

City of Imperial

Annual Financial Report

For the Fiscal Year ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Imperial, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Imperial, California, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America required that the Budgetary Comparison Schedules for the General Fund on pages 48 and 49, the Redevelopment Agency Successor Housing Special Revenue Fund on page 50, and the Cost Sharing Defined Benefit Pension Plans on pages 51 and 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017 on our consideration of the City of Imperial, California's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Imperial's internal control over financial reporting and compliance.

Hitchman and Bloodgood LLP

November 9, 2017

**FINANCIAL
SECTION**

CITY OF IMPERIAL
Statement of Net Position
Government-wide
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,676,259	\$ 11,028,900	\$27,705,159
Restricted assets:			
Cash and investments with fiscal agents	308,674	2,197,193	2,505,867
Receivables:			
Accounts	1,126,963	657,906	1,784,869
Notes	1,825,973	-	1,825,973
Interest	4,945	3,245	8,190
Land held for resale	311,011	-	311,011
Inventory	-	85,923	85,923
Deferred charges, net of accumulated amortization	-	582,806	582,806
Capital assets not being depreciated	3,329,400	79,683	3,409,083
Capital assets, net of accumulated depreciation	<u>24,628,489</u>	<u>20,851,759</u>	<u>45,480,248</u>
Total assets	<u>48,211,714</u>	<u>35,487,415</u>	<u>83,699,129</u>
DEFERRED OUTFLOWS OF RESOURCES			
City's pension contributions subsequent to the measurement date	<u>459,296</u>	<u>64,496</u>	<u>523,792</u>
Total deferred outflows of resources	<u>459,296</u>	<u>64,496</u>	<u>523,792</u>
LIABILITIES			
Accounts payable	762,454	69,198	831,652
Deposits payable	3,986,212	287,715	4,273,927
Noncurrent liabilities:			
Due within one year	600,000	1,400,000	2,000,000
Due in more than one year	21,300,920	18,201,579	39,502,499
Net pension liability	<u>3,189,041</u>	<u>606,040</u>	<u>3,795,081</u>
Total liabilities	<u>29,838,627</u>	<u>20,564,532</u>	<u>50,403,159</u>
DEFERRED INFLOWS OF RESOURCES			
Actuarially determined difference in earnings and proportions	<u>867,518</u>	<u>151,743</u>	<u>1,019,261</u>
Total deferred inflows of resources	<u>867,518</u>	<u>151,743</u>	<u>1,019,261</u>
NET POSITION			
Invested in capital assets, net of related debt	3,094,300	4,140,292	7,234,592
Restricted for:			
Debt service	(235)	-	(235)
Public safety	438,595	-	438,595
Streets and roads	2,206,856	-	2,206,856
Public services	842,242	-	842,242
Community development	379,059	-	379,059
Special districts	992,351	-	992,351
Library	474,454	-	474,454
Parks	1,698,122	-	1,698,122
Capital projects	1,809,332	-	1,809,332
Housing	926,873	-	926,873
Unrestricted	<u>5,102,916</u>	<u>10,695,344</u>	<u>15,798,260</u>
Total net position	<u>\$ 17,964,865</u>	<u>\$ 14,835,636</u>	<u>\$32,800,501</u>

CITY OF IMPERIAL

Statement of Activities

Government-wide

For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental activities:				
General government	\$ (2,951,717)	\$ 1,453,074	\$ -	\$ 65,053
Public safety	(3,264,614)	283,347	167,304	91,190
Public services	(2,218,440)	98,257	342,860	6,483,920
Community development	(4,538,698)	693,832	676,830	2,029,948
Parks and recreation	(1,126,017)	148,268	2,800	686,672
Library	(212,650)	5,688	1,100	58,701
Interest on long-term debt	(1,018,046)	-	-	-
Unallocated depreciation	(1,969,557)	-	-	-
Total governmental activities	<u>(17,299,739)</u>	<u>2,682,466</u>	<u>1,190,894</u>	<u>9,415,484</u>
Business-type activities:				
Water	(4,823,077)	4,548,050	-	-
Wastewater	(3,997,090)	3,985,251	-	-
Total business-type activities	<u>(8,820,167)</u>	<u>8,533,301</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ (26,119,906)</u>	<u>\$ 11,215,767</u>	<u>\$ 1,190,894</u>	<u>\$ 9,415,484</u>

General revenues:

Taxes:

- Property taxes
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Motor vehicle tax, unrestricted
- Use of money and property
- Other
- Total general revenues

Change in net position

Net position - beginning

Prior period adjustment

Net position - beginning, restated

Net position - ending

CITY OF IMPERIAL

Statement of Activities

Government-wide

For the Fiscal Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,433,590)	\$ -	\$ (1,433,590)
(2,722,773)	-	(2,722,773)
4,706,597	-	4,706,597
(1,138,088)	-	(1,138,088)
(288,277)	-	(288,277)
(147,161)	-	(147,161)
(1,018,046)	-	(1,018,046)
(1,969,557)	-	(1,969,557)
<u>(4,010,895)</u>	<u>-</u>	<u>(4,010,895)</u>
-	(275,027)	(275,027)
<u>-</u>	<u>(11,839)</u>	<u>(11,839)</u>
-	(286,866)	(286,866)
<u>(4,010,895)</u>	<u>(286,866)</u>	<u>(4,297,761)</u>
1,567,271	-	1,567,271
27,848	-	27,848
1,805,850	-	1,805,850
303,583	-	303,583
31,383	-	31,383
1,317,896	-	1,317,896
4,591	-	4,591
191,674	-	191,674
<u>5,250,096</u>	<u>-</u>	<u>5,250,096</u>
1,239,201	(286,866)	952,335
<u>16,725,664</u>	<u>15,133,518</u>	<u>31,859,182</u>
<u>-</u>	<u>(11,016)</u>	<u>(11,016)</u>
<u>16,725,664</u>	<u>15,122,502</u>	<u>31,848,166</u>
<u>\$ 17,964,865</u>	<u>\$ 14,835,636</u>	<u>\$ 32,800,501</u>

