

CITY OF IMPERIAL
Annual Financial Report
Fiscal Year Ended June 30, 2018

CITY OF IMPERIAL
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2018

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

The 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 (City) as of and for the fiscal year ended June 30, 2018, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Imperial, California, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – LTA Measure D Special Revenue Fund, Schedule of Changes in the Net Pension Liability and Related Ratios, and Schedule of Pension Contributions on pages 58 through 61 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 Budgetary Comparison Schedules for the Nonmajor Governmental Funds; and the Combining Financial Statements for the Nonmajor Governmental Funds listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Budgetary Comparison Schedules for the Nonmajor Governmental Funds, and the Combining Financial Statements for the Nonmajor Governmental Funds are the responsibility of management and were derived from and relate 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 our 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 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 information is fairly stated in all material respects in relation to the 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 March 11, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim, LLP
Culver City, California
March 11, 2019

**CITY OF IMPERIAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This discussion and analysis provides an overview of the City of Imperial's financial performance for the fiscal year ended June 30, 2018. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standard Board (GASB). We encourage our readers to consider this information in conjunction with the information provided in the accompanying basic financial statements and notes. The City's fiscal highlights are presented below:

FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year ended June 30, 2018 include the following:

Government-wide:

- The City's total net position was \$57,991,770 as of June 30, 2018. Of this total, \$40,542,035 was governmental net position and \$17,449,735 was business-type net position.
- Governmental revenues include program revenues of \$7,151,623 and general revenues and transfers of \$4,610,723 for a total of \$11,762,346.
- Governmental expenses were \$11,265,829.
- Business-type program revenues, transfers and interest were \$10,222,464 while business-type expenses were \$8,052,793.

Fund Level:

- Governmental fund balances *decreased* \$557,571 in fiscal year 2018.
- Governmental fund revenues *increased* \$653,922 in fiscal year 2018.
- Governmental fund expenditures *increased* \$2,084,450 in fiscal year 2018.

General Fund:

- General Fund revenues of \$8,665,481 were \$624,427 *higher* than the prior year.
- General Fund expenditures of \$8,672,505 represented a *decrease* of \$706,102 over the prior year.
- General Fund fund balance of \$1,823,728 as of June 30, 2018, *increased* by \$729,027 from 2017 fiscal year's fund balance of \$1,094,701.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is divided into five parts:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to these financial statements
4. Required supplementary information
5. Other supplemental information

Government-wide Financial Statements

The Government-wide financial statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations.

CITY OF IMPERIAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The Statement of Activities provides information about all the City's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in net positions for the fiscal year.

All of the City's activities are grouped into governmental activities and business-type activities, as explained below. The amounts in the Statement of Net Position and the Statement of Activities are separated into governmental activities and business-type activities in order to provide a summary of these two activities for the City as a whole.

Government-wide financial statements are prepared on the accrual basis, which mean they measure the flow of all economic resources of the City as a whole.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities – All of the City's basic services are considered to be governmental activities. These services are supported by the general City revenues such as taxes, and by specific program revenues such as user fees and charges.

Business-type Activities – The City's enterprise activities of water and sewer are reported in this area. Unlike governmental services, these services are supported by charges paid by users based on the amount of service they use.

Fund Financial Statements

The fund financial statements report on the City's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the City's General Fund and other major funds. The fund financial statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

The fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds account for the major financial activities of the City and are presented individually, while the activities of non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. The concept of major funds, and the determination of which funds are major, was established by the Governmental Accounting Standards Board (GASB) Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present detail of these non-major funds. Major funds present the major activities of the City for the fiscal year, and may change from year to year as a result of changes in the pattern of the City's activities.

Fund financial statements include governmental and proprietary funds as discussed below.

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund financial statements.

Proprietary funds financial statements are prepared on the full accrual basis and includes all of their assets and liabilities, current and long-term.

CITY OF IMPERIAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net positions and changes in net positions of the City as a whole. Tables 1, 2 and 3 focus on the City's Governmental Statement of Net Position and Statements of Activities, while Table 4 focuses on the City's Business-type Statement of Net Position and Statement of Activities.

Table 1

	Governmental Activities 2018	Governmental Activities 2017
<u>Assets</u>		
Cash and investments	\$ 14,225,251	\$ 17,876,171
Other assets	2,308,530	3,009,246
Capital assets, net	27,406,983	27,335,410
Total Assets	43,940,764	48,220,827
<u>Deferred Outflows of Resources</u>		
Pension	2,740,088	901,090
Total Def. Outflows	2,740,088	901,090
<u>Liabilities</u>		
Long term liabilities	3,715,760	23,114,663
Other liabilities	2,306,080	4,930,170
Total Liabilities	6,021,840	28,044,833
<u>Deferred Inflows of Resources</u>		
Pension	116,977	305,276
Total Def. Inflows	116,977	305,276
<u>Net Position</u>		
Net investment in capital assets	27,406,983	4,698,750
Restricted	12,834,700	11,432,016
Unrestricted	300,352	4,641,042
Total Net Position	\$ 40,542,035	\$ 20,771,808

The City's governmental net position amounted to \$40,542,035 as of June 30, 2018, an *increase* of \$19,770,227 over 2017. This increase in the change in net position is reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net position as of June 30, 2018 comprised the following:

Cash and investments comprised **\$14,225,251**. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 3 to the financial statements.

Receivables comprised **\$611,919** of current receivables and loans receivable of **\$1,696,611** that is due over longer periods of time as explained the Notes.

Capital assets of **\$27,406,983** net of depreciation charges, which included all the City's capital assets used in governmental activities.

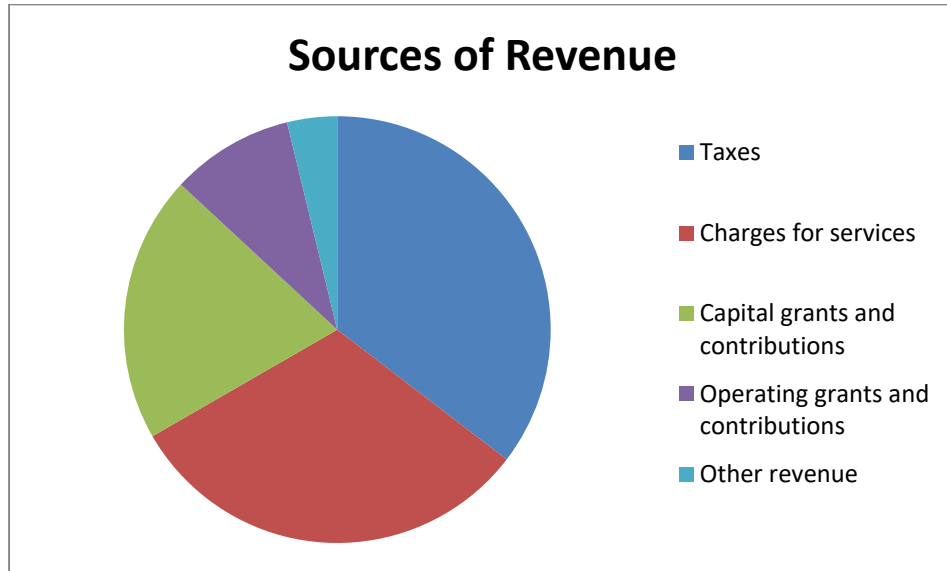
Current liabilities, including accounts payable, claims and other amounts due currently, totaled **\$2,306,080**.

Long-term liabilities of **\$3,715,760**. The debt is related to the City's Net Pension Liability and compensated absences.

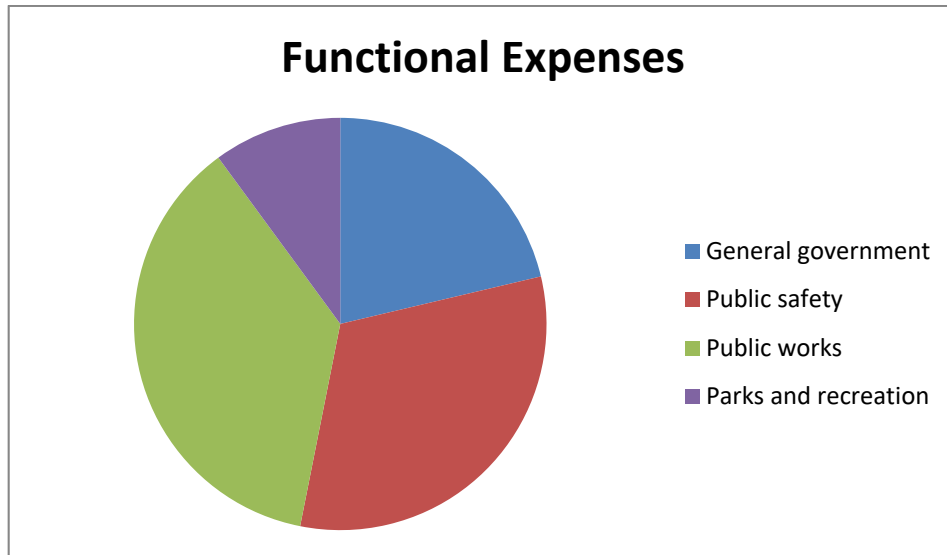
CITY OF IMPERIAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net investment in capital assets of **\$27,406,983**, representing the City's investment in capital assets used in governmental activities, net of accumulated depreciation and amounts borrowed to finance those investments.

Unrestricted net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions, was **\$300,352** as of June 30, 2018.



As the Sources of Revenue chart above shows, **\$4,164,678**, or **35.41%** of the City's fiscal year 2018 governmental activities revenue came from taxes, while **\$3,677,477**, or **31.26%** came from charges for services, **\$2,379,442** or **20.23%**, came from capital grants and contributions, **\$1,094,704** or **9.31%** came from operating grants and contributions, and the remainder came from a variety of sources.



The Functional Expenses chart above includes only current year expenses; it does not include capital outlays, which are added to the City's capital assets. As the chart shows, general government was **\$2,398,084**, or **21.29%**, of total governmental expenses, public safety was **\$3,586,594**, or **31.84%**, public works was **\$4,147,022**, or **36.80%**, parks and recreation was **\$1,134,129**, or **10.07%**.

The Statements of Activities presents program revenues and expenses and general revenues in detail. All of these elements in the changes in governmental net position are summarized below.

**CITY OF IMPERIAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Table 2
CHANGE IN GOVERNMENTAL NET POSITION**

	<u>Governmental Activities 2018</u>	<u>Governmental Activities 2017</u>
<u>Expenses</u>		
General government	\$ 2,398,084	\$ 4,213,590
Public safety	3,586,594	2,679,704
Public works	4,147,022	2,317,343
Parks and recreation	1,134,129	1,094,989
	<hr/>	<hr/>
Total Expenses	11,265,829	10,305,626
 <u>Revenues</u>		
<u>Program revenues</u>		
Charges for services	3,677,477	2,531,833
Operating grants and contributions	2,379,442	812,572
Capital grants and contributions	1,094,704	4,258,944
	<hr/>	<hr/>
Total program revenues	7,151,623	7,603,349
 <u>General revenues and transfers</u>		
Taxes	4,164,678	5,236,839
Other revenue	174,078	8,323
Use of money and transfers	157,663	243,490
Fines and forfeitures	114,304	20,568
	<hr/>	<hr/>
Total general revenues and transfers	4,610,723	5,509,220
	<hr/>	<hr/>
Total Revenues and Transfers	11,762,346	13,112,569
	<hr/>	<hr/>
Change in Net Position	\$ 496,517	\$ 2,806,943

As Table 2 above shows, \$7,151,623 or 60.80%, of the City's fiscal year 2018 governmental revenue, came from program revenues and \$4,610,723, or 39.20%, came from general revenues such as taxes and interest and transfers. Program revenues were composed of charges for services of \$3,677,477, which included permit revenues, fees and charges used to fund expenses incurred in providing services; \$2,379,442 of operating grants and contributions, which included gas tax revenues and housing and police grants; and capital grants and contributions of \$1,094,704, that consisted mainly of street project grants and impact fees restricted to capital outlay.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Table 3 presents the net expense or revenue of each of the City's governmental activities, including interest on long-term liabilities. Net expense is defined as total program cost less the revenues generated by those specific activities.

**CITY OF IMPERIAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Table 3
GOVERNMENTAL ACTIVITIES

	<u>Net Revenue (Expense) from Services 2018</u>	<u>Net Revenue (Expense) from Services 2017</u>
General government	\$ 124,899	\$ (2,842,184)
Public safety	(3,137,593)	(2,082,779)
Community development	(1,327,123)	2,546,060
Public works	785,371	70,252
Parks and recreation	(559,760)	(393,626)
Total	<u>\$ (4,114,206)</u>	<u>\$ (2,702,277)</u>

BUSINESS-TYPE ACTIVITIES

The Statement of Net Position and Statement of Activities present a summary of the City's Business-type activities that are composed of the City's enterprise funds.

Table 4
BUSINESS-TYPE NET POSITION AT JUNE 30, 2018

	<u>Business-type Activities 2018</u>	<u>Business-type Activities 2017</u>
<u>Assets</u>		
Cash and investments	\$ 16,000,654	\$ 13,928,365
Other assets	1,003,130	1,385,388
Capital assets, net	17,902,571	19,779,190
Total Assets	<u>34,906,355</u>	<u>35,092,943</u>
<u>Deferred Outflows of Resources</u>		
Pension	744,808	63,834
Total Def. Outflows	<u>744,808</u>	<u>63,834</u>
<u>Liabilities</u>		
Long term liabilities	15,999,329	17,473,936
Other liabilities	2,170,303	1,961,371
Total Liabilities	<u>18,169,632</u>	<u>19,435,307</u>
<u>Deferred Inflows of Resources</u>		
Pension	31,796	(98,120)
Total Def. Inflows	<u>31,796</u>	<u>(98,120)</u>
<u>Net Position</u>		
Net investment in capital assets	3,495,073	4,393,995
Unrestricted	13,954,662	11,425,595
Total Net Position	<u>\$ 17,449,735</u>	<u>\$ 15,819,590</u>

The net position of business-type activities increased by \$1,630,146 in fiscal year 2018.

