</u>	<u>242,568</u>
<b>EXPENDITURES</b>			
Current:			
Park and recreation	-	(84,204)	(84,204)
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>(84,204)</u>	<u>(84,204)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>158,364</u>	<u>158,364</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Net change in fund balance	(65,000)	93,364	158,364
Fund balances - beginning	<u>886,717</u>	<u>886,717</u>	<u>-</u>
Fund balances - ending	<u>\$ 821,717</u>	<u>\$ 980,081</u>	<u>\$ 158,364</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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Intergovernmental	\$ -	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
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>

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**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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 10,000	\$ 10,000
Use of money and property	-	32	32
Total revenues	-	10,032	10,032
<b>EXPENDITURES</b>			
Current:			
Library	-	(12,611)	(12,611)
Total expenditures	-	(12,611)	(12,611)
Net change in fund balance	-	(2,579)	(2,579)
Fund balances - beginning	53,389	53,389	-
Fund balances - ending	<u>\$ 53,389</u>	<u>\$ 50,810</u>	<u>\$ (2,579)</u>

draft

**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, 2014

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

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**CITY OF IMPERIAL**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
COPS 2010 Grant Special Revenue Fund  
For the Fiscal Year Ended June 30, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-
<b>EXPENDITURES</b>			
Current:			
Public Safety	-	(1,381)	(1,381)
	<hr/>	<hr/>	<hr/>
Total expenditures	-	(1,381)	(1,381)
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	(1,381)	(1,381)
Fund balances - beginning	<hr/> 1,381	<hr/> 1,381	<hr/> -
Fund balances - ending	<u>\$ 1,381</u>	<u>\$ -</u>	<u>\$ (1,381)</u>

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**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, 2014

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

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**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, 2014

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

draft

**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Intergovernmental	\$ -	\$ 62,335	\$ 62,335
Use of money and property	-	38	38
Total revenue	-	62,373	38
<b>EXPENDITURES</b>			
Current:			
Community Development	-	(15,046)	15,046
Total expenditures	-	(15,046)	15,046
Excess (deficiency) of revenues over expenditures	-	47,327	15,046
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	(62,135)	62,135
Total other financing sources (uses)	-	(62,135)	-
Net change in fund balance	-	(14,808)	(14,808)
Fund balance - beginning	11,971	11,971	-
Prior period adjustment	-	(64)	(64)
Fund balances - beginning, restated	11,971	11,907	(64)
Fund balances - ending	<u>\$ 11,971</u>	<u>\$ (2,901)</u>	<u>\$ (14,872)</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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 452,987	\$ 452,987
Total revenues	<u>-</u>	<u>452,987</u>	<u>452,987</u>
<b>EXPENDITURES</b>			
Current:			
Capital	<u>-</u>	<u>(407,521)</u>	<u>(407,521)</u>
Total expenditures	<u>-</u>	<u>(407,521)</u>	<u>(407,521)</u>
Net change in fund balance	-	45,466	45,466
Fund balances - beginning	<u>(86,139)</u>	<u>(86,139)</u>	<u>-</u>
Fund balances - ending	<u>\$ (86,139)</u>	<u>\$ (40,673)</u>	<u>\$ 45,466</u>

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**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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 50,129	\$ 50,129
Use of money and property	-	274	274
Total revenues	-	50,403	50,403
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	-
Total expenditures	-	-	-
Net change in fund balance	-	50,403	50,403
Fund balances - beginning	455,665	455,665	-
Fund balances - ending	<u>\$ 455,665</u>	<u>\$ 506,068</u>	<u>\$ 50,403</u>

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**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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 52,559	\$ 52,559
Use of money and property	-	237	237
Total revenues	-	52,796	52,796
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Total expenditures	-	-	-
Net change in fund balance	-	52,796	52,796
Fund balances - beginning	388,460	388,460	-
Fund balances - ending	<u>\$ 388,460</u>	<u>\$ 441,256</u>	<u>\$ 52,796</u>

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**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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 54,812	\$ 54,812
Use of money and property	-	195	195
Total revenues	-	55,007	55,007
<b>EXPENDITURES</b>			
Current:			
Library	-	-	-
Total expenditures	-	-	-
Net change in fund balance	-	55,007	55,007
Fund balances - beginning	312,864	312,864	-
Fund balances - ending	<u>\$ 312,864</u>	<u>\$ 367,871</u>	<u>\$ 55,007</u>

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**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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 313,538	\$ 313,538
Use of money and property	-	959	959
Total revenues	-	314,497	314,497
<b>EXPENDITURES</b>			
Current:			
Park and recreation	-	(8,833)	(8,833)
Capital Outlay	-	-	-
Total expenditures	-	(8,833)	(8,833)
Net change in fund balance	-	305,664	305,664
Fund balances - beginning	1,521,419	1,521,419	-
Fund balances - ending	<u>\$ 1,521,419</u>	<u>\$ 1,827,083</u>	<u>\$ 305,664</u>