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

CITY OF IMPERIAL

Balance Sheet

Governmental Funds

June 30, 2016

	<u>General</u>	<u>RDA Successor Projects</u>	<u>RDA Successor Capital</u>	<u>RDA Successor Housing</u>
ASSETS				
Cash and cash equivalents	\$ 4,400,163	\$ 439,642	\$ -	\$ 1,072,823
Cash and investments with fiscal agents	-	-	-	308,439
Receivables				
Accounts	469,728	-	-	-
Notes	-	-	501,073	189,980
Interest	1,644	129	-	310
Due from other funds	1,187,545	-	183,554	-
Land held for resale	-	-	311,011	-
Total Assets	<u>\$ 6,059,080</u>	<u>\$ 439,771</u>	<u>\$ 995,638</u>	<u>\$1,571,552</u>
LIABILITIES				
Accounts payable	\$ 348,603	\$ -	\$ -	\$ -
Due to other funds	-	183,554	-	-
Deferred revenue	-	-	501,073	189,980
Deposits payable	3,986,212	-	-	-
Total Liabilities	<u>4,334,815</u>	<u>183,554</u>	<u>501,073</u>	<u>189,980</u>
FUND BALANCES				
Nonspendable	-	-	311,012	-
Restricted	-	256,217	183,553	1,381,572
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,724,265	-	-	-
Total Fund Balances	<u>1,724,265</u>	<u>256,217</u>	<u>494,565</u>	<u>1,381,572</u>
Total Liabilities and Fund Balances	<u>\$ 6,059,080</u>	<u>\$ 439,771</u>	<u>\$ 995,638</u>	<u>\$1,571,552</u>

RDA Successor Debt	Other Governmental Funds	Total Governmental Funds
\$ 950,385	\$ 9,813,246	\$ 16,676,259
235	-	308,674
-	657,235	1,126,963
-	1,134,920	1,825,973
280	2,582	4,945
-	-	1,371,099
-	-	311,011
<u>\$ 950,900</u>	<u>\$ 11,607,983</u>	<u>\$ 21,624,924</u>
\$ -	\$ 413,851	\$ 762,454
-	1,187,545	1,371,099
-	1,134,920	1,825,973
-	-	3,986,212
-	2,736,316	7,945,738
-	-	311,012
950,900	4,202,369	6,974,611
-	5,802,462	5,802,462
-	54,381	54,381
-	(1,187,545)	536,720
<u>950,900</u>	<u>8,871,667</u>	<u>13,679,186</u>
<u>\$ 950,900</u>	<u>\$ 11,607,983</u>	<u>\$ 21,624,924</u>

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CITY OF IMPERIAL

Reconciliation of the Balance Sheet of Governmental

Funds to the Statement of Net Position

June 30, 2016

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

Total fund balances - governmental funds \$ 13,679,186

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

City's pension contributions subsequent to the measurement date 459,296
Actuarially determined difference in earnings and proportions (867,518)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 27,957,889

Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds. 1,825,973

Long-term debt and compensated absences have not been included in the governmental funds.

Long-term debt (21,575,000)
Net pension liability (3,189,041)
Compensated absences (325,920)

Net position of governmental activities \$ 17,964,865

CITY OF IMPERIAL

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Fiscal Year Ended June 30, 2016

	General	RDA Successor Projects	RDA Successor Capital	RDA Successor Housing
REVENUES				
Taxes and assessments	\$ 3,735,934	\$ 1,885,824	\$ -	\$ -
License and permits	480,264	-	-	-
Intergovernmental	1,498,899	-	-	-
Charges for services	1,905,804	-	-	-
Use of money and property	4,591	205	20	982
Fines and forfeitures	115,393	-	-	-
Miscellaneous	183,235	104,000	-	36,500
Total revenues	<u>7,924,120</u>	<u>1,990,029</u>	<u>20</u>	<u>37,482</u>
EXPENDITURES				
Current:				
General government	2,383,853	-	-	-
Park and recreation	909,644	-	-	-
Public safety	3,169,418	-	-	-
Community development	559,753	1,716,365	1,117,392	1,044,202
Library	197,401	-	-	-
Public services	1,566,146	-	-	-
Capital outlay	46,500	-	2,607,297	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>8,832,715</u>	<u>1,716,365</u>	<u>3,724,689</u>	<u>1,044,202</u>
Excess (deficiency) of revenues over expenditures	<u>(908,595)</u>	<u>273,664</u>	<u>(3,724,669)</u>	<u>(1,006,720)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,020,394	-	2,514,254	-
Transfers out	<u>(562)</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,019,832</u>	<u>(250,000)</u>	<u>2,514,254</u>	<u>-</u>
Net change in fund balances	111,237	23,664	(1,210,415)	(1,006,720)
Fund balances - beginning	<u>1,613,028</u>	<u>232,553</u>	<u>1,704,980</u>	<u>2,388,292</u>
Fund balances - ending	<u>\$ 1,724,265</u>	<u>\$ 256,217</u>	<u>\$ 494,565</u>	<u>\$ 1,381,572</u>