**CITY OF IMPERIAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Table 5
CHANGE IN BUSINESS-TYPE NET POSITION*

	Business-type Activities 2018	Business-type Activities 2017
Expenses		
Water	\$ 3,760,281	\$ 4,184,841
Sewer	4,292,512	3,759,951
Total Expenses	8,052,793	7,944,792
Revenues		
Program revenues		
Charges for services	10,222,464	8,929,139
Total program revenues	10,222,464	8,929,139
General revenues and transfers		
Use of money and property	44,591	20,175
Transfers	(49,270)	(20,568)
Total general revenues and transfers	(4,679)	(393)
Total Revenues and Transfers	10,217,785	8,928,746
Change in Net Position	\$ 2,164,992	\$ 983,954

*Table 6
BUSINESS-TYPE ACTIVITIES*

	Net Revenue (Expense) from Services 2018	Net Revenue (Expense) from Services 2017
Water	\$ 741,158	\$ 453,807
Sewer	1,428,513	530,540
Total	\$ 2,169,671	\$ 984,347

ANALYSIS OF MAJOR FUNDS

Governmental Funds

General Fund

General Fund revenue was **\$8,665,481**, an increase of **\$624,427** from the prior year and due primarily to increase in intergovernmental revenue, and charges for services, and permits. Actual revenues were greater than budgeted by **\$349,393**. Tax revenues increased **\$301,089** during the fiscal year primarily due to increasing sales tax revenue. Property taxes decreased by **\$244,987**.

General Fund expenditures were **\$8,672,505**, a decrease of **\$706,102** from the prior year. Expenditures decreased mainly due to decreasing expenses in general government, parks and recreation, and community development.

As of June 30, 2018 the General Fund's fund balance totaled **\$1,823,728**.

CITY OF IMPERIAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Proprietary Funds

Water Fund

Operating revenues increased by **\$1,082,377** in fiscal year 2018 and expenses increased by **\$212,371** resulting in operating income of **\$1,775,668**. Charges for water services increased due to an increase in water usage and an increase in water rates due to the Proposition 218 water rate increase in January 2018. This increase in revenue was necessary to make current and future debt service payments.

As of June 30, 2018, the fund's net position increased by **\$1,158,055** to a new total of **\$8,561,448**. Of this amount, **\$2,918,452** was net investment in capital assets, and **\$5,462,996** was unrestricted.

Sewer Fund

Operating revenues increased by **\$210,948** in fiscal year 2018 and expenses increased by **\$62,687** resulting in operating income of **\$1,077,461**. Charges for sewer services increased due to the Proposition 218 sewer rate increase in January 2018. This increase in revenue was necessary to make current and future debt service payments.

As of June 30, 2018, the fund's net position increased by **\$472,091** to a new total of **\$8,888,287**. Of this amount, **\$576,621** was net investment in capital assets, and **\$8,311,666** was unrestricted.

CAPITAL ASSETS

GASB No. 34 required the City to record all its capital assets including infrastructure, which was not recorded prior to GASB No. 34. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

In fiscal year 2018, the City reported the cost of all its infrastructure assets and computed the amounts of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal year 2018, the cost of infrastructure and other capital assets recorded on the City's financial statements is as shown in Table 7 on the following page.

CITY OF IMPERIAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Table 7

	Balance at July 1, 2017	Additions	Deletions	Transfers	Balance at June 30, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,329,400	\$ -	\$ -	\$ -	\$ 3,329,400
Construction in progress		790,789			790,789
Total capital assets, not being depreciated	3,329,400	790,789			4,120,189
Capital assets, being depreciated:					
Machinery and Equipment	6,613,558				6,613,558
Infrastructure	37,726,744	1,292,563			39,019,307
Total capital assets being depreciated	44,340,302	1,292,563			45,632,865
Less accumulated depreciation for:					
Machinery and Equipment	(5,362,603)	(566,976)			(5,929,579)
Infrastructure	(14,971,689)	(1,444,803)			(16,416,492)
Total accumulated depreciation	(20,334,292)	(2,011,779)			(22,346,071)
Total capital assets, being depreciated, net	24,006,010	(719,216)			23,286,794
Governmental activities capital assets, net	\$ 27,335,410	\$ 71,573	\$ -	\$ -	\$ 27,406,983
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 79,683	\$ 198,714	\$ -	\$ -	\$ 278,397
Construction in progress		819,423			819,423
Total capital assets, not being depreciated	79,683	1,018,137			1,097,820
Capital assets, being depreciated:					
Buildings and Improvements	18,408,424				18,408,424
Machinery and Equipment	5,816,389	27,574			5,843,963
Infrastructure	25,218,997				25,218,997
Total capital assets, being depreciated	49,443,810	27,574			49,471,384
Less accumulated depreciation for:					
Buildings and Improvements	(13,170,968)	(695,078)			(13,866,046)
Machinery and Equipment	(3,593,728)	(696,085)			(4,289,813)
Infrastructure	(12,979,607)	(1,531,168)			(14,510,775)
Total accumulated depreciation	(29,744,303)	(2,922,331)			(32,666,634)
Total capital assets, being depreciated, net	19,699,507	(2,894,757)			16,804,750
Business-type activities capital assets, net	\$ 19,779,190	\$ (1,876,620)	\$ -	\$ -	\$ 17,902,570

Details on capital assets, current year additions and construction in progress can be found in the Notes.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB No. 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in the Notes to the financial statements.

CITY OF IMPERIAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

DEBT ADMINISTRATION

The City issued no new bonded debt in fiscal year 2018. The City made all scheduled repayments of existing debt. The City's debt issues are discussed in detail in Note 7 of the financial statements. The City's debt balances as of June 30 were as follows:

Table 8
LONG-TERM LIABILITIES

	Balance at June 30, 2017	Additions	Repayments	Balance at June 30, 2018	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 313,358	\$ 94,325	\$ -	\$ 407,683	\$ -
Total	<u>\$ 313,358</u>	<u>\$ 94,325</u>	<u>\$ -</u>	<u>\$ 407,683</u>	<u>\$ -</u>
Business-type Activities:					
Water Fund:					
Compensated absences	\$ 18,235	\$ 4,656	\$ -	\$ 22,891	\$ -
2005 Certificates of participation	1,650,000		(55,000)	1,595,000	60,000
2012 Certificates of participation	7,255,000		(775,000)	6,480,000	805,000
2012 Certificates of participation premium	384,650		(41,212)	343,438	41,212
Wastewater Fund:					
Compensated absences	14,163	14,031		28,194	
2005 Certificates of participation	2,180,000		(75,000)	2,105,000	80,000
2012 Certificates of participation	6,545,000		(550,000)	5,995,000	565,000
2012 Certificates of participation premium	104,131		(11,156)	92,975	11,156
Total	<u>\$ 18,151,179</u>	<u>\$ 18,687</u>	<u>\$ (1,507,368)</u>	<u>\$ 16,662,498</u>	<u>\$ 1,562,368</u>

ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

The City continues to see a slowly improving economy along with a gradual increase in economic activity throughout the community. Property assessment remains stable, and building continues within the Community. Imperial's diverse land use has helped to continue a growth pattern that has resulted in economic strength for the City and a stable housing market. Overall, the City continues to be in a favorable position among target markets and surrounding jurisdictions. Imperial's sales tax revenue has stabilized and the City continues to reach out to prospective and current business owners to continue to strengthen the City's tax base.

Overall the City's financial position remains in good condition. In the upcoming year, the City estimates the sales and property tax will remain flat with expected increases in operating and personnel costs. The City continues to maintain a fiscally responsible and conservative approach to its fiscal management and will continue to monitor the economic activity of the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the City's finances. Questions about this report should be directed to the City of Imperial, 420 South Imperial Avenue, Imperial, CA 92251.

BASIC FINANCIAL STATEMENTS

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CITY OF IMPERIAL
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Investments	\$ 14,225,251	\$ 13,796,739	\$ 28,021,990
Cash and Investments with Fiscal Agent		2,203,915	2,203,915
Accounts Receivable	597,430	904,323	1,501,753
Notes Receivable	1,696,611		1,696,611
Inventory		85,923	85,923
Interest Receivable	14,489	12,884	27,373
Capital Assets, Not Being Depreciated	4,120,189	1,097,820	5,218,009
Capital Assets, Net of Accumulated Depreciation	23,286,794	16,804,751	40,091,545
Total Assets	<u>43,940,764</u>	<u>34,906,355</u>	<u>78,847,119</u>
Deferred Outflows of Resources:			
Pension related	2,740,088	744,808	3,484,896
Total Deferred Outflows of Resources	<u>2,740,088</u>	<u>744,808</u>	<u>3,484,896</u>
Liabilities:			
Accounts Payable	1,287,296	126,744	1,414,040
Deposits Payable	1,018,784	481,191	1,499,975
Noncurrent Liabilities:			
Due Within One Year		1,562,368	1,562,368
Due in More Than One Year	3,715,760	15,999,329	19,715,089
Total Liabilities	<u>6,021,840</u>	<u>18,169,632</u>	<u>24,191,472</u>
Deferred Inflow of Resources:			
Pension related	116,977	31,796	148,773
Total Deferred Inflow of Resources	<u>116,977</u>	<u>31,796</u>	<u>148,773</u>
Net Position:			
Net Investment in Capital Assets	27,406,983	3,495,073	30,902,056
Restricted for:			
Community Development	3,066,650		3,066,650
Public Works	5,655,728		5,655,728
Public Safety	948,208		948,208
Parks and Recreation	3,164,114		3,164,114
Unrestricted	300,352	13,954,662	14,255,014
Total Net Position	<u>\$ 40,542,035</u>	<u>\$ 17,449,735</u>	<u>\$ 57,991,770</u>

The notes to the financial statements are an integral part of this statement.

CITY OF IMPERIAL
Statement of Activities
For the Fiscal Year Ended June 30, 2018

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 2,398,084	\$ 2,522,983	\$ -	\$ -
Public Safety	3,586,594	116,453	47,185	285,363
Community Development	1,466,578	75,579	63,876	
Public Works	2,680,444	406,093	2,268,381	791,341
Parks and Recreation	1,134,129	556,369		18,000
Total Governmental Activities	11,265,829	3,677,477	2,379,442	1,094,704
Business-type Activities:				
Water	3,760,281	4,501,439		
Sewer	4,292,512	5,721,025		
Total Business-type Activities	8,052,793	10,222,464		
Total Primary Government	\$ 19,318,622	\$ 13,899,941	\$ 2,379,442	\$ 1,094,704

General Revenues:

Taxes:

- Property Taxes
- Sales and Use Taxes
- Business License Taxes
- Transient Occupancy Taxes
- Franchise Taxes
- Other Taxes
- Licenses and Permits
- Fines and Forfeitures
- Use of Money and Property
- Other Revenue

Transfers

Total General Revenues and Transfers

Change in net position

Net Position - Beginning of Fiscal Year

Prior Period Adjustments

Net Position - Beginning of Fiscal Year (restated)

Net Position - End of Fiscal Year

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position

Governmental Activities	Business- type Activities	Total
\$ 124,899	\$ -	\$ 124,899
(3,137,593)		(3,137,593)
(1,327,123)		(1,327,123)
785,371		785,371
(559,760)		(559,760)
<u>(4,114,206)</u>		<u>(4,114,206)</u>
	741,158	741,158
	1,428,513	1,428,513
	<u>2,169,671</u>	<u>2,169,671</u>
<u>(4,114,206)</u>	<u>2,169,671</u>	<u>(1,944,535)</u>
1,298,980		1,298,980
2,444,650		2,444,650
58,142		58,142
19,999		19,999
294,662		294,662
33,821		33,821
14,424		14,424
114,304		114,304
108,393	44,591	152,984
174,078		174,078
49,270	(49,270)	
<u>4,610,723</u>	<u>(4,679)</u>	<u>4,606,044</u>
<u>496,517</u>	<u>2,164,992</u>	<u>2,661,509</u>
20,771,808	15,819,589	36,591,397
<u>19,273,710</u>	<u>(534,846)</u>	<u>18,738,864</u>
<u>40,045,518</u>	<u>15,284,743</u>	<u>55,330,261</u>
<u>\$ 40,542,035</u>	<u>\$ 17,449,735</u>	<u>\$ 57,991,770</u>

CITY OF IMPERIAL
Balance Sheet
Governmental Funds
June 30, 2018

		Special Revenue	
	General	LTA Measure D	Nonmajor Governmental Funds
Assets:			
Cash and Investments	\$ 1,471,732	\$ 3,482,592	\$ 9,270,927
Accounts Receivable	527,913		69,517
Interest Receivable	4,025	3,252	7,212
Loans Receivable			1,696,611
Due from Other Funds	1,158,705		
Total Assets	\$ 3,162,375	\$ 3,485,844	\$ 11,044,267
 Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 319,863	\$ 479,750	\$ 487,683
Deposits Payable	1,018,784		
Due to Other Funds			1,158,705
Total Liabilities	1,338,647	479,750	1,646,388
 Deferred Inflows of Resources::			
Loans Related			1,696,611
Total Deferred Inflows of Resources			1,696,611
Total Liabilities and Deferred Inflows of Resources	1,338,647	479,750	3,342,999
 Fund Balances:			
Restricted for:			
Community Development			3,164,114
Public Safety			948,208
Public Works		3,006,094	2,649,634
Parks and Recreation			2,562,965
Unassigned	1,823,728		(1,623,653)
Total Fund Balances	1,823,728	3,006,094	7,701,268
Total Liabilities and Fund Balances	\$ 3,162,375	\$ 3,485,844	\$ 11,044,267

The notes to the financial statements are an integral part of this statement.