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**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, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Intergovernmental	\$ -	\$ 113,520	\$ 113,520
Total revenue	<u>-</u>	<u>113,520</u>	<u>113,520</u>
<b>EXPENDITURES</b>			
Current:			
Public services	-	(153,446)	(153,446)
Total expenditures	<u>-</u>	<u>(153,446)</u>	<u>(153,446)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(39,926)</u>	<u>(39,926)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	169,175	169,175
Transfers out	-	(145,160)	(145,160)
Total other financing sources (uses)	<u>-</u>	<u>24,015</u>	<u>-</u>
Net change in fund balance	-	(15,911)	(15,911)
Fund balances - beginning	<u>(181,203)</u>	<u>(181,203)</u>	<u>-</u>
Fund balances - ending	<u>\$ (181,203)</u>	<u>\$ (197,114)</u>	<u>\$ (15,911)</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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Intergovernmental	\$ -	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Public Services	-	(1,552)	(1,552)
Total expenditures	<u>-</u>	<u>(1,552)</u>	<u>(1,552)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,552)</u>	<u>(1,552)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	611,123	611,123
Transfers out	-	(611,123)	(611,123)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(1,552)	(1,552)
Fund balances - beginning	<u>(817,318)</u>	<u>(817,318)</u>	<u>-</u>
Fund balances - ending	<u>\$ (817,318)</u>	<u>\$ (818,870)</u>	<u>\$ (1,552)</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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Intergovernmental	\$ -	\$ 65	\$ 65
Total revenue	<u>-</u>	<u>65</u>	<u>65</u>
<b>EXPENDITURES</b>			
Current:			
Public Services	<u>-</u>	<u>(187)</u>	<u>(187)</u>
Total expenditures	<u>-</u>	<u>(187)</u>	<u>(187)</u>
Net change in fund balance	-	(122)	(122)
Fund balances - beginning	<u>202,262</u>	<u>202,262</u>	<u>-</u>
Fund balances - ending	<u>\$ 202,262</u>	<u>\$ 202,140</u>	<u>\$ 202,140</u>

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**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, 2014

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

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**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, 2014

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Intergovernmental	\$ -	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
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>

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**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, 2014, 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 January 30, 2015.

**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 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 management of City of Imperial, in a separate letter dated January 30, 2015.

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

January 30, 2015

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

**INDEPENDENT AUDITORS' REPORT**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Imperial's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Imperial's major federal programs for the year ended June 30, 2014. The City of Imperial's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Imperial's major federal programs based on our audit of these types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Imperial's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Imperial's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City of Imperial complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of the City of Imperial is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Imperial's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Imperial's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by *OMB Circular A-133***

We have audited the financial statements of the City of Imperial's as of and for the year ended June 30, 2014, and have issued our report thereon dated January 30, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hutchinson and Bloodgood LLP

January 30, 2015

**CITY OF IMPERIAL**

Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2014

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ yes   X   no

Significant deficiency(ies) identified  
not considered to be material weaknesses? \_\_\_ yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_ yes   X   no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified? \_\_\_ yes   X   no

Significant deficiency(ies) identified  
not considered to be material weaknesses? \_\_\_ yes   X   none reported

Type of auditors’ report issued on compliance  
for major programs: Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section .510(a)? \_\_\_ yes   X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Department of Transportation

Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_ yes   X   no

**CITY OF IMPERIAL**

Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2014

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**SECTION II – FINANCIAL STATEMENTS FINDINGS**

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 15 addresses these adjustments.

Effect:

Prior year's 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 prior period adjustments are recognized in the year prior close of year.

draft



**CITY OF IMPERIAL**

Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2014

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**SECTION III – STATUS OF PRIOR YEAR FINDINGS AND RESPONSES**

2013-1 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 15 address these adjustments.

Effect:

Fiscal year 2011-2012’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.

draft

**CITY OF IMPERIAL**

Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended June 30, 2014

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Expenditures</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Equitable Sharing	16.922	N/A	\$ 268,916
		Subtotal 16.922	<u>268,916</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b><u>268,916</u></b>
<b><u>URBAN DEVELOPMENT</u></b>			
Housing and Community Development Community Development Block Grant			
CDBG	14.228	10-STBG-6717	<u>169,000</u>
		Subtotal 14.228	<u>169,000</u>
<b>TOTAL URBAN DEVELOPMENT</b>			<b><u>169,000</u></b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed Through State Department of Transportation:			
**Resurface Various Roads	20.205	CML - 5134 (08)	737,234
**Resurface Various Roads	20.205	HSIP - 5134 (13)	47,433
**Resurface Various Roads	20.205	SLPP - 5134 (15)	<u>96,614</u>
		Subtotal 20.205	<u>881,281</u>
Clean Fuels	20.519	CML - 5134 (014)	<u>269,516</u>
		Subtotal 20.205	<u>269,516</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b><u>1,150,797</u></b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b><u>\$ 1,588,713</u></b>

\*\* Major Program

**CITY OF IMPERIAL**

Notes to Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2014

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**Note 1. Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Imperial and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Note 2. Loans Receivable**

The following are loans receivable by the City of Imperial, relating to the described federal program as of June 30, 2014:

	<b>Federal C.F.D.A. Number</b>	<b>Amount</b>
Passed through State Department of Housing And Community Development:		
State block grant pre-1992	14.228	\$ 34,275
State block grant 1996	14.228	907
State block grant 2002	14.228	171,775
State block grant 2010	14.228	<u>141,480</u>
		<u>348,437</u>
Home First-Time Homebuyer Program 1999	14.228	171,644
Home First-Time Homebuyer Program 2002	14.228	80,000
Home First-Time Homebuyer Program 2003	14.228	<u>210,750</u>
		<u>462,394</u>
Total passed through State Department of Housing And Community Development:		<u><u>\$810,831</u></u>