CITY OF IMPERIAL

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Fiscal Year Ended June 30, 2016

<u>RDA Successor Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 5,621,758
-	-	480,264
-	8,557,766	10,056,665
-	-	1,905,804
2,417	18,667	26,882
-	-	115,393
-	-	323,735
<u>2,417</u>	<u>8,576,433</u>	<u>18,530,501</u>
-	2,222	2,386,075
-	216,373	1,126,017
-	95,196	3,264,614
-	73,626	4,511,338
-	15,249	212,650
-	652,294	2,218,440
-	3,055,710	5,709,507
580,000	-	580,000
<u>1,018,046</u>	<u>-</u>	<u>1,018,046</u>
<u>1,598,046</u>	<u>4,110,670</u>	<u>21,026,687</u>
<u>(1,595,629)</u>	<u>4,465,763</u>	<u>(2,496,186)</u>
-	158,539	3,693,187
<u>(2,514,254)</u>	<u>(919,932)</u>	<u>(3,684,748)</u>
<u>(2,514,254)</u>	<u>(761,393)</u>	<u>8,439</u>
(4,109,883)	3,704,370	(2,487,747)
<u>5,060,783</u>	<u>5,167,297</u>	<u>16,166,933</u>
<u>\$ 950,900</u>	<u>\$ 8,871,667</u>	<u>\$ 13,679,186</u>

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CITY OF IMPERIAL

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

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

Net Change in Fund Balances - total governmental funds \$ (2,487,747)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period. 3,739,950

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued. (27,360)

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

Principal retirement \$ 580,000 580,000

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, this is the difference between accrual-basis pension costs and actual employer contributions. (583,439)

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. 17,797

Change in net position of governmental activities \$ 1,239,201

CITY OF IMPERIAL
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,659,630	\$ 6,369,270	\$11,028,900
Restricted cash and investments with fiscal agents	1,202,955	994,238	2,197,193
Account receivable, net	375,983	281,923	657,906
Interest receivable	1,371	1,874	3,245
Inventory	85,923	-	85,923
Total current assets	<u>6,325,862</u>	<u>7,647,305</u>	<u>13,973,167</u>
Noncurrent Assets:			
Deferred issuance costs, net	286,632	296,174	582,806
Capital Assets:			
Land	-	79,683	79,683
Depreciable infrastructure, net	6,004,998	6,751,061	12,756,059
Depreciable buildings and improvements, net	3,356,886	2,575,648	5,932,534
Depreciable equipment, net	1,646,144	517,022	2,163,166
Total noncurrent assets	<u>11,294,660</u>	<u>10,219,588</u>	<u>21,514,248</u>
Deferred Outflow of Resources:			
City's pension contributions subsequent to the measurement date	39,258	25,238	64,496
Total deferred outflow of resources	<u>39,258</u>	<u>25,238</u>	<u>64,496</u>
Total assets and deferred outflow of resources	<u>17,659,780</u>	<u>17,892,131</u>	<u>35,551,911</u>
LIABILITIES			
Current Liabilities:			
Deposits payable	72,536	215,179	287,715
Accounts payable	28,262	40,936	69,198
Current portion of long-term obligations	800,000	600,000	1,400,000
Total current liabilities	<u>900,798</u>	<u>856,115</u>	<u>1,756,913</u>
Noncurrent Liabilities:			
Noncurrent portion of long-term obligations:			
Compensated absences	15,645	14,785	30,430
Certificate of participation payable	8,905,000	8,725,000	17,630,000
Net pension liability	368,893	237,147	606,040
Bond premium	425,862	115,287	541,149
Total noncurrent liabilities	<u>9,715,400</u>	<u>9,092,219</u>	<u>18,807,619</u>
Deferred Inflows of Resources:			
Actuarially determined difference in earnings and proportions	92,365	59,378	151,743
Total deferred inflow of resources	<u>92,365</u>	<u>59,378</u>	<u>151,743</u>
Total liabilities and deferred inflow of resources	<u>10,708,563</u>	<u>10,007,712</u>	<u>20,716,275</u>
NET POSITION			
Invested in capital assets, net of related debt	2,366,753	1,773,539	4,140,292
Unrestricted	4,584,464	6,110,880	10,695,344
Total net position	<u>\$ 6,951,217</u>	<u>\$ 7,884,419</u>	<u>\$14,835,636</u>