**Total
Governmental
Funds**

\$ 14,225,251
597,430
14,489
1,696,611
1,158,705
\$ 17,692,486

\$ 1,287,296
1,018,784
1,158,705
3,464,785

1,696,611
1,696,611

5,161,396

3,164,114
948,208
5,655,728
2,562,965
200,075
12,531,090

\$ 17,692,486

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CITY OF IMPERIAL
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balances - governmental funds		\$ 12,531,090
<p>In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>		
Capital assets at historical cost	\$ 49,753,054	
Accumulated depreciation	<u>(22,346,071)</u>	27,406,983
<p>Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.</p>		
Deferred outflow related to pension		2,740,088
Deferred inflow related to pension		(116,977)
<p>In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:</p>		
Net pension liability		(3,308,077)
Compensated absences payable		(407,683)
<p>Certain notes receivable are not available to pay for current period expenditures and, therefore, are offset by deferred revenue in the governmental funds.</p>		<u>1,696,611</u>
Total net position - governmental activities		<u><u>\$ 40,542,035</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF IMPERIAL
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Special Revenue	Nonmajor Governmental Funds
		LTA Measure D	
Revenues			
Property Taxes	\$ 1,298,980	\$ -	\$ -
Sales and Use Taxes	2,444,650	789,327	
Business License Taxes	58,142		
Transient Occupancy Tax	19,999		
Other Taxes	33,821		
Licenses and Permits	14,424		
Fines and Forfeitures	114,304		
Use of Money and Property	10,036	11,431	86,926
Charges for Services	2,773,421		904,057
Intergovernmental	1,526,239	279,665	878,914
Franchise tax	294,662		
Other	76,803		97,275
Total Revenues	<u>8,665,481</u>	<u>1,080,423</u>	<u>1,967,172</u>
Expenditures			
Current:			
General Government	2,160,008		
Public Safety	3,345,272		97,571
Public Works	1,931,708	232,084	132,604
Parks and Recreation	880,849		253,280
Community Development	354,668		608,225
Capital Outlay		1,823,228	500,420
Total Expenditures	<u>8,672,505</u>	<u>2,055,312</u>	<u>1,592,100</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(7,024)</u>	<u>(974,889)</u>	<u>375,072</u>
Other Financing Sources (Uses):			
Transfers In	736,051		2,978
Transfers Out		(100,418)	(589,341)
Total Other Financing Sources (Uses)	<u>736,051</u>	<u>(100,418)</u>	<u>(586,363)</u>
Net Change in Fund Balances	729,027	(1,075,307)	(211,291)
Fund Balances - July 1, 2017	<u>1,094,701</u>	<u>4,081,401</u>	<u>7,912,559</u>
Fund Balances - June 30, 2018	<u>\$ 1,823,728</u>	<u>\$ 3,006,094</u>	<u>\$ 7,701,268</u>

The notes to the financial statements are an integral part of this statement.

**Total
Governmental
Funds**

\$ 1,298,980
3,233,977
58,142
19,999
33,821
14,424
114,304
108,393
3,677,478
2,684,818
294,662
174,078
11,713,076

2,160,008
3,442,843
2,296,396
1,134,129
962,893
2,323,648
12,319,917

(606,841)

739,029
(689,759)
49,270

(557,571)

13,088,661

\$ 12,531,090

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CITY OF IMPERIAL
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds \$ (557,571)

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 capital outlay was exceeded by depreciation in the current period.

Capital outlay	\$	2,083,352	
Depreciation expense		<u>(2,011,779)</u>	71,573

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. (503,685)

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. (94,325)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. In addition, changes in Fiduciary Net Position and Total Pension Liability are deferred inflows and outflows and amortized. This is the difference between accrual-basis pension costs and actual employer contributions and amortization of deferred inflows and outflows in the current fiscal year. 1,580,525

Change in net position of governmental activities \$ 496,517

The notes to the financial statements are an integral part of this statement.

CITY OF IMPERIAL
Statement of Net Position
Proprietary Funds
June 30, 2018

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Investments	\$ 5,471,140	\$ 8,325,599	\$ 13,796,739
Cash and Investments with Fiscal Agent	1,206,643	997,272	2,203,915
Accounts Receivable	513,148	391,175	904,323
Interest Receivable	5,109	7,775	12,884
Inventory	85,923		85,923
Total Current Assets	<u>7,281,963</u>	<u>9,721,821</u>	<u>17,003,784</u>
Noncurrent Assets:			
Capital Assets:			
Land	99,357	179,040	278,397
Machinery and Equipment	4,415,041	1,428,924	5,843,965
Infrastructure	22,358,681	21,268,740	43,627,421
Construction In Progress	819,423		819,423
Less:			
Accumulated Depreciation	<u>(17,562,255)</u>	<u>(15,104,380)</u>	<u>(32,666,635)</u>
Total Noncurrent Assets	<u>10,130,247</u>	<u>7,772,324</u>	<u>17,902,571</u>
Deferred Outflow of Resources:			
Pension related	453,360	291,448	744,808
Total Deferred Outflow of Resources	<u>453,360</u>	<u>291,448</u>	<u>744,808</u>
Total Assets and Deferred Outflows of Resources	<u>17,865,570</u>	<u>17,785,593</u>	<u>35,651,163</u>
Liabilities			
Current Liabilities:			
Accounts Payable	75,139	51,605	126,744
Deposits Payable	220,963	260,228	481,191
Long Term Debt - Due within One Year	906,212	656,156	1,562,368
Total Current Liabilities	<u>1,202,314</u>	<u>967,989</u>	<u>2,170,303</u>
Noncurrent Liabilities:			
Compensated Absences	22,891	28,194	51,085
Net Pension Liability	547,337	351,862	899,199
Due in More Than One Year	7,512,226	7,536,819	15,049,045
Total Noncurrent Liabilities	<u>8,082,454</u>	<u>7,916,875</u>	<u>15,999,329</u>
Deferred Inflows of Resources:			
Pension related	19,354	12,442	31,796
Total Deferred Inflows of Resources	<u>19,354</u>	<u>12,442</u>	<u>31,796</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,304,122</u>	<u>8,897,306</u>	<u>18,201,428</u>
Net Position			
Net Investment in Capital Assets	2,918,452	576,621	3,495,073
Unrestricted	5,642,996	8,311,666	13,954,662
Total Net Position	<u>\$ 8,561,448</u>	<u>\$ 8,888,287</u>	<u>\$ 17,449,735</u>

The notes to the financial statements are an integral part of this statement.

CITY OF IMPERIAL
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-type Activities - Enterprise funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 5,335,127	\$ 4,501,439	\$ 9,836,566
Other Operating Revenue	385,898		385,898
Total Operating Revenues	5,721,025	4,501,439	10,222,464
Operating Expenses:			
Personnel	696,638	618,816	1,315,454
Administrative	693,592	866,115	1,559,707
Materials and Supplies	764,530	65,967	830,497
Maintenance	415,133	326,213	741,346
Depreciation	1,375,464	1,546,867	2,922,331
Total Operating Expenses	3,945,357	3,423,978	7,369,335
Operating Income (loss)	1,775,668	1,077,461	2,853,129
Non-operating Revenues (Expenses):			
Interest Revenue	19,148	25,443	44,591
Interest Expense	(347,155)	(336,303)	(683,458)
Total Non-Operating Revenue (Expenses)	(328,007)	(310,860)	(638,867)
Income (Loss) before transfers	1,447,661	766,601	2,214,262
Transfers			
Transfers Out	(27,102)	(22,168)	(49,270)
Total Transfers	(27,102)	(22,168)	(49,270)
Change in Net Position	1,420,559	744,433	2,164,992
Net Position - Beginning of Fiscal Year	7,403,393	8,416,196	15,819,589
Prior Period Adjustments	(262,504)	(272,342)	(534,846)
Net Position - Beginning of the Fiscal Year, Restated	7,140,889	8,143,854	15,284,743
Net Position - End of Fiscal Year	\$ 8,561,448	\$ 8,888,287	\$ 17,449,735

The notes to the financial statements are an integral part of this statement.

CITY OF IMPERIAL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Users	\$ 5,645,477	\$ 4,431,619	\$ 10,077,096
Cash Payments to Suppliers and Contractors	(1,779,281)	(1,250,705)	(3,029,986)
Cash Payments to Employees	(953,487)	(772,896)	(1,726,383)
Net Cash Provided (Used) By Operating Activities	<u>2,912,709</u>	<u>2,408,018</u>	<u>5,320,727</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers Out	(27,102)	(22,168)	(49,270)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(27,102)</u>	<u>(22,168)</u>	<u>(49,270)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Received	16,326	21,044	37,370
Net Cash Provided (Used) in Investing Activities	<u>16,326</u>	<u>21,044</u>	<u>37,370</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Property, Plant, and Equipment	(946,354)	(99,357)	(1,045,711)
Principal Payments on Debt Borrowings	(830,000)	(625,000)	(1,455,000)
Interest Paid	(388,367)	(347,460)	(735,827)
Net Cash Provided (Used) In Capital and Related Financing Activities	<u>(2,164,721)</u>	<u>(1,071,817)</u>	<u>(3,236,538)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	737,212	1,335,077	2,072,289
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	<u>5,940,571</u>	<u>7,987,794</u>	<u>13,928,365</u>
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	<u>\$ 6,677,783</u>	<u>\$ 9,322,871</u>	<u>\$ 16,000,654</u>
Reconciliation to Statement of Net Position:			
Cash and Investments	\$ 5,471,140	\$ 8,325,599	\$ 13,796,739
Cash and Investments with Fiscal Agent	1,206,643	997,272	2,203,915
	<u>\$ 6,677,783</u>	<u>\$ 9,322,871</u>	<u>\$ 16,000,654</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	<u>\$ 1,775,668</u>	<u>\$ 1,077,461</u>	<u>\$ 2,853,129</u>
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,375,464	1,546,867	2,922,331
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(75,548)	(69,820)	(145,368)
Increase (Decrease) in Accounts Payable	(2,108)	(3,929)	(6,037)
Increase (Decrease) in Compensated Absences	4,656	14,031	18,687
Increase (Decrease) in Net Pension Liability	(261,505)	(168,111)	(429,616)
Increase (Decrease) in Deposits Payable	96,082	11,519	107,601
Total Adjustments	<u>1,137,041</u>	<u>1,330,557</u>	<u>2,467,598</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,912,709</u>	<u>\$ 2,408,018</u>	<u>\$ 5,320,727</u>

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS

Agency Funds and Private Purpose Trust Funds are used to account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the City, acting in the capacity of an agent for distribution to other governmental units or other organizations. The agency fund and private purpose trust fund maintained by the City is presented below.

Agency Fund - This fund holds assets and liabilities for CFDs.

RDA Successor Agency - This fund accounts for the former redevelopment agency.

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**CITY OF IMPERIAL
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
June 30, 2018**

	Private Purpose Trust Fund		Agency Fund
	RDA		
	Successor Agency		
ASSETS			
Cash and investments	\$ 1,848,013	\$ -	
Cash and investments with fiscal agent		3,287,567	
Interest receivable	1,726		
Loans receivable	501,073		
Capital assets, net of accumulated depreciation	311,012		
	2,661,824		
Total Assets		\$ 3,287,567	
LIABILITIES			
Deposits payable	\$ -	\$ 3,287,587	
Long-term debt, due within one year	750,000		
Long-term debt, due in more than one year	19,190,000		
	19,940,000		
Total Liabilities		\$ 3,287,587	
NET POSITION			
Held in trust for others	(17,278,176)		
Total Net Position	\$ (17,278,176)		

The notes to the financial statements are an integral part of this statement.

**CITY OF IMPERIAL
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2018**

	Private Purpose Trust Fund
	RDA Successor Agency
Additions:	
Intergovernmental	\$ 2,499,994
Interest	3,816
Total additions	2,503,810
Deductions:	
Community Development	66,832
Interest Expense	690,956
Contribution to City	250,000
Total deductions	1,007,788
Change in net position	1,496,022
Net Position - July 1, 2017	
Prior period adjustment	(18,774,198)
Net Position, July 1, 2017, Restated	(18,774,198)
Net Position - June 30, 2018	\$ (17,278,176)

The notes to the financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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. 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 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-Monterrey Park, and 2006-2 Savannah Ranch.

B. Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. 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 charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net positions are available, unrestricted resources are used only after the restricted resources are depleted.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish *operating* revenues from *Nonoperating*, such as charges for services, as they result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports two major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes activities such as public protection, public works and facilities, parks and recreation, and community development.
- The *LTA Measure D Special Revenue Fund* was established to account for all proceeds and expenditures associate with street and highway projects received as part of the local transportation authority Measure D sales tax.

The City reports the following two major enterprise funds:

- The *Water Fund* was established to account for the financial activity for the purpose of operation and maintenance of City's water utility. The costs of providing these services to the general public are financed or recovered through user charges.
- The *Sewer Fund* was established to account for the financial activity for the purpose of operation and maintenance of the City's sewer system including the wastewater treatment plant. The costs of providing these services to the general public are financed or recovered through user charges.

The City reports the following additional fund types:

Fiduciary Funds

Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

Private Purpose Trust Fund accounts for the operations of the former redevelopment agency.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus

The government-wide, proprietary, and fiduciary funds financial statements except for Agency Funds (that have no measurement focus) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and capital leases are reported as other financing sources.

Property taxes, transient occupancy taxes, and interest are susceptible to accrual. Sales taxes collected and held by the state at fiscal year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

D. Assets, Liabilities, and Equity

1. Deposits 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.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

1. Deposits and Investments (Continued)

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.