CITY OF IMPERIAL

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Totals
Operating revenues:			
Sales and service	\$ 4,539,768	\$ 3,940,701	\$ 8,480,469
Other	4,033	37,664	41,697
Total operating revenues	<u>4,543,801</u>	<u>3,978,365</u>	<u>8,522,166</u>
Operating expenses:			
Salaries	1,107,668	660,883	1,768,551
Contractual services	178,789	582,510	761,299
Material and supplies	436,613	202,650	639,263
Repairs and maintenance	674,303	264,230	938,533
Water purchases	98,586	-	98,586
Utilities	154,460	213,032	580,524
Insurance	172,994	172,994	345,988
Depreciation	<u>1,473,757</u>	<u>1,470,798</u>	<u>2,944,555</u>
Total operating expense	<u>4,297,170</u>	<u>3,567,097</u>	<u>7,864,267</u>
Operating Income (loss)	<u>246,631</u>	<u>411,268</u>	<u>657,899</u>
Nonoperating revenues (expenses):			
Interest revenue	4,249	6,886	11,135
Interest expense	(524,663)	(422,798)	(947,461)
Transfer In/Out	<u>(1,244)</u>	<u>(7,195)</u>	<u>(8,439)</u>
Total nonoperating revenues (expenses)	<u>(521,658)</u>	<u>(423,107)</u>	<u>(944,765)</u>
Changes in net position	(275,027)	(11,839)	(286,866)
Net position - beginning	<u>7,226,492</u>	<u>7,907,026</u>	<u>15,133,518</u>
Prior Period Adjustment	<u>(248)</u>	<u>(10,768)</u>	<u>(11,016)</u>
Net position - beginning (restated)	<u>7,226,244</u>	<u>7,896,258</u>	<u>15,122,502</u>
Net position - ending	<u>\$ 6,951,217</u>	<u>\$ 7,884,419</u>	<u>\$ 14,835,636</u>

CITY OF IMPERIAL

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 4,440,484	\$ 4,128,335	\$ 8,568,819
Cash paid to suppliers for goods and services	(1,432,044)	(1,459,059)	(2,891,103)
Cash paid to employees for services	(1,107,668)	(660,883)	(1,768,551)
Net cash provided (used) by operating activities	<u>1,900,772</u>	<u>2,008,393</u>	<u>3,909,165</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	(770,000)	(580,000)	(1,350,000)
Interest paid on long-term debt	(524,663)	(422,798)	(947,461)
Net cash provided (used) by capital and related financing activities	<u>(1,294,663)</u>	<u>(1,002,798)</u>	<u>(2,297,461)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of capital assets	(391,517)	(3,215,606)	(3,607,123)
Interest received	4,249	6,886	11,135
Net cash provided (used) by investing activities	<u>(387,268)</u>	<u>(3,208,720)</u>	<u>(3,595,988)</u>
Net increase (decrease) in cash and cash equivalents	218,841	(2,203,125)	(1,984,284)
Cash and cash equivalents July 1	<u>5,643,744</u>	<u>9,566,633</u>	<u>15,210,377</u>
Cash and cash equivalents June 30	<u>\$ 5,862,585</u>	<u>\$ 7,363,508</u>	<u>\$13,226,093</u>
Reconciliation to Statement of Net Position:			
Cash and investments	\$ 4,659,630	\$ 6,369,270	\$11,028,900
Restricted cash and investments with fiscal agents	1,202,955	994,238	2,197,193
	<u>\$ 5,862,585</u>	<u>\$ 7,363,508</u>	<u>\$13,226,093</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ 246,631</u>	<u>\$ 411,268</u>	<u>\$ 657,899</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	1,473,757	1,470,798	2,944,555
(Increase) decrease in accounts receivable	50,605	11,228	61,833
(Increase) decrease in due from other funds	39,783	245,395	285,178
(Decrease) increase in accounts payable	(42,365)	(76,777)	(119,142)
(Decrease) increase in compensated absences	1,453	476	1,929
(Decrease) increase in net pension liability	128,663	64,163	192,826
(Decrease) increase in deposits payable	2,245	(118,158)	(115,913)
Total Adjustments	<u>1,654,141</u>	<u>1,597,125</u>	<u>3,251,266</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,900,772</u>	<u>\$ 2,008,393</u>	<u>\$ 3,909,165</u>

CITY OF IMPERIAL

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

ASSETS	<u>Agency Funds</u>
Cash and investments with fiscal agents	<u>\$ 3,184,191</u>
Total Assets	<u>3,184,191</u>
LIABILITIES	
Due to bondholders	<u>598,864</u>
Total Liabilities	<u>598,864</u>
NET POSITION	
Net Position	<u><u>\$ 2,585,327</u></u>

**Notes to
Basic Financial Statements**

Note 1 Summary of Significant Accounting Policies

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

a. Reporting Entity

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

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

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

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

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

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

b. Government-wide and Fund Financial Statements

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

Note 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The City reports the following major governmental funds:

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). For proprietary fund type activities, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)**d. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity****Cash and Investments**

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

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

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

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

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

Receivables and Payables

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

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

Property Taxes

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

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

Prepaid Items

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

Restricted Assets

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

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2016.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)**d. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity (Continued)****Compensated Absences**

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

Deferred Outflows/Inflows of Resources

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

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

Long-Term Obligations

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

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

Net Position and Fund Equity

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

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

e. Estimates

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

f. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental funds balance sheet includes reconciliation between fund balances – governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term debt and compensated absences from the general long-term debt account group have not been included in the governmental fund activity”. The detail of the \$21,575,000 long-term debt difference is as follows:

Long-term debt:	
Tax allocation notes payable	<u>\$ 21,575,000</u>
Net adjustment to reduce fund balances of total governmental funds to arrive at net position of governmental activities	<u>\$ 21,575,000</u>

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

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

The details of this \$3,739,950 difference are as follows:

Capital outlay	\$ 5,709,507
Depreciation expense	<u>(1,969,557)</u>
Net adjustment to decrease net changes in fund balances of total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,739,950</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. The details of this \$580,000 difference are as follows:

Principal repayments:	
Certificate of participation	\$ 210,000
Tax allocation notes	<u>370,000</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 580,000</u>

g. Effects of New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

- Statement No. 61 – “*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.*” The adaption of this statement had no effect on previously reported amounts.
- Statement No. 72 – “*Fair Value Measurement and Application.*” The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. This pronouncement did not have a material effect on the financial statements of the City.
- Statement No. 73 – “*Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68.*” The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No.68, which are effective for fiscal years beginning after June 15, 2016. This pronouncement did not have a material effect on the financial statements of the City.
- Statement No. 76 – “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*” The provisions of this statement are effective for reporting periods beginning after June 15, 2015. This pronouncement did not have a material effect on the financial statements of the City.

GASB Statements Nos. 74, 75, 77-82 listed below will be implemented in future financial statements:

- Statement No. 74 – “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*” The provisions of this statement are effective for fiscal years beginning after June 15, 2016.

Note 1 Summary of Significant Accounting Policies (Continued)**g. Effects of New Accounting Pronouncements (Continued)**

- Statement No. 75 – “Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans.” The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
- Statement No. 77 – “Tax Abatement Disclosures.” The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. This pronouncement did not have a material effect on the financial statements of the City.
- Statement No. 78 – “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.” The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. This pronouncement did not have a material effect on the financial statements of the City.
- Statement No. 79 – “Certain External Investment Pools and Pool Participants.” The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015. This pronouncement did not have a material effect on the financial statements of the City.
- Statement No. 80 – “Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.” The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.
- Statement No. 81 – “Irrevocable Split-Interest Agreements.” The requirements of this Statement are effective for periods beginning after December 15, 2016.
- Statement No. 82 – “Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.” The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encourage.

h. Fund Balance

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

h. Fund Balance (Continued)

- Assigned fund balance – amounts that are constrained by the City’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.
- Unassigned fund balance – the residual classification for the City’s funds that include amounts not contained in the other classifications.

Note 2 Stewardship, Compliance, and Accountability

a. General Budget Policies

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

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

3. Formal budgetary integration is employed as a management control device during the fiscal year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations which are encumbered lapse at fiscal year-end, and then are added to the following fiscal year’s budgeted appropriations.
4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. For the fiscal year ended June 30, 2016, there were no budgets adopted for any of the following funds: Dial-A-Ride, COPS Grant 2011, CDBG Home, Housing Rehab, Sewer Clark Road, Traffic Signal, Joshua Tree Street Improvement, Library Donations, Clark 4 Lane, Aten & Hwy 86, Clark Road Improvement, Imperial County Grants, Library Literacy, COPS Grant 2010, General Housing, Fire Impact, Police Impact, Admin Impact, Library Impact, Park Impact, Circulation Impact, STPL and CMAQ Special Revenue Fund.
5. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for these fund types.
6. Capital projects are budgeted through the Capital Projects Funds. Appropriations for capital projects authorized but not constructed or completed during the fiscal year are carried forward as continuing appropriations into the following fiscal year’s budget.

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 2 Stewardship, Compliance, and Accountability (Continued)

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

The following funds contained deficit fund balances as of June 30, 2016:

<u>Nonmajor Governmental Funds:</u>	<u>Amount</u>
Special Revenue Funds:	
Prop 172	\$ 9,375
CDBG Home Grant	79,490
Prop 1B	164,419
Police Technology Grant	112,075
Fire Impact	5,045
STPL	817,141

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

c. Excess Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2016:

<u>Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Nonmajor Funds:			
Traffic Safety	\$ 5,000	\$ 5,958	\$ 958
Local Transportation	5,000	22,624	17,624
Dial-A-Ride	-	509	509
LTA Measure D	243,002	3,853,448	3,610,446
COPS 2013 Grant	-	20,466	20,466
Asset Forfeiture	26,735	93,955	67,220
COPS 2014 Grant	35,000	61,878	26,878
COPS 2011 Grant	-	7,619	7,619
Housing Rehab	-	45	45
Wildflower Landscape	3,500	7,467	3,967
Paseo Del Sol Landscape	3,500	7,067	3,567
Library Donations	-	973	973
Imperial County Grants	-	13,476	13,476
Sky Ranch District	-	127,858	127,858
Library Literacy	-	12,054	12,054
AB 109	-	7,766	7,766
Aviation/Spec Events	-	1,681	1,681
General Housing	8,000	81,089	73,089
Fire Impact Fees	-	2,222	2,222
Police Impact Fees	-	2,222	2,222
Admin Impact Fees	-	2,222	2,222
Library Impact Fees	-	2,222	2,222
Circulation Impact Fees	-	134,374	134,374

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 3 Cash and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 27,705,159
Cash and investments with fiscal agents	2,505,867
Statement of fiduciary net position:	
Cash and investments with fiscal agents	<u>3,184,191</u>
Total cash and investments	<u>\$ 33,395,217</u>

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$ 450
Deposits with financial institutions	21,683,418
Investments	<u>11,711,349</u>
Total cash and investments	<u>\$ 33,395,217</u>

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

The table below identifies the investment types that are authorized for the City of Imperial by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California government Code or the City's investment policy.