Investments are stated at fair value in accordance with GASB Statement No.31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Short-term investments are reported at cost, which approximates fair value. The fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Interest, dividends, and realized and unrealized gains and losses, based on the specific identification method, are included in interest revenue when earned.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Imperial collects property taxes for the City and Agency. Tax liens attach annually on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1st to June 30th. One-half of the taxes on real property are due on November 1st; the second installment is due on March 1st. All taxes are delinquent, if unpaid by December 10th and April 10th respectively. Unsecured personal property taxes become due on July 1st of each year and are delinquent, if unpaid by August 31st.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. 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, 2018.

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

Assets	Years
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

5. 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 of vacation vested sick leave benefits of employees approaching or at their respective retirement ages. The balance is considered a long-term obligation.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

5. Compensated Absences (Continued)

A liability is accrued for all earned but unused leave benefits in the government-wide and enterprise fund statements. This liability will be liquidated as either additional cash payments in the event of employee termination or as part of budgeted salary expenditures if used by employees as compensated leave time while still employed by the City. In the fund financial statements, governmental funds accrue current liabilities for material vacation leave benefits due on demand to governmental fund employees that have terminated prior to year-end. Non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Debt premiums and discounts are deferred and amortized over the life of the indebtedness using the straight line method. Notes payable are reported net of the applicable bond premium or discount.

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

7. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the City, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the City's policy is to apply restricted resources first.

E. Use of Estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution.

G. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements.

Statement No. 83	"Certain Asset Retirement Obligations"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 88	"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interest-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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 and Special Revenue 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, 2018, there were no budgets adopted for the following funds: Traffic Congestion Relief, Dial-A-Ride, Asset Forfeiture, ED CDBG, Prop 1B, Police Technology Grant, Austin Worthington, AB 109, Community Services Grant, STPL, SB-1, and Prop 10 Library.

Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for these fund types.

B. Budget/USGAAP Reconciliation

No funds adopted project-length or budgetary basis budgets and, therefore, no schedule reconciling the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual to the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances has been prepared.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2018, the following funds had an excess of expenditures over appropriations.

Fund	Amount
<u>Nonmajor Governmental Funds:</u>	
Successor Agency Housing	\$ 5,211
COPS Grant 2014	5,348
COPS Grant 2016	32,455
Housing Rehabilitation	767,379
Park Impact Fees	227,465

The Traffic Congestion Relief, Dial-A-Ride, Asset Forfeiture, ED CDBG, Prop 1B, Police Tech Grant, Austin Worthington, AB 109, Community Services Grant, STPL, SB-1, and Prop 10 Library funds do not adopt a budget.

D. Deficit Fund Equity

At June 30, 2018, the following funds had an accumulated deficit:

Fund	Amount
<u>Nonmajor Governmental Funds:</u>	
COPS Grant 2016	\$ 1,250
CDBG HOME Grant	10,578
Housing Rehabilitation	720,298
COPS Grant 2015	32
Prop 1B	164,419
Police Technology Grant	112,075
STPL	615,001
<u>Private Purpose Trust Fund:</u>	
RDA Successor Agency	17,278,176

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 28,021,990
Cash and investments with fiscal agents	2,203,915
Fiduciary funds:	
Cash and investments	1,848,013
Cash and investments with fiscal agents	3,287,567
Total cash and investments	\$ 35,361,485

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	\$	450
Deposits with financial institutions		23,634,411
Investments		11,726,624
Total cash and investments	\$	35,361,485

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 (City) by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (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>
Bonds issued by the City	N/A	None	None
US Treasury Obligations	5 years	None	None
Federal Agency Issues	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Bankers' Acceptances	180 days	40%	30%
Medium Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	None	10%
Commercial Paper	270 days	25%	None
County Pool Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65 Million
Collateralized Bank Deposits	N/A	None	None
Mortgage Pass-through Securities	5 years	20%	None
Shares of Beneficial Interest by a JPA	N/A	None	None

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 trustee. 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, 2018

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	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
State Obligations	N/A	None	None
U.S. Government Agency Issues	N/A	None	None
Money Market Mutual Fund	N/A	None	None
Bankers Acceptances	N/A	None	None
Commercial Paper	270 days	None	None
Certificates of Deposit	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreements	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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.

C. Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool (LAIF)	\$ 6,132,758	\$ 6,132,758	\$ -	\$ -	\$ -
Money Market Funds	5,491,482	5,491,482			
Certificates of Deposit	102,384	102,384			
	<u>\$ 11,726,624</u>	<u>\$ 11,726,624</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, 2018

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.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool	\$ 6,132,758	N/A	\$ -	\$ -	\$ -	\$ -	\$ 6,132,758
Money Market Funds	5,491,482	N/A					5,491,482
Certificates of Deposit	102,384	N/A					102,384
Total	<u>\$ 11,726,624</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,726,624</u>

F. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than money market) that represent 5% or more of total City’s investments.

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 governmental unit). The fair market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018, all of the City’s deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

H. 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.

I. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy establish by generally accepted accounting principles. These principles recognize a three tiered fair value hierarchy as follows: Level 1 – Investments reflect prices quoted in active markets; Level 2 – Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and Level 3 – Investments reflect prices based upon unobservable sources. The City did not have any investments applicable to recurring fair value measurements as of June 30, 2018.

NOTE 4 – INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds”. The following presents a summary of current interfund balances at June 30, 2018:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:		Nonmajor Governmental Funds:	
General Fund	\$ 1,158,705	COPS Grant 2016 Fund	\$ 1,250
		CDBG HOME Grant Fund	10,578
		Housing Rehabilitation Fund	255,257
Totals	<u>\$ 1,158,705</u>	COPS Grant 2015 Fund	125
		Prop 1B Fund	164,419
		Police Technology Grant Fund	112,075
		STPL Fund	<u>615,001</u>
		Totals	<u>\$ 1,158,705</u>

B. Transfers between Funds

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations, and re-allocations of special revenues. All inter-fund transfers between individual government funds have been eliminated on the government-wide statements. The following schedule briefly summarizes the City’s transfer activity for the fiscal year ended June 30, 2018:

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 – INTERFUND TRANSACTIONS (CONTINUED)

B. Transfers between Funds (Continued)

Fund	Transfers-in	Transfers-out
Major Governmental Funds:		
General Fund	\$ 736,051	\$ -
LTA Measure D		100,418
Major Enterprise Funds:		
Water Fund		27,102
Sewer Fund		22,168
Nonmajor Governmental Funds:		
Traffic Safety Special Revenue Fund		2,500
Gas Tax Special Revenue Fund		345,088
Local Transportation Special Revenue Fund		5,000
Public Safety Prop 172 Special Revenue Fund		72,890
COPS Grant 2017 Special Revenue Fund	2,978	2,500
COPS Grant 2014 Special Revenue Fund		2,978
COPS Grant 2016 Special Revenue Fund		44,292
Housing Rehabilitation Special Revenue Fund		5,000
RLA Special Revenue Fund		18,750
Wildflower Landscaping and Lighting Special Revenue Fund		7,100
Paseo Del Sol Landscaping and Lighting Special Revenue Fund		14,900
COPS Grant 2015 Special Revenue Fund		19,488
Sky Ranch District Special Revenue Fund		27,375
Library Literacy Special Revenue Fund		13,480
Housing General Special Revenue Fund		8,000
Totals	<u>\$ 739,029</u>	<u>\$ 739,029</u>

NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,329,400	\$ -	\$ -	\$ 3,329,400
Construction in progress		790,789		790,789
Total capital assets, not being depreciated	<u>3,329,400</u>	<u>790,789</u>		<u>4,120,189</u>
Capital assets, being depreciated:				
Machinery and Equipment	6,613,558			6,613,558
Infrastructure	37,726,744	1,292,563		39,019,307
Total capital assets being depreciated	<u>44,340,302</u>	<u>1,292,563</u>		<u>45,632,865</u>
Less accumulated depreciation for:				
Machinery and Equipment	(5,362,603)	(566,976)		(5,929,579)
Infrastructure	(14,971,689)	(1,444,803)		(16,416,492)
Total accumulated depreciation	<u>(20,334,292)</u>	<u>(2,011,779)</u>		<u>(22,346,071)</u>
Total capital assets, being depreciated, net	<u>24,006,010</u>	<u>(719,216)</u>		<u>23,286,794</u>
Governmental activities capital assets, net	<u>\$ 27,335,410</u>	<u>\$ 71,573</u>	<u>\$ -</u>	<u>\$ 27,406,983</u>

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Capital Asset activity for the fiscal year ended June 30, 2018 was as follows (continued):

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 79,683	\$ 198,714	\$ -	\$ 278,397
Construction in progress		819,423		819,423
Total capital assets, not being depreciated	<u>79,683</u>	<u>1,018,137</u>		<u>1,097,820</u>
Capital assets, being depreciated:				
Buildings and Improvements	18,408,424			18,408,424
Machinery and Equipment	5,816,389	27,574		5,843,963
Infrastructure	25,218,997			25,218,997
Total capital assets, being depreciated	<u>49,443,810</u>	<u>27,574</u>		<u>49,471,384</u>
Less accumulated depreciation for:				
Buildings and Improvements	(13,170,968)	(695,078)		(13,866,046)
Machinery and Equipment	(3,593,728)	(696,085)		(4,289,813)
Infrastructure	(12,979,607)	(1,531,168)		(14,510,775)
Total accumulated depreciation	<u>(29,744,303)</u>	<u>(2,922,331)</u>		<u>(32,666,634)</u>
Total capital assets, being depreciated, net	<u>19,699,507</u>	<u>(2,894,757)</u>		<u>16,804,750</u>
Business-type activities capital assets, net	<u>\$ 19,779,190</u>	<u>\$ (1,876,620)</u>	<u>\$ -</u>	<u>\$ 17,902,570</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 670,593
Public Works	670,593
Public Safety	<u>670,593</u>
Total depreciation expense – governmental functions	<u>\$ 2,011,779</u>

Depreciation expense was charged to business-type functions as follows:

Water	\$ 1,375,464
Sewer	<u>1,546,867</u>
Total depreciation expense – business-type functions	<u>\$ 2,922,331</u>

NOTE 6 – NOTES RECEIVABLE

The City has established a number of housing assistance loan programs using HOME Investment Partnerships Program grant funds. These loans consist of several loans for first-time home buyers assistance and home rehabilitation assistance loans for qualified persons. The City also utilizes Community Development Block Grant (CDBG) to provide business assistance loans and home rehabilitation loans to qualified persons.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – LONG-TERM LIABILITIES

The following is a schedule of long-term liabilities for Governmental Activities and Business-type Activities for the fiscal year ended June 30, 2018:

	Balance at June 30, 2017	Additions	Repayments	Balance at June 30, 2018	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 313,358	\$ 94,325	\$ -	\$ 407,683	\$ -
Total	<u>\$ 313,358</u>	<u>\$ 94,325</u>	<u>\$ -</u>	<u>\$ 407,683</u>	<u>\$ -</u>
Business-type Activities:					
Water Fund:					
Compensated absences	\$ 18,235	\$ 4,656	\$ -	\$ 22,891	\$ -
2005 Certificates of participation	1,650,000		(55,000)	1,595,000	60,000
2012 Certificates of participation	7,255,000		(775,000)	6,480,000	805,000
2012 Certificates of participation premium	384,650		(41,212)	343,438	41,212
Wastewater Fund:					
Compensated absences	14,163	14,031		28,194	
2005 Certificates of participation	2,180,000		(75,000)	2,105,000	80,000
2012 Certificates of participation	6,545,000		(550,000)	5,995,000	565,000
2012 Certificates of participation premium	104,131		(11,156)	92,975	11,156
Total	<u>\$ 18,151,179</u>	<u>\$ 18,687</u>	<u>\$ (1,507,368)</u>	<u>\$ 16,662,498</u>	<u>\$ 1,562,368</u>

1. 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, 2018, the balances remaining for Water and Wastewater Refunding are \$1,595,000, and \$2,105,000 respectively.

Annual debt service requirements for the certificates are shown below:

Fiscal Year Ended June 30,	2005 Certificates of Participation - Water		
	Principal	Interest	Total
2019	\$ 60,000	\$ 73,132	\$ 133,132
2020	60,000	70,582	130,582
2021	65,000	67,862	132,862
2022	65,000	64,969	129,969
2023	70,000	61,931	131,931
2024-2028	405,000	256,423	661,423
2029-2033	505,000	148,556	653,556
2034-2038	365,000	26,721	391,721
	<u>\$ 1,595,000</u>	<u>\$ 770,176</u>	<u>\$ 2,365,176</u>

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

1. Business -type Activities – Water/Wastewater Parity 2005 COP (Continued)

Fiscal Year Ended June 30,	2005 Certificates of Participation - Wastewater		
	Principal	Interest	Total
2019	\$ 80,000	\$ 96,480	\$ 176,480
2020	80,000	93,080	173,080
2021	85,000	89,490	174,490
2022	90,000	85,595	175,595
2023	95,000	81,433	176,433
2024-2028	525,000	337,587	862,587
2029-2033	665,000	197,248	862,248
2034-2038	485,000	35,271	520,271
	<u>\$ 2,105,000</u>	<u>\$ 1,016,184</u>	<u>\$ 3,121,184</u>

2. Business -type Activities – 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 were 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 is payable semi-annually on April and October 15 commencing on October 15, 2012. As of June 30, 2018, the balances remaining for Water and Wastewater Refunding are \$6,480,000 and \$5,995,000 respectively.

Annual debt service requirements for the Installment Notes Payable are shown below:

Fiscal Year Ended June 30,	2012 Certificates of Participation - Water		
	Principal	Interest	Total
2019	\$ 805,000	\$ 96,480	\$ 901,480
2020	845,000	93,080	938,080
2021	885,000	89,490	974,490
2022	595,000	85,595	680,595
2023	615,000	81,433	696,433
2024-2028	2,735,000	337,587	3,072,587
	<u>\$ 6,480,000</u>	<u>\$ 783,665</u>	<u>\$ 7,263,665</u>

Fiscal Year Ended June 30,	2012 Certificates of Participation - Wastewater		
	Principal	Interest	Total
2019	\$ 565,000	\$ 236,825	\$ 801,825
2020	580,000	213,850	793,850
2021	610,000	184,100	794,100
2022	640,000	158,450	798,450
2023	660,000	136,500	796,500
2024-2028	2,940,000	256,273	3,196,273
	<u>\$ 5,995,000</u>	<u>\$ 1,185,998</u>	<u>\$ 7,180,998</u>

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

3. Compensated Absences

The City's policy relating to compensated absences is described in Note (1). Compensated absences are liquidated primarily by the general fund and proprietary funds. The total amount outstanding at June 30, 2018, was \$407,683 for governmental activities and \$51,085 for business-type activities.

NOTE 8 – RISK MANAGEMENT

California Joint Powers Insurance Authority (CJPIA)

The City is a member of the California Joint Powers Insurance Authority's (Authority) Joint Liability Protection and worker's compensation coverage programs. The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Audited financial statements for the Authority are available from Finance Director, at California Joint Powers Insurance Authority, 8081 Moody Street, La Palma, California 90623.

NOTE 9 – CONTINGENT LIABILITIES

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

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

The City does not offer any other post-employment benefits.

NOTE 11 – PENSION PLAN

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

A. General Information about the Pension Plan

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 – PENSION PLAN

A. General Information about the Pension Plan (Continued)

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

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

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

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the City reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

Proportionate Share of Net Pension Liability	
Misc. Plan	Safety Plan
\$ 1,829,307	\$ 2,377,969

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	City Miscellaneous Plan	City Safety Plan
Proportion - June 30, 2016	0.04310%	0.04135%
Proportion - June 30, 2017	0.04640%	0.03980%
Change - Increase (Decrease)	0.00331%	-0.00156%

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$298,675. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 324,247	\$ -
Net differences between projected and actual earnings on pension plan investments	159,072	
Difference between actual vs proportionate contribution		(124,014)
Changes in assumptions	660,478	
Difference in actual experience		(24,759)
Adjustment due to differences in proportions	2,341,099	
Total	\$ 3,484,896	\$ (148,773)

\$324,247 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Amount
2019	\$ 977,493
2020	1,228,287
2021	899,924
2022	(93,828)
Total	\$ 3,011,876

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30%-14.20% (1)	3.30%-14.20% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all	

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Year 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Employer's Net Pension Liability - Miscellaneous	\$ 3,103,317	\$ 1,829,307	\$ 774,149
Employer's Net Pension Liability - Safety	3,463,746	2,377,969	1,490,401
Employer's Net Pension Liability - Total	<u>\$ 6,567,063</u>	<u>\$ 4,207,276</u>	<u>\$ 2,264,550</u>

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

NOTE 12 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Imperial (City) that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets units until they are distributed to other units of state and local government. On January 10, 2012, 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 number 2012-04.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as of the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

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.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 12 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

A. Capital assets of the Successor Agency as of June 30, 2018 consisted of the following:

	July 1, 2017 Balance	Additions	Deletions	June 30, 2018 Balance
Capital assets, not being depreciated:				
Land	\$ 311,012	\$ -	\$ -	\$ 311,012
Total capital assets, not being depreciated	311,012			311,012
Total capital assets, net	<u>\$ 311,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,012</u>

B. Long-term debt of the Successor Agency as of June 30, 2018, consisted of the following:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within one year
2016 A Series Tax Allocation Bond	\$ 5,835,000	\$ -	\$ (220,000)	\$ 5,615,000	\$ 225,000
2016 B Series Tax Allocation Bond	14,845,000		(520,000)	14,325,000	525,000
Totals	<u>\$ 20,680,000</u>	<u>\$ -</u>	<u>\$ (740,000)</u>	<u>\$ 19,940,000</u>	<u>\$ 750,000</u>

2016 Series A Tax Allocation Bonds

On May 18, 2016, the Successor Agency of the City of Imperial (the "Agency") issued \$6,050,000 refunding the 2005 Tax Allocation Notes. Interest is payable semi-annually every June 1 and December 1 of each year, commencing June 1, 2016 and maturing on June 1, 2037 and ranges from 2% to 4%. As of June 30, 2018, the outstanding principal balance is \$5,615,000.

Fiscal Year Ended June 30,	2016 Series A Tax Allocation Bonds		
	Principal	Interest	Total
2019	\$ 225,000	\$ 192,675	\$ 417,675
2020	225,000	187,050	412,050
2021	225,000	182,550	407,550
2022	245,000	177,850	422,850
2023	250,000	172,900	422,900
2024-2028	1,315,000	759,800	2,074,800
2029-2033	1,600,000	470,800	2,070,800
2034-2038	1,530,000	125,400	1,655,400
	<u>\$ 5,615,000</u>	<u>\$ 2,269,025</u>	<u>\$ 7,884,025</u>

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 12 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

2016 Series B Tax Allocation Bonds

On May 18, 2016, the Successor Agency of the City of Imperial (the "Agency") issued \$15,145,000 refunding the 2008 Tax Allocation Notes. Interest is payable semi-annually every June 1 and December 1 of each year, commencing June 1, 2016 and maturing on June 1, 2037 and ranges from 0.75% to 4%. As of June 30, 2018, the outstanding principal balance is \$14,325,000.

Fiscal Year Ended June 30,	2016 Series B Tax Allocation Bonds		
	Principal	Interest	Total
2019	\$ 525,000	\$ 477,118	\$ 1,002,118
2020	530,000	468,543	998,543
2021	545,000	458,456	1,003,456
2022	550,000	446,818	996,818
2023	560,000	433,631	993,631
2024-2028	3,070,000	1,911,468	4,981,468
2029-2033	3,620,000	1,335,022	4,955,022
2034-2038	4,925,000	550,300	5,475,300
	<u>\$ 14,325,000</u>	<u>\$ 6,081,356</u>	<u>\$ 20,406,356</u>

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments of (\$262,504) and (\$272,342) were made in the Water and Sewer funds respectively due to issuance costs no longer being amortized over the life of the debt but being recognized in the period of issuance.

Prior period adjustment of (\$18,774,198) was made in the private purpose trust fund and respectively successor agency funds due to the misclassification of successor agency funds as special revenue funds in the prior fiscal year and long term debt not being recognized in the successor agency statements.

Prior period adjustment of \$20,680,000 was made on the statement of activities due to the misclassification of long term debt associated with the successor agency being recognized as part of governmental activities in the prior fiscal year.

Prior period adjustment of (\$1,406,290) was made on the statement of activities due to the inclusion of certain successor agency funds as part of governmental activities.

REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF IMPERIAL
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 1,709,320	\$ 1,709,320	\$ 1,298,980	\$ (410,340)
Sales and Use Taxes	2,035,000	2,035,000	2,444,650	409,650
Business License Taxes	51,000	51,000	58,142	7,142
Transient Occupancy Tax	20,000	20,000	19,999	(1)
Other Taxes	35,000	35,000	33,821	(1,179)
Licenses and Permits	61,000	61,000	14,424	(46,576)
Fines and Forfeitures	95,500	95,500	114,304	18,804
Use of Money and Property	3,000	3,000	10,036	7,036
Charges for Services	2,144,280	2,144,280	2,773,421	629,141
Intergovernmental	1,659,338	1,659,338	1,526,239	(133,099)
Franchise tax	260,000	260,000	294,662	34,662
Other	242,650	242,650	76,803	(165,847)
Total Revenues	<u>8,316,088</u>	<u>8,316,088</u>	<u>8,665,481</u>	<u>349,393</u>
Expenditures				
Current				
General Government	3,356,420	3,356,420	2,160,008	1,196,412
Public Safety	3,507,257	3,507,257	3,345,272	161,985
Public Works	1,162,959	1,162,959	1,931,708	(768,749)
Parks and Recreation	793,306	793,306	880,849	(87,543)
Community Development	608,591	608,591	354,668	253,923
Total Expenditures	<u>9,428,533</u>	<u>9,428,533</u>	<u>8,672,505</u>	<u>756,028</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,112,445)</u>	<u>(1,112,445)</u>	<u>(7,024)</u>	<u>1,105,421</u>
Other Financing Sources (uses):				
Transfers In	1,164,011	1,164,011	736,051	(427,960)
Total Other Financing Sources (Uses)	<u>1,164,011</u>	<u>1,164,011</u>	<u>736,051</u>	<u>(427,960)</u>
Net Change in Fund Balance	51,566	51,566	729,027	677,461
Fund Balance - July 1, 2017	<u>1,094,701</u>	<u>1,094,701</u>	<u>1,094,701</u>	
Fund Balance - June 30, 2018	<u>\$ 1,146,267</u>	<u>\$ 1,146,267</u>	<u>\$ 1,823,728</u>	<u>\$ 677,461</u>

**CITY OF IMPERIAL
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
LTA MEASURE D SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales and Use Taxes	\$ 910,000	\$ 910,000	\$ 789,327	\$ (120,673)
Use of Money and Property	3,000	3,000	11,431	8,431
Intergovernmental			279,665	279,665
Total Revenues	<u>913,000</u>	<u>913,000</u>	<u>1,080,423</u>	<u>167,423</u>
Expenditures				
Current				
Public Works	106,500	106,500	232,084	(125,584)
Capital Outlay	<u>3,032,200</u>	<u>3,032,200</u>	<u>1,823,228</u>	<u>1,208,972</u>
Total Expenditures	<u>3,138,700</u>	<u>3,138,700</u>	<u>2,055,312</u>	<u>1,083,388</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,225,700)</u>	<u>(2,225,700)</u>	<u>(974,889)</u>	<u>1,250,811</u>
Other Financing Sources (uses):				
Transfers Out	<u>(125,418)</u>	<u>(125,418)</u>	<u>(100,418)</u>	<u>25,000</u>
Total Other Financing Sources (Uses)	<u>(125,418)</u>	<u>(125,418)</u>	<u>(100,418)</u>	<u>25,000</u>
Net Change in Fund Balance	(2,351,118)	(2,351,118)	(1,075,307)	1,275,811
Fund Balance - July 1, 2017	<u>4,081,401</u>	<u>4,081,401</u>	<u>4,081,401</u>	
Fund Balance - June 30, 2018	<u>\$ 1,730,283</u>	<u>\$ 1,730,283</u>	<u>\$ 3,006,094</u>	<u>\$ 1,275,811</u>

**CITY OF IMPERIAL
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2018**

Cost Sharing Defined Benefit Pension Plans

Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years*

	June 30, 2018		June 30, 2017		June 30, 2016		June 30, 2015	
	Misc Plan	Safety Plan	Misc Plan	Safety Plan	Misc Plan	Safety Plan	Misc Plan	Safety Plan
Proportion of the net pension liability	0.04640%	0.03980%	0.04310%	0.04135%	0.03591%	0.04491%	0.05532%	0.04857%
Proportionate share of the net pension liability	\$ 1,829,307	\$ 2,377,969	\$ 1,497,198	\$ 2,141,864	\$ 985,073	\$ 1,850,541	\$ 1,367,153	\$ 1,821,888
Covered-employee payroll	\$ 1,926,480	\$ 1,022,595	\$ 1,739,004	\$ 1,059,307	\$ 1,642,544	\$ 1,032,855	\$ 1,651,054	\$ 1,075,212
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	94.96%	232.54%	86.10%	202.19%	59.97%	179.17%	82.80%	169.44%
Plan's fiduciary net position	\$ 7,433,062	\$ 5,382,173	\$ 6,695,486	\$ 4,662,680	\$ 6,449,768	\$ 5,357,528	\$ 5,663,481	\$ 5,067,491
Plan's total pension liability	\$ 9,262,369	\$ 7,760,142	\$ 8,192,684	\$ 6,804,544	\$ 7,434,841	\$ 7,208,069	\$ 7,030,634	\$ 6,889,379
Plan fiduciary net position as a percentage of total pension liability	80.25%	69.36%	81.73%	68.52%	86.75%	74.33%	80.55%	73.56%

Notes to Schedule

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

Change in Assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

*Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**CITY OF IMPERIAL
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2018**

Cost Sharing Defined Benefit Pension Plans

Schedule of Contributions – Last 10 Years*

	June 30, 2018		June 30, 2017		June 30, 2016		June 30, 2015	
	Misc Plan	Safety Plan	Misc Plan	Safety Plan	Misc Plan	Safety Plan	Misc Plan	Safety Plan
Contractual required contribution (actuarially determined)	\$ 146,000	\$ 152,674	\$ 249,335	\$ 161,109	\$ 223,103	\$ 182,273	\$ 313,414	\$ 374,623
Contributions in relation to the actuarially determined contributions	(146,000)	(152,674)	(249,335)	(161,109)	(223,103)	(182,273)	(313,414)	(374,623)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,926,480	\$ 1,022,595	\$ 1,739,004	\$ 1,059,307	\$ 1,642,544	\$ 1,032,855	\$ 1,651,054	\$ 1,075,212
Contributions as a percentage of covered employee payroll	7.58%	14.93%	14.34%	15.21%	13.58%	17.65%	18.98%	34.84%

Notes to Schedule

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2012 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

*Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

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OTHER SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The Traffic Congestion Relief Fund was established to account for TCRF funding for streets and road projects to ease congestion.

The Traffic Safety Fund was established to account money received for traffics safety programs.