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

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

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the Investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 3 Cash and Investments (Continued)

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

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)	\$ 6,021,915	\$ 6,021,915	\$ -	\$ -	\$ -
Held by Bond Trustees:					
Money Market Funds	5,689,434	5,689,434	-	-	-
	<u>\$ 11,711,349</u>	<u>\$ 11,711,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

E. Disclosures Relating to Credit Risk

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

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 3 Cash and Investments (Continued)

<u>Investment Type</u>	<u>Amount</u>	Minimum Legal <u>Rating</u>	Exempt From <u>Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
State Investment Pool	\$ 6,021,915	N/A	\$ -	\$ -	\$ -	\$ -	\$ 6,021,915
Held by Bond Trustee:							
Money Market Funds	<u>5,689,434</u>		<u>-</u>	<u>5,689,434</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,711,349</u>		<u>\$ -</u>	<u>\$ 5,689,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,021,915</u>

F. Concentration of Credit Risk

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

G. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

G. Investment in State Investment Pool

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

Note 4 Notes Receivable

Notes receivable in the amount of \$1,825,973 consist of mortgage loans for housing and property rehabilitation and construction. These are all deferred loans which carry no interest rates. Principal balances are due when titles of property are transferred.

Note 5 Accounts Receivable

Accounts, taxes, interests, grants and other receivable balances of the General, Special Revenue, Capital Projects, Debt Service, and Fiduciary Funds are stated net of allowances for uncollectible accounts. Uncollectible accounts are not set up for Proprietary Funds because the balances for receivables over 90 days (the period the City uses as a risk of becoming uncollectible) are immaterial. The following is a schedule of receivables applicable at June 30, 2016.

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 5 Accounts Receivable (Continued)

	Receivable	Allowance	Net
Governmental Activities	<u>\$ 1,126,963</u>	<u>\$ -</u>	<u>\$ 1,126,963</u>
Business-type Activities	<u>\$ 657,906</u>	<u>\$ -</u>	<u>\$ 657,906</u>

Note 6 Interfund Transactions

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following presents a summary of current interfund balances at June 30, 2016.

Receivable Fund	Amount	Payable Fund	Amount
Major Governmental Fund:		Nonmajor Governmental Funds:	
General Fund	<u>\$ 1,187,545</u>	Prop 172	\$ 9,375
Totals	<u>\$ 1,187,545</u>	CDBG Home Grant	79,490
		Prop 1B	164,419
		Police Technology Grant	112,075
		Fire Impact	5,045
		STPL	817,141
		Totals	<u>\$ 1,187,545</u>

B. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditure/expenses on behalf of another fund, less often, an equity transfer may be made to open or close a fund. Transfers totaled \$6,922,098 in the fund financial statements.

Fund	Transfers in	Transfers out
Major Governmental Funds:		
General	\$ 1,020,394	\$ 562
Nonmajor Governmental Funds:		
Traffic Safety	-	5,958
State Gas Tax	-	412,500
Local Transportation	-	4,999
LTA Measure D	-	204,001
Prop 172	-	39,202
COPS 2013	-	15,016
Asset Forfeiture	50	26,735
COPS 2014	-	35,067
COPS 2011	-	7,619
RLA	-	5,000
Wildflower	-	3,500
Paseo Del Sol	-	3,500
COPS 2006	26,662	-
COPS 2012	-	4,077
Imperial County Grants	-	13,476
FEMA/CALEMA	562	-
General Housing	-	8,017
Circulation Impact Fees	-	131,265
Colonias	131,265	-
Successor Agency	-	250,000
Successor RDA Project Fund	2,514,254	-
Successor RDA Debt Service	-	2,514,254
Enterprise Funds:		
Water	11,345	16,661
Water - Bond	15,417	11,345
Wastewater	2,930,427	7,195
Wastewater Capacity	-	271,722
Wastewater - Bond	271,722	2,930,427
Totals	<u>\$ 6,922,098</u>	<u>\$ 6,922,098</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 7 Capital Assets**a. Governmental Activities**

Capital asset governmental activity for the fiscal year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
Capital Assets, not being depreciated:				
Land	\$ 3,329,400	\$ -	\$ -	\$ 3,329,400
Total Capital Assets, not being depreciated	<u>3,329,400</u>	<u>-</u>	<u>-</u>	<u>3,329,400</u>
Capital Assets, being depreciated:				
Equipment and machinery	6,206,485	222,988	-	6,429,473
Infrastructure	31,058,495	5,486,519	-	36,545,014
Total Capital Assets, being depreciated	<u>37,264,980</u>	<u>5,709,507</u>	<u>-</u>	<u>42,974,487</u>
Less accumulated depreciation for:				
Equipment and machinery	(4,180,036)	(588,006)	-	(4,768,042)
Infrastructure	(12,196,405)	(1,381,551)	-	(13,577,956)
Total accumulated depreciation	<u>(16,376,441)</u>	<u>(1,969,557)</u>	<u>-</u>	<u>(18,345,998)</u>
Total Capital Assets, being depreciated, Net	<u>20,888,539</u>	<u>3,739,950</u>	<u>-</u>	<u>24,628,489</u>
Total Capital Assets, Net	<u>\$ 24,217,939</u>	<u>\$ 3,739,950</u>	<u>\$ -</u>	<u>\$ 27,957,889</u>

Depreciation expense is shown on the City's governmental activities as unallocated in the amount of \$1,969,557.