The Gas Tax Fund was established to account for state gas tax revenues based on population. The revenues may be expended only for street and road repair, maintenance, design, construction, and traffic signal design and installation.

The Local Transportation Fund was established to funding received for local transportation capital projects.

The Dial-A-Ride Fund was established to account for monies received as part of the TDA paratransit program.

The Successor Housing Fund was established to account for the housing loan and housing rehabilitation loans as part of the former redevelopment agency.

The Public Safety Prop 172 Fund was established to account for Prop 172 public safety funds received by the City and dedicated to local public safety.

The COPS Grant 2017 Fund was established to account for monies received as part of the 2017 COPS police hiring grant from the United States Department of Justice.

The Asset Forfeiture Fund was established to account for monies received from asset seizures in the City's jurisdiction. The monies are to be spent on police protection and enforcement.

The COPS Grant 2014 Fund was established to account for monies received as part of the 2014 COPS police hiring grant from the United States Department of Justice.

The COPS Grant 2016 Fund was established to account for monies received as part of the 2016 COPS police hiring grant from the United States Department of Justice.

The CDBG HOME Fund was established to account for federal grants under the Housing and Community Development Act, to assist low and moderate income groups in obtaining loans to rehabilitate or revitalize their homes.

The Housing Rehabilitation Fund was established to account for funds to assist low and moderate income groups in obtaining loans to rehabilitate or revitalize their homes.

The ED CDBG Grants Fund was established to account for federal planning grants under the Housing and Community Development Act.

The RLA Fund was established to bridge the gap between old development and new development where Landscaping and Lighting Districts are not set up.

The Wildflower Landscaping and Lighting Fund was established to account for revenues received and expenditures made for projects and maintenance within the Wildflower Landscaping and Lighting District.

The Paseo Del Sol Landscaping and Lighting Fund was established to account for revenues received and expenditures made for projects and maintenance within the Paseo Del Sol Landscaping and Lighting District.

The Joshua Tree Street Improvement Fund established to account for revenues received and expenditures made for Joshua Tree Street Improvement project.

The Library Donation Fund was established to account for donations received at the library.

The COPS Grant 2015 Fund was established to account for monies received as part of the 2015 COPS police hiring grant from the United States Department of Justice.

The Sky Ranch District Fund was established to account for revenues received and expenditures made for projects and maintenance within the Sky Ranch District.

The Prop 1B Fund was established to account for Prop 1B funds that are used for local streets and roads.

The Library Literacy Fund was established to account for funds received and expended as part of the library literacy program.

The Police Technology Grant Fund was established to account for funds received as part of police technology grants.

The Austin Worthington Roads Fund was established to account for costs related to Austin Worthington Roads projects.

The AB 109 Fund was established to account for funds received and expended as part of assembly bill AB 109 from the California Department of Correction and Rehabilitation.

The Community Services Grant Fund was established to account for community services grants.

The General Housing Fund was established to account program revenue and costs associated with general housing programs.

The Fire Impact Fees Fund was established to account for fire impact fees.

The Police Impact Fees Fund was established to account for police impact fees.

The Administrative Impact Fees Fund was established to account for administrative impact fees.

The Library Impact Fees Fund was established to account for library impact fees.

The Park Impact Fees Fund was established to account for park impact fees.

The Circulation Impact Fees Fund was established to account for circulation impact fees.

The STPL Fund was established to account for funds received and expended for highway planning and construction projects.

The EDA Fund was established for funds received for Economic Development Administration programs.

The SB 1 Fund was established to account for funds provided for street projects as part of California Senate Bill 1.

The Prop 10 Library Fund was established to account for funds received as part of Prop 10 for future library projects.

**CITY OF IMPERIAL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018**

	Special Revenue Funds				
	Traffic Congestion Relief	Traffic Safety	Gas Tax	Local Transportation	Dial-A- Ride
Assets					
Cash and Investments	\$ 21,221	\$ 4,110	\$ 348,811	\$ 394,802	\$ 14,607
Accounts Receivable				49,682	
Interest Receivable		4	326	369	
Loans Receivable					
Total Assets	<u>\$ 21,221</u>	<u>\$ 4,114</u>	<u>\$ 349,137</u>	<u>\$ 444,853</u>	<u>\$ 14,607</u>
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ 22,559	\$ -
Due To Other Funds					
Total Liabilities				<u>22,559</u>	
Deferred Inflows of Resources:					
Loans Related					
Total Deferred Inflows of Resources					
Total Liabilities and Deferred Inflows of Resources				<u>22,559</u>	
Fund Balances (Deficits)					
Restricted	21,221	4,114	349,137	422,294	14,607
Unassigned					
Total Fund Balances (Deficits)	<u>21,221</u>	<u>4,114</u>	<u>349,137</u>	<u>422,294</u>	<u>14,607</u>
Total Liabilities and Fund Balances	<u>\$ 21,221</u>	<u>\$ 4,114</u>	<u>\$ 349,137</u>	<u>\$ 444,853</u>	<u>\$ 14,607</u>

Special Revenue Funds

Successor Housing	Public Safety Prop 172	Cops Grant 2017	Asset Forfeiture	Cops Grant 2014	Cops Grant 2016	CDBG HOME Grant	Housing Rehab
\$ 1,403,165	\$ 87,379	\$ 100,022	\$ 4,677	\$ 9,175	\$ -	\$ -	\$ -
19,835							
1,022	82		4	7			
189,980						781,745	330,810
<u>\$ 1,614,002</u>	<u>\$ 87,461</u>	<u>\$ 100,022</u>	<u>\$ 4,681</u>	<u>\$ 9,182</u>	<u>\$ -</u>	<u>\$ 781,745</u>	<u>\$ 330,810</u>
\$ 83	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,041
					1,250	10,578	255,257
83					1,250	10,578	720,298
189,980						781,745	330,810
189,980						781,745	330,810
190,063					1,250	792,323	1,051,108
1,423,939	87,461	100,022	4,681	9,182	(1,250)	(10,578)	(720,298)
1,423,939	87,461	100,022	4,681	9,182	(1,250)	(10,578)	(720,298)
<u>\$ 1,614,002</u>	<u>\$ 87,461</u>	<u>\$ 100,022</u>	<u>\$ 4,681</u>	<u>\$ 9,182</u>	<u>\$ -</u>	<u>\$ 781,745</u>	<u>\$ 330,810</u>

Continued

**CITY OF IMPERIAL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018
(CONTINUED)**

	Special Revenue Funds				
	ED CDBG	RLA	Wildflower Landscape Lighting	Paseo Del Sol Landscape Lighting	Joshua Tree Street Improvement
Assets					
Cash and Investments	\$ 50	\$ 9,577	\$ 83,463	\$ 141,633	\$ 31,287
Accounts Receivable					
Interest Receivable		9	78	132	
Loans Receivable		202,639			
Total Assets	<u>\$ 50</u>	<u>\$ 212,225</u>	<u>\$ 83,541</u>	<u>\$ 141,765</u>	<u>\$ 31,287</u>
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds					
Total Liabilities					
Deferred Inflows of Resources:					
Loans Related		202,639			
Total Deferred Inflows of Resources		202,639			
Total Liabilities and Deferred Inflows of Resources		202,639			
Fund Balances (Deficits)					
Restricted	50	9,586	83,541	141,765	31,287
Unassigned					
Total Fund Balances (Deficits)	<u>50</u>	<u>9,586</u>	<u>83,541</u>	<u>141,765</u>	<u>31,287</u>
Total Liabilities and Fund Balances	<u>\$ 50</u>	<u>\$ 212,225</u>	<u>\$ 83,541</u>	<u>\$ 141,765</u>	<u>\$ 31,287</u>

Special Revenue Funds

Library Donation	Cops Grant 2015	Sky Ranch District	Prop 1B	Library Literacy	Police Technology Grant	Austin Worthington	AB 109 Funding
\$ 3,403	\$ -	\$ 1,060,582	\$ -	\$ 75,616	\$ -	\$ 95,750	\$ 839
	93	990		71			
<u>\$ 3,403</u>	<u>\$ 93</u>	<u>\$ 1,061,572</u>	<u>\$ -</u>	<u>\$ 75,687</u>	<u>\$ -</u>	<u>\$ 95,750</u>	<u>\$ 839</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	125		164,419		112,075		
	125		164,419		112,075		
	125		164,419		112,075		
3,403	(32)	1,061,572	(164,419)	75,687	(112,075)	95,750	839
<u>3,403</u>	<u>(32)</u>	<u>1,061,572</u>	<u>(164,419)</u>	<u>75,687</u>	<u>(112,075)</u>	<u>95,750</u>	<u>839</u>
<u>\$ 3,403</u>	<u>\$ 93</u>	<u>\$ 1,061,572</u>	<u>\$ -</u>	<u>\$ 75,687</u>	<u>\$ -</u>	<u>\$ 95,750</u>	<u>\$ 839</u>

Continued

**CITY OF IMPERIAL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018
(CONTINUED)**

	Special Revenue Funds				
	Community Services Grant	General Housing	Fire Impact Fees	Police Impact Fees	Admin Impact Fees
Assets					
Cash and Investments	\$ 5,624	\$ 481,284	\$ 49,759	\$ 696,407	\$ 640,352
Accounts Receivable					
Interest Receivable			46	650	598
Loans Receivable		191,437			
Total Assets	<u>\$ 5,624</u>	<u>\$ 672,721</u>	<u>\$ 49,805</u>	<u>\$ 697,057</u>	<u>\$ 640,950</u>
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds					
Total Liabilities					
Deferred Inflows of Resources:					
Loans Related		191,437			
Total Deferred Inflows of Resources		191,437			
Total Liabilities and Deferred Inflows of Resources		191,437			
Fund Balances (Deficits)					
Restricted	5,624	481,284	49,805	697,057	640,950
Unassigned					
Total Fund Balances (Deficits)	5,624	481,284	49,805	697,057	640,950
Total Liabilities and Fund Balances	<u>\$ 5,624</u>	<u>\$ 672,721</u>	<u>\$ 49,805</u>	<u>\$ 697,057</u>	<u>\$ 640,950</u>

Special Revenue Funds							Total Nonmajor Governmental Funds
Library Impact Fees	Park Impact Fees	Circulation Impact Fees	STPL	EDA	SB 1	Prop 10 Library	
\$ 505,290	\$ 1,974,618	\$ 353,273	\$ -	\$ 602,681	\$ 69,819	\$ 1,651	\$ 9,270,927
472	1,843	330			85	1	69,517
							7,212
							1,696,611
<u>\$ 505,762</u>	<u>\$ 1,976,461</u>	<u>\$ 353,603</u>	<u>\$ -</u>	<u>\$ 602,681</u>	<u>\$ 69,904</u>	<u>\$ 1,652</u>	<u>\$ 11,044,267</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 487,683
			615,001				1,158,705
			615,001				1,646,388
							1,696,611
							1,696,611
			615,001				3,342,999
505,762	1,976,461	353,603	(615,001)	602,681	69,904	1,652	9,324,921
							(1,623,653)
505,762	1,976,461	353,603	(615,001)	602,681	69,904	1,652	7,701,268
<u>\$ 505,762</u>	<u>\$ 1,976,461</u>	<u>\$ 353,603</u>	<u>\$ -</u>	<u>\$ 602,681</u>	<u>\$ 69,904</u>	<u>\$ 1,652</u>	<u>\$ 11,044,267</u>

CITY OF IMPERIAL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds				
	Traffic Congestion Relief	Traffic Safety	Gas Tax	Local Transportation	Dial-A- Ride
Revenues:					
Use of Money and Property	\$ -	\$ 12	\$ 1,080	\$ 1,464	\$ -
Charges for Services		2,431			
Intergovernmental	21,211		371,001	49,682	
Other					
Total Revenues	<u>21,211</u>	<u>2,443</u>	<u>372,081</u>	<u>51,146</u>	
Expenditures:					
Current:					
Community Development					
Public Safety					
Public Works				22,086	
Parks and Recreation					
Capital Outlay				201,783	
Total Expenditures				<u>223,869</u>	
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>21,211</u>	<u>2,443</u>	<u>372,081</u>	<u>(172,723)</u>	
Other Financing Sources (Uses):					
Transfers In					
Transfers Out		(2,500)	(345,088)	(5,000)	
Total Other Financing Sources (Uses)		<u>(2,500)</u>	<u>(345,088)</u>	<u>(5,000)</u>	
Net Change in Fund Balances	21,211	(57)	26,993	(177,723)	
Fund Balances - July 1, 2017	<u>10</u>	<u>4,171</u>	<u>322,144</u>	<u>600,017</u>	<u>14,607</u>
Fund Balances - June 30, 2018	<u>\$ 21,221</u>	<u>\$ 4,114</u>	<u>\$ 349,137</u>	<u>\$ 422,294</u>	<u>\$ 14,607</u>

Special Revenue Funds

Successor Housing	Public Safety Prop 172	Cops Grant 2017	Asset Forfeiture	Cops Grant 2014	Cops Grant 2016	CDBG HOME Grant	Housing Rehab
\$ 30,589	\$ 232	\$ 25	\$ 10	\$ 47	\$ 14	\$ 10,851	\$ 1,993
	143,338	100,000	2,328		41,177	55,427	2,448
<u>30,589</u>	<u>143,570</u>	<u>100,025</u>	<u>2,338</u>	<u>47</u>	<u>41,191</u>	<u>66,278</u>	<u>4,441</u>
6,711		44,675		18,848	32,455		468,742
							298,637
<u>6,711</u>		<u>44,675</u>		<u>18,848</u>	<u>32,455</u>		<u>767,379</u>
<u>23,878</u>	<u>143,570</u>	<u>55,350</u>	<u>2,338</u>	<u>(18,801)</u>	<u>8,736</u>	<u>66,278</u>	<u>(762,938)</u>
		2,978					
	(72,890)	(2,500)		(2,978)	(44,292)		(5,000)
	(72,890)	478		(2,978)	(44,292)		(5,000)
23,878	70,680	55,828	2,338	(21,779)	(35,556)	66,278	(767,938)
<u>1,400,061</u>	<u>16,781</u>	<u>44,194</u>	<u>2,343</u>	<u>30,961</u>	<u>34,306</u>	<u>(76,856)</u>	<u>47,640</u>
<u>\$ 1,423,939</u>	<u>\$ 87,461</u>	<u>\$ 100,022</u>	<u>\$ 4,681</u>	<u>\$ 9,182</u>	<u>\$ (1,250)</u>	<u>\$ (10,578)</u>	<u>\$ (720,298)</u>

Continued

CITY OF IMPERIAL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018
(CONTINUED)

	<u>Special Revenue Funds</u>				
	ED CDBG	RLA	Wildflower Landscape Lighting	Paseo Del Sol Landscape Lighting	Joshua Tree Street Improvement
Revenues:					
Use of Money and Property	\$ -	\$ 4,394	\$ 222	\$ 403	\$ -
Charges for Services		7,030	50,254	45,338	
Intergovernmental					
Other					
Total Revenues		<u>11,424</u>	<u>50,476</u>	<u>45,741</u>	
Expenditures:					
Current:					
Community Development					
Public Safety					
Public Works			9,728	3,729	
Parks and Recreation					
Capital Outlay					
Total Expenditures			<u>9,728</u>	<u>3,729</u>	
Excess (Deficiency) of Revenues over (Under) Expenditures		<u>11,424</u>	<u>40,748</u>	<u>42,012</u>	
Other Financing Sources (Uses):					
Transfers In					
Transfers Out		(18,750)	(7,100)	(14,900)	
Total Other Financing Sources (Uses)		<u>(18,750)</u>	<u>(7,100)</u>	<u>(14,900)</u>	
Net Change in Fund Balances		(7,326)	33,648	27,112	
Fund Balances - July 1, 2017	50	16,912	49,893	114,653	31,287
Fund Balances - June 30, 2018	<u>\$ 50</u>	<u>\$ 9,586</u>	<u>\$ 83,541</u>	<u>\$ 141,765</u>	<u>\$ 31,287</u>

Special Revenue Funds

Library Donation	Cops Grant 2015	Sky Ranch District	Prop 1B	Library Literacy	Police Technology Grant	Austin Worthington	AB 109 Funding
\$ -	\$ 114	\$ 3,140	\$ -	\$ 234	\$ -	\$ -	\$ -
	848	210,700		18,000			
<u>1,050</u>	<u>962</u>	<u>213,840</u>		<u>18,234</u>			
	1,593	97,061		715			
<u>100</u>	<u>1,593</u>	<u>97,061</u>		<u>715</u>			
<u>950</u>	<u>(631)</u>	<u>116,779</u>		<u>17,519</u>			
	(19,488)	(27,375)		(13,480)			
	(19,488)	(27,375)		(13,480)			
950	(20,119)	89,404		4,039			
<u>2,453</u>	<u>20,087</u>	<u>972,168</u>	<u>(164,419)</u>	<u>71,648</u>	<u>(112,075)</u>	<u>95,750</u>	<u>839</u>
<u>\$ 3,403</u>	<u>\$ (32)</u>	<u>\$ 1,061,572</u>	<u>\$ (164,419)</u>	<u>\$ 75,687</u>	<u>\$ (112,075)</u>	<u>\$ 95,750</u>	<u>\$ 839</u>

Continued

CITY OF IMPERIAL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018
(CONTINUED)

	Special Revenue Funds				
	Community Services Grant	General Housing	Fire Impact Fees	Police Impact Fees	Admin Impact Fees
Revenues:					
Use of Money and Property	\$ -	\$ 5,382	\$ 765	\$ 3,386	\$ 3,222
Charges for Services		22,188	26,710	50,923	53,391
Intergovernmental	6,000				
Other					
Total Revenues	<u>6,000</u>	<u>27,570</u>	<u>27,475</u>	<u>54,309</u>	<u>56,613</u>
Expenditures:					
Current:					
Community Development	376	111,934			
Public Safety					
Public Works					
Parks and Recreation					
Capital Outlay					
Total Expenditures	<u>376</u>	<u>111,934</u>			
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>5,624</u>	<u>(84,364)</u>	<u>27,475</u>	<u>54,309</u>	<u>56,613</u>
Other Financing Sources (Uses):					
Transfers In					
Transfers Out		(8,000)			
Total Other Financing Sources (Uses)		<u>(8,000)</u>			
Net Change in Fund Balances	5,624	(92,364)	27,475	54,309	56,613
Fund Balances - July 1, 2017		<u>573,648</u>	<u>22,330</u>	<u>642,748</u>	<u>584,337</u>
Fund Balances - June 30, 2018	<u>\$ 5,624</u>	<u>\$ 481,284</u>	<u>\$ 49,805</u>	<u>\$ 697,057</u>	<u>\$ 640,950</u>

Special Revenue Funds							Total
Library Impact Fees	Park Impact Fees	Circulation Impact Fees	STPL	EDA	SB 1	Prop 10 Library	Nonmajor Governmental Funds
\$ 2,804	\$ 13,564	\$ 2,855	\$ -	\$ -	\$ 122	\$ 2	\$ 86,926
50,780	289,994	90,340				1,650	904,057
	4,640	91,585			69,782		878,914
53,584	308,198	184,780			69,904	1,652	97,275
							1,967,172
				20,462			608,225
	252,465						97,571
							132,604
							253,280
							500,420
	252,465			20,462			1,592,100
53,584	55,733	184,780		(20,462)	69,904	1,652	375,072
							2,978
							(589,341)
							(586,363)
53,584	55,733	184,780		(20,462)	69,904	1,652	(211,291)
452,178	1,920,728	168,823	(615,001)	623,143			7,912,559
\$ 505,762	\$ 1,976,461	\$ 353,603	\$ (615,001)	\$ 602,681	\$ 69,904	\$ 1,652	\$ 7,701,268

CITY OF IMPERIAL
 TRAFFIC SAFETY SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 5	\$ 12	\$ 7
Charges For Services	4,100	2,431	(1,669)
Total Revenues	<u>4,105</u>	<u>2,443</u>	<u>(1,662)</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(2,500)</u>	<u>(2,500)</u>	
Total Other Financing Sources (Uses)	<u>(2,500)</u>	<u>(2,500)</u>	
Net Change in Fund Balance	1,605	(57)	(1,662)
Fund Balance - July 1, 2017	<u>4,171</u>	<u>4,171</u>	
Fund Balance - June 30, 2018	<u>\$ 5,776</u>	<u>\$ 4,114</u>	<u>\$ (1,662)</u>

CITY OF IMPERIAL
GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 400	\$ 1,080	\$ 680
Intergovernmental	387,268	371,001	(16,267)
Total Revenues	<u>387,668</u>	<u>372,081</u>	<u>(15,587)</u>
Other Financing Sources (Uses):			
Transfers Out	(345,088)	(345,088)	
Total Other Financing Sources (Uses)	<u>(345,088)</u>	<u>(345,088)</u>	
Net Change in Fund Balance	42,580	26,993	(15,587)
Fund Balance - July 1, 2017	<u>322,144</u>	<u>322,144</u>	
Fund Balance - June 30, 2018	<u><u>\$ 364,724</u></u>	<u><u>\$ 349,137</u></u>	<u><u>\$ (15,587)</u></u>

CITY OF IMPERIAL
LOCAL TRANSPORTATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 200	\$ 1,464	\$ 1,264
Intergovernmental	28,841	49,682	20,841
Total Revenues	<u>29,041</u>	<u>51,146</u>	<u>22,105</u>
Expenditures:			
Current:			
Public Works	453,000	22,086	430,914
Capital Outlay	186,000	201,783	(15,783)
Total Expenditures	<u>639,000</u>	<u>223,869</u>	<u>415,131</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(609,959)</u>	<u>(172,723)</u>	<u>437,236</u>
Other Financing Sources (Uses):			
Transfers Out	(5,000)	(5,000)	
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	
Net Change in Fund Balance	(614,959)	(177,723)	437,236
Fund Balance - July 1, 2017	<u>600,017</u>	<u>600,017</u>	
Fund Balance - June 30, 2018	<u>\$ (14,942)</u>	<u>\$ 422,294</u>	<u>\$ 437,236</u>

CITY OF IMPERIAL
 SUCCESSOR AGENCY HOUSING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 18,000	\$ 30,589	\$ 12,589
Total Revenues	<u>18,000</u>	<u>30,589</u>	<u>12,589</u>
Expenditures:			
Current:			
Community Development	1,500	6,711	(5,211)
Total Expenditures	<u>1,500</u>	<u>6,711</u>	<u>(5,211)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,500</u>	<u>23,878</u>	<u>7,378</u>
Net Change in Fund Balance	16,500	23,878	7,378
Fund Balance - July 1, 2017	<u>1,400,061</u>	<u>1,400,061</u>	
Fund Balance - June 30, 2018	<u><u>\$ 1,416,561</u></u>	<u><u>\$ 1,423,939</u></u>	<u><u>\$ 7,378</u></u>

CITY OF IMPERIAL
PUBLIC SAFETY PROP 172 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ -	\$ 232	\$ 232
Intergovernmental	80,000	143,338	63,338
Total Revenues	<u>80,000</u>	<u>143,570</u>	<u>63,570</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>80,000</u>	<u>143,570</u>	<u>63,570</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(72,890)</u>	<u>(72,890)</u>	
Total Other Financing Sources (Uses)	<u>(72,890)</u>	<u>(72,890)</u>	
Net Change in Fund Balance	7,110	70,680	63,570
Fund Balance - July 1, 2017	<u>16,781</u>	<u>16,781</u>	
Fund Balance - June 30, 2018	<u><u>\$ 23,891</u></u>	<u><u>\$ 87,461</u></u>	<u><u>\$ 63,570</u></u>

CITY OF IMPERIAL
COPS GRANT 2017 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ -	\$ 25	\$ 25
Intergovernmental	29,816	100,000	70,184
Total Revenues	<u>29,816</u>	<u>100,025</u>	<u>70,209</u>
Expenditures:			
Current:			
Public Safety	66,532	44,675	21,857
Total Expenditures	<u>66,532</u>	<u>44,675</u>	<u>21,857</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,716)</u>	<u>55,350</u>	<u>92,066</u>
Other Financing Sources (Uses):			
Transfers In		2,978	2,978
Transfers Out	(17,500)	(2,500)	15,000
Total Other Financing Sources (Uses)	<u>(17,500)</u>	<u>478</u>	<u>17,978</u>
Net Change in Fund Balance	(54,216)	55,828	110,044
Fund Balance - July 1, 2017	<u>44,194</u>	<u>44,194</u>	
Fund Balance - June 30, 2018	<u>\$ (10,022)</u>	<u>\$ 100,022</u>	<u>\$ 110,044</u>

CITY OF IMPERIAL
COPS GRANT 2014 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 5	\$ 47	\$ 42
Total Revenues	<u>5</u>	<u>47</u>	<u>42</u>
Expenditures:			
Current:			
Public Safety	13,500	18,848	(5,348)
Total Expenditures	<u>13,500</u>	<u>18,848</u>	<u>(5,348)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,495)</u>	<u>(18,801)</u>	<u>(5,306)</u>
Other Financing Sources (Uses):			
Transfers Out		(2,978)	(2,978)
Total Other Financing Sources (Uses)		<u>(2,978)</u>	<u>(2,978)</u>
Net Change in Fund Balance	(13,495)	(21,779)	(8,284)
Fund Balance - July 1, 2017	<u>30,961</u>	<u>30,961</u>	
Fund Balance - June 30, 2018	<u>\$ 17,466</u>	<u>\$ 9,182</u>	<u>\$ (8,284)</u>

CITY OF IMPERIAL
COPS GRANT 2016 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ -	\$ 14	\$ 14
Intergovernmental	41,177	41,177	
Total Revenues	<u>41,177</u>	<u>41,191</u>	<u>14</u>
Expenditures:			
Current:			
Public Safety		32,455	(32,455)
Total Expenditures		<u>32,455</u>	<u>(32,455)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41,177</u>	<u>8,736</u>	<u>(32,441)</u>
Other Financing Sources (Uses):			
Transfers Out	(56,417)	(44,292)	12,125
Total Other Financing Sources (Uses)	<u>(56,417)</u>	<u>(44,292)</u>	<u>12,125</u>
Net Change in Fund Balance	(15,240)	(35,556)	(20,316)
Fund Balance - July 1, 2017	<u>34,306</u>	<u>34,306</u>	
Fund Balance - June 30, 2018	<u>\$ 19,066</u>	<u>\$ (1,250)</u>	<u>\$ (20,316)</u>

CITY OF IMPERIAL
CDBG HOME SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 600	\$ 10,851	\$ 10,251
Intergovernmental	800	55,427	54,627
Total Revenues	<u>1,400</u>	<u>66,278</u>	<u>64,878</u>
Net Change in Fund Balance	1,400	66,278	64,878
Fund Balance - July 1, 2017	<u>(76,856)</u>	<u>(76,856)</u>	
Fund Balance - June 30, 2018	<u>\$ (75,456)</u>	<u>\$ (10,578)</u>	<u>\$ 64,878</u>