b. Business-type activities

Capital asset business-type activity for the fiscal year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
Water Fund:				
Capital Assets, being depreciated:				
Infrastructure	\$ 11,540,235	\$ 16,949	\$ -	\$ 11,557,184
Buildings and improvements	10,344,831	-	-	10,344,831
Equipment and machinery	3,414,562	374,568	-	3,789,130
Total Capital Assets, being depreciated	<u>25,299,628</u>	<u>391,517</u>	<u>-</u>	<u>25,691,145</u>
Less accumulated depreciation for:				
Infrastructure	(5,063,558)	(488,628)	-	(5,552,186)
Buildings and improvements	(6,634,406)	(353,539)	-	(6,987,945)
Equipment and machinery	(1,511,396)	(631,590)	-	(2,142,986)
Total accumulated depreciation	<u>(13,209,360)</u>	<u>(1,473,757)</u>	<u>-</u>	<u>(14,683,117)</u>
Water Fund Capital Assets, net	<u>\$ 12,090,268</u>	<u>\$ (1,082,240)</u>	<u>\$ -</u>	<u>\$ 11,008,028</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 7 Capital Assets (Continued)

b. Business-type activities (Continued)

Wastewater Fund:

Capital Assets, not being depreciated:

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

Capital Assets, being depreciated:

Infrastructure	9,589,028	3,058,286	-	12,647,314
Buildings and improvements	8,063,593	-	-	8,063,593
Equipment and machinery	984,302	157,319	-	1,141,621
Total Capital Assets, being depreciated	<u>18,636,923</u>	<u>3,215,605</u>	<u>-</u>	<u>21,852,528</u>

Less accumulated depreciation for:

Infrastructure	(4,904,440)	(991,813)	-	(5,896,253)
Buildings and improvements	(5,146,405)	(341,540)	-	(5,487,945)
Equipment and machinery	(487,154)	(137,445)	-	(624,599)
Total accumulated depreciation	<u>(10,537,999)</u>	<u>(1,470,798)</u>	<u>-</u>	<u>(12,008,797)</u>

Wastewater Fund Capital Assets, net \$ 8,178,607 \$ 1,744,807 \$ - \$ 9,923,414

Total Capital Assets, Net \$ 20,268,875 \$ 662,567 \$ - \$ 20,931,442

Depreciation expenses are \$1,473,757 for the Water Fund and \$1,470,798 for the Wastewater Fund.

Note 8 Long-Term Liabilities

a. Governmental Activities

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2016:

	Balance at June 30, 2015	Additions	Repayments	Balance at June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 343,717	\$ -	\$ (17,797)	\$ 325,920	\$ -
2005 RDA tax allocation notes	7,470,000	-	(210,000)	7,260,000	220,000
2008 RDA tax allocation notes	14,685,000	-	(370,000)	14,315,000	380,000
Total	<u>\$ 22,498,717</u>	<u>\$ -</u>	<u>\$ (597,797)</u>	<u>\$ 21,900,920</u>	<u>\$ 600,000</u>
Business-type Activities:					
Water Fund:					
Compensated absences	\$ 14,192	\$ 1,453	\$ -	\$ 15,645	\$ -
2005 Certificates of participation	1,760,000	-	(55,000)	1,705,000	55,000
2012 Certificates of participation	8,715,000	-	(715,000)	8,000,000	745,000
2012 Bond premium	467,075	-	(41,213)	425,862	-
Wastewater Fund:					
Compensated absences	14,309	476	-	14,785	-
2005 Certificates of participation	2,320,000	-	(70,000)	2,250,000	70,000
2012 Certificates of participation	7,585,000	-	(510,000)	7,075,000	530,000
2012 Bond premium	126,444	-	(11,157)	115,287	-
Total	<u>\$ 21,002,020</u>	<u>\$ 1,929</u>	<u>\$ (1,402,370)</u>	<u>\$ 19,601,579</u>	<u>\$ 1,400,000</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 8 Long-Term Liabilities (Continued)**2005 RDA Tax Allocation Notes**

On December 1, 2005, the Redevelopment Agency of the City of Imperial (the "Agency") issued \$9,055,000 of 2005 Tax Allocation Notes. The proceeds from the issue were used to (i) refund all of the Agency's outstanding 2002 Tax Allocation Notes; (ii) fund a reserve fund for the Notes; (iii) fund two years of interest on the Notes, and (iv) pay the costs of issuing the Notes. Interest is payable semi-annually every June 1 and December 1 of each year, commencing June 1, 2006 and maturing on June 1, 2037. The Notes bear interest varying from 3.000% to 4.500%. As of June 30, 2016, the outstanding principal balance is \$7,260,000.