CITY OF IMPERIAL
HOUSING REHABILITATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 996	\$ 1,993	\$ 997
Intergovernmental	4,100	2,448	(1,652)
Total Revenues	<u>5,096</u>	<u>4,441</u>	<u>(655)</u>
Expenditures:			
Current:			
Community Development		468,742	(468,742)
Capital Outlay		298,637	(298,637)
Total Expenditures		<u>767,379</u>	<u>(767,379)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,096</u>	<u>(762,938)</u>	<u>(768,034)</u>
Other Financing Sources (Uses):			
Transfers Out	(50,000)	(5,000)	45,000
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(5,000)</u>	<u>45,000</u>
Net Change in Fund Balance	(44,904)	(767,938)	(723,034)
Fund Balance - July 1, 2017	<u>47,640</u>	<u>47,640</u>	
Fund Balance - June 30, 2018	<u>\$ 2,736</u>	<u>\$ (720,298)</u>	<u>\$ (723,034)</u>

CITY OF IMPERIAL
 RLA SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 3,000	\$ 4,394	\$ 1,394
Charges for Services	16,500	7,030	(9,470)
Total Revenues	<u>19,500</u>	<u>11,424</u>	<u>(8,076)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,500</u>	<u>11,424</u>	<u>(8,076)</u>
Other Financing Sources (Uses):			
Transfers Out	(60,000)	(18,750)	41,250
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>(18,750)</u>	<u>41,250</u>
Net Change in Fund Balance	(40,500)	(7,326)	33,174
Fund Balance - July 1, 2017	<u>16,912</u>	<u>16,912</u>	
Fund Balance - June 30, 2018	<u><u>\$ (23,588)</u></u>	<u><u>\$ 9,586</u></u>	<u><u>\$ 33,174</u></u>

CITY OF IMPERIAL
WILDFLOWER LANDSCAPING AND LIGHTING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 50	\$ 222	\$ 172
Charges for Services	39,400	50,254	10,854
Total Revenues	<u>39,450</u>	<u>50,476</u>	<u>11,026</u>
Expenditures:			
Current:			
Public Works	12,600	9,728	2,872
Total Expenditures	<u>12,600</u>	<u>9,728</u>	<u>2,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26,850</u>	<u>40,748</u>	<u>13,898</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(7,100)</u>	<u>(7,100)</u>	
Total Other Financing Sources (Uses)	<u>(7,100)</u>	<u>(7,100)</u>	
Net Change in Fund Balance	19,750	33,648	13,898
Fund Balance - July 1, 2017	<u>49,893</u>	<u>49,893</u>	
Fund Balance - June 30, 2018	<u>\$ 69,643</u>	<u>\$ 83,541</u>	<u>\$ 13,898</u>

CITY OF IMPERIAL
PASEO DEL SOL LANDSCAPING AND LIGHTING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 150	\$ 403	\$ 253
Charges for Services	39,400	45,338	5,938
Total Revenues	<u>39,550</u>	<u>45,741</u>	<u>6,191</u>
Expenditures:			
Current:			
Public Works	6,600	3,729	2,871
Total Expenditures	<u>6,600</u>	<u>3,729</u>	<u>2,871</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,950</u>	<u>42,012</u>	<u>9,062</u>
Other Financing Sources (Uses):			
Transfers Out	(14,900)	(14,900)	
Total Other Financing Sources (Uses)	<u>(14,900)</u>	<u>(14,900)</u>	
Net Change in Fund Balance	18,050	27,112	9,062
Fund Balance - July 1, 2017	<u>114,653</u>	<u>114,653</u>	
Fund Balance - June 30, 2018	<u>\$ 132,703</u>	<u>\$ 141,765</u>	<u>\$ 9,062</u>

CITY OF IMPERIAL
 JOSHUA TREE STREET IMPROVEMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 20	\$ -	\$ (20)
Total Revenues	<u>20</u>		<u>(20)</u>
Expenditures:			
Capital Outlay	31,307		31,307
Total Expenditures	<u>31,307</u>		<u>31,307</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(31,287)</u>		<u>31,287</u>
Net Change in Fund Balance	(31,287)		31,287
Fund Balance - July 1, 2017	<u>31,287</u>	<u>31,287</u>	
Fund Balance - June 30, 2018	<u>\$ -</u>	<u>\$ 31,287</u>	<u>\$ 31,287</u>

CITY OF IMPERIAL
LIBRARY DONATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Other	\$ 1,000	\$ 1,050	\$ 50
Total Revenues	<u>1,000</u>	<u>1,050</u>	<u>50</u>
Expenditures:			
Current:			
Parks and Recreation	1,000	100	900
Total Expenditures	<u>1,000</u>	<u>100</u>	<u>900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>950</u>	<u>950</u>
Net Change in Fund Balance		950	950
Fund Balance - July 1, 2017	<u>2,453</u>	<u>2,453</u>	
Fund Balance - June 30, 2018	<u>\$ 2,453</u>	<u>\$ 3,403</u>	<u>\$ 950</u>

CITY OF IMPERIAL
COPS GRANT 2015 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 10	\$ 114	\$ 104
Intergovernmental	848	848	
Total Revenues	<u>858</u>	<u>962</u>	<u>104</u>
Expenditures:			
Current:			
Public Safety	<u>2,268</u>	<u>1,593</u>	<u>675</u>
Total Expenditures	<u>2,268</u>	<u>1,593</u>	<u>675</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,410)</u>	<u>(631)</u>	<u>779</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(21,073)</u>	<u>(19,488)</u>	<u>1,585</u>
Total Other Financing Sources (Uses)	<u>(21,073)</u>	<u>(19,488)</u>	<u>1,585</u>
Net Change in Fund Balance	(22,483)	(20,119)	2,364
Fund Balance - July 1, 2017	<u>20,087</u>	<u>20,087</u>	
Fund Balance - June 30, 2018	<u>\$ (2,396)</u>	<u>\$ (32)</u>	<u>\$ 2,364</u>

CITY OF IMPERIAL
 SKY RANCH DISTRICT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 2,000	\$ 3,140	\$ 1,140
Charges for Services	218,000	210,700	(7,300)
Total Revenues	<u>220,000</u>	<u>213,840</u>	<u>(6,160)</u>
Expenditures:			
Current:			
Public Works	92,100	97,061	(4,961)
Capital Outlay	537,000		537,000
Total Expenditures	<u>629,100</u>	<u>97,061</u>	<u>532,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(409,100)</u>	<u>116,779</u>	<u>525,879</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(27,375)</u>	<u>(27,375)</u>	
Total Other Financing Sources (Uses)	<u>(27,375)</u>	<u>(27,375)</u>	
Net Change in Fund Balance	(436,475)	89,404	525,879
Fund Balance - July 1, 2017	<u>972,168</u>	<u>972,168</u>	
Fund Balance - June 30, 2018	<u>\$ 535,693</u>	<u>\$ 1,061,572</u>	<u>\$ 525,879</u>

CITY OF IMPERIAL
LIBRARY LITERACY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 50	\$ 234	\$ 184
Intergovernmental	30,000	18,000	(12,000)
Total Revenues	<u>30,050</u>	<u>18,234</u>	<u>(11,816)</u>
Expenditures:			
Current:			
Parks and Recreation	60,000	715	59,285
Total Expenditures	<u>60,000</u>	<u>715</u>	<u>59,285</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(29,950)</u>	<u>17,519</u>	<u>47,469</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(13,480)</u>	<u>(13,480)</u>	
Total Other Financing Sources (Uses)	<u>(13,480)</u>	<u>(13,480)</u>	
Net Change in Fund Balance	(43,430)	4,039	47,469
Fund Balance - July 1, 2017	<u>71,648</u>	<u>71,648</u>	
Fund Balance - June 30, 2018	<u>\$ 28,218</u>	<u>\$ 75,687</u>	<u>\$ 47,469</u>

CITY OF IMPERIAL
GENERAL HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 500	\$ 5,382	\$ 4,882
Charges for Services	100,000	22,188	(77,812)
Total Revenues	<u>100,500</u>	<u>27,570</u>	<u>(72,930)</u>
Expenditures:			
Current:			
Community Development	450,000	111,934	338,066
Total Expenditures	<u>450,000</u>	<u>111,934</u>	<u>338,066</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(349,500)</u>	<u>(84,364)</u>	<u>265,136</u>
Other Financing Sources (Uses):			
Transfers Out	(8,000)	(8,000)	
Total Other Financing Sources (Uses)	<u>(8,000)</u>	<u>(8,000)</u>	
Net Change in Fund Balance	(357,500)	(92,364)	265,136
Fund Balance - July 1, 2017	<u>573,648</u>	<u>573,648</u>	
Fund Balance - June 30, 2018	<u>\$ 216,148</u>	<u>\$ 481,284</u>	<u>\$ 265,136</u>

CITY OF IMPERIAL
 FIRE IMPACT FEES SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 10	\$ 765	\$ 755
Charges for Services	15,000	26,710	11,710
Total Revenues	<u>15,010</u>	<u>27,475</u>	<u>12,465</u>
Expenditures:			
Current:			
Public Safety	2,500		2,500
Total Expenditures	<u>2,500</u>		<u>2,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,510</u>	<u>27,475</u>	<u>14,965</u>
Net Change in Fund Balance	12,510	27,475	14,965
Fund Balance - July 1, 2017	<u>22,330</u>	<u>22,330</u>	
Fund Balance - June 30, 2018	<u>\$ 34,840</u>	<u>\$ 49,805</u>	<u>\$ 14,965</u>

CITY OF IMPERIAL
POLICE IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 1,000	\$ 3,386	\$ 2,386
Charges for Services	45,000	50,923	5,923
Total Revenues	<u>46,000</u>	<u>54,309</u>	<u>8,309</u>
Expenditures:			
Current:			
Public Safety	2,500		2,500
Total Expenditures	<u>2,500</u>		<u>2,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>43,500</u>	<u>54,309</u>	<u>10,809</u>
Net Change in Fund Balance	43,500	54,309	10,809
Fund Balance - July 1, 2017	<u>642,748</u>	<u>642,748</u>	
Fund Balance - June 30, 2018	<u>\$ 686,248</u>	<u>\$ 697,057</u>	<u>\$ 10,809</u>

CITY OF IMPERIAL
ADMINISTRATION IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 800	\$ 3,222	\$ 2,422
Charges for Services	45,000	53,391	8,391
Total Revenues	<u>45,800</u>	<u>56,613</u>	<u>10,813</u>
Expenditures:			
Current:			
Community Development	2,500		2,500
Total Expenditures	<u>2,500</u>		<u>2,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>43,300</u>	<u>56,613</u>	<u>13,313</u>
Net Change in Fund Balance	43,300	56,613	13,313
Fund Balance - July 1, 2017	<u>584,337</u>	<u>584,337</u>	
Fund Balance - June 30, 2018	<u>\$ 627,637</u>	<u>\$ 640,950</u>	<u>\$ 13,313</u>

CITY OF IMPERIAL
LIBRARY IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 700	\$ 2,804	\$ 2,104
Charges for Services	30,000	50,780	20,780
Total Revenues	<u>30,700</u>	<u>53,584</u>	<u>22,884</u>
Expenditures:			
Current:			
Parks and Recreation	2,500		2,500
Total Expenditures	<u>2,500</u>		<u>2,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>28,200</u>	<u>53,584</u>	<u>25,384</u>
Net Change in Fund Balance	28,200	53,584	25,384
Fund Balance - July 1, 2017	<u>452,178</u>	<u>452,178</u>	
Fund Balance - June 30, 2018	<u>\$ 480,378</u>	<u>\$ 505,762</u>	<u>\$ 25,384</u>

CITY OF IMPERIAL
PARK IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 2,500	\$ 13,564	\$ 11,064
Charges for Services	180,000	289,994	109,994
Other		4,640	4,640
Total Revenues	<u>182,500</u>	<u>308,198</u>	<u>125,698</u>
Expenditures:			
Current:			
Parks and Recreation	25,000	252,465	(227,465)
Total Expenditures	<u>25,000</u>	<u>252,465</u>	<u>(227,465)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>157,500</u>	<u>55,733</u>	<u>(101,767)</u>
Other Financing Sources (Uses):			
Transfers Out	(38,000)		38,000
Total Other Financing Sources (Uses)	<u>(38,000)</u>		<u>38,000</u>
Net Change in Fund Balance	119,500	55,733	(63,767)
Fund Balance - July 1, 2017	<u>1,920,728</u>	<u>1,920,728</u>	
Fund Balance - June 30, 2018	<u>\$ 2,040,228</u>	<u>\$ 1,976,461</u>	<u>\$ (63,767)</u>

CITY OF IMPERIAL
CIRCULATION IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Use of Money and Property	\$ 200	\$ 2,855	\$ 2,655
Charges for Services	90,000	90,340	340
Other		91,585	91,585
Total Revenues	<u>90,200</u>	<u>184,780</u>	<u>94,580</u>
Expenditures:			
Current:			
Public Works	2,500		2,500
Total Expenditures	<u>2,500</u>		<u>2,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>87,700</u>	<u>184,780</u>	<u>97,080</u>
Net Change in Fund Balance	87,700	184,780	97,080
Fund Balance - July 1, 2017	<u>168,823</u>	<u>168,823</u>	
Fund Balance - June 30, 2018	<u>\$ 256,523</u>	<u>\$ 353,603</u>	<u>\$ 97,080</u>

CITY OF IMPERIAL
EDA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,600,000	\$ -	\$ (1,600,000)
Total Revenues	<u>1,600,000</u>		<u>(1,600,000)</u>
Expenditures:			
Current:			
Community Development	2,281,772	20,462	2,261,310
Total Expenditures	<u>2,281,772</u>	<u>20,462</u>	<u>2,261,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(681,772)</u>	<u>(20,462)</u>	<u>661,310</u>
Net Change in Fund Balance	(681,772)	(20,462)	661,310
Fund Balance - July 1, 2017	<u>623,143</u>	<u>623,143</u>	
Fund Balance - June 30, 2018	<u><u>\$ (58,629)</u></u>	<u><u>\$ 602,681</u></u>	<u><u>\$ 661,310</u></u>