2008 RDA Tax Allocation Notes

On November 17, 2007, the Redevelopment Agency of the City of Imperial issued \$16,935,000 of 2008 Tax Allocation Notes. The proceeds from the issue were used to refund the 2006 Tax Allocation Notes, finance certain redevelopment activities of benefit to the Agency's project area, fund a reserve account, pay capitalized interest on the notes commencing June 1, 2008, and pay the costs of issuing the notes. The notes bear interest at an annual rate of 4.50%. The notes mature on December 1, 2037. The notes are payable from and secured by Pledged Revenues. The outstanding principal balance as of June 30, 2016 was \$14,315,000.

b. Long-Term Debt Amortization – Governmental Activities

The annual requirements to amortize long-term debt outstanding at June 30, 2016 (other than compensated absences) are as follows:

Fiscal Year Ended June 30,	2005 - Tax Allocation Notes		
	Principal	Interest	Total
2017	220,000	328,239	548,239
2018	225,000	319,226	544,226
2019	235,000	309,679	544,679
2020	245,000	299,538	544,538
2021-2025	1,400,000	1,323,781	2,723,781
2026-2030	1,730,000	976,319	2,706,319
2031-2035	2,180,000	520,361	2,700,361
2036-2038	1,025,000	50,375	1,075,375
	<u>7,260,000</u>	<u>4,127,518</u>	<u>11,387,518</u>

Fiscal Year Ended June 30,	2008 - Tax Allocation Notes		
	Principal	Interest	Total
2017	380,000	672,965	1,052,965
2018	400,000	659,190	1,059,190
2019	415,000	644,190	1,059,190
2020	430,000	627,590	1,057,590
2021-2025	2,440,000	2,853,535	5,293,535
2026-2030	3,040,000	2,256,869	5,296,869
2031-2035	3,855,000	1,435,500	5,290,500
2036-2038	3,355,000	367,500	3,722,500
	<u>\$ 14,315,000</u>	<u>\$ 9,517,339</u>	<u>\$ 23,832,339</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 8 Long-Term Liabilities (Continued)

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

Fiscal Year Ended June 30,	Total Governmental Long Term Debt		
	Principal	Interest	Total
2017	600,000	1,001,204	1,601,204
2018	625,000	978,416	1,603,416
2019	650,000	953,869	1,603,869
2020	675,000	927,128	1,602,128
2021-2025	3,840,000	4,177,316	8,017,316
2026-2030	4,770,000	3,233,188	8,003,188
2031-2035	6,035,000	1,955,861	7,990,861
2036-2038	4,380,000	417,875	4,797,875
	<u>\$ 21,575,000</u>	<u>\$ 13,644,857</u>	<u>\$ 35,219,857</u>

c. Business -type Activities

Water/Wastewater Parity 2005 COP

On November 1, 2005, the City issued the Parity 2005 certificates of participation in the amount of \$2,160,000 for the water facility and \$2,845,000 for the wastewater facility. The proceeds were used to finance certain capital improvements to the City’s water and wastewater systems. Interest will be payable semi-annually on April and October 15 commencing on April 15, 2006. As of June 30, 2016, the balances remaining for Water and Wastewater Refunding are \$1,705,000, and \$2,250,000 respectively.

Water/Wastewater 2012 COP

On April 1, 2012, the City issued the 2012 certificates of participation in the amount of \$10,065,000 for the water facility and \$8,550,000 for the wastewater facility. The proceeds of the sale will be used together with other available moneys to provide funds to the City to prepay and defease on a current basis the City’s Refunding Certificates of Participation Series 2001 of which \$7,190,000 (water) and \$4,995,000 remained outstanding, and to finance certain capital improvements to the City’s water and wastewater system, to fund a reserve fund for the Bonds, and to pay certain costs of issuing the Bonds. Interest will be payable semi-annually on April and October 15 commencing on October 15, 2012. As of June 30, 2016, the balances remaining for Water and Wastewater Refunding are \$8,000,000 and \$7,075,000 respectively.

d. Business-type Long-Term Debt Amortization

The annual requirements to amortize Business-type long-term debt outstanding at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	2005 Certificates of Participation (Water)		
	Principal	Interest	Total
2017	55,000	78,860	133,860
2018	55,000	76,660	131,660
2019	60,000	74,391	134,391
2020	60,000	71,871	131,871
2021-2025	350,000	316,491	666,491
2026-2030	445,000	226,813	671,813
2031-2035	550,000	111,625	661,625
2036	130,000	6,175	136,175
	<u>\$ 1,705,000</u>	<u>\$ 962,886</u>	<u>\$ 2,667,886</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 8 Long-Term Liabilities (Continued)

Fiscal Year Ending June 30,	2005 Certificates of Participation (Wastewater)		
	Principal	Interest	Total
2017	70,000	104,054	174,054
2018	75,000	101,254	176,254
2019	80,000	98,160	178,160
2020	80,000	94,800	174,800
2021-2025	465,000	416,770	881,770
2026-2030	575,000	299,250	874,250
2031-2035	735,000	148,200	883,200
2036	170,000	8,075	178,075
	<u>\$ 2,250,000</u>	<u>\$ 1,270,563</u>	<u>\$ 3,520,563</u>

Fiscal Year Ending June 30,	2012 Certificates of Participation (Water)		
	Principal	Interest	Total
2017	745,000	365,163	1,110,163
2018	775,000	335,363	1,110,363
2019	805,000	304,362	1,109,362
2020	845,000	264,113	1,109,113
2021-2025	3,395,000	799,500	4,194,500
2026-2027	1,435,000	108,500	1,543,500
	<u>\$ 8,000,000</u>	<u>\$ 2,177,001</u>	<u>\$ 10,177,001</u>

Fiscal Year Ending June 30,	2012 Certificates of Participation (Wastewater)		
	Principal	Interest	Total
2017	530,000	283,000	813,000
2018	550,000	261,800	811,800
2019	565,000	245,300	810,300
2020	580,000	228,350	808,350
2021-2025	3,320,000	736,825	4,056,825
2026-2027	1,530,000	98,175	1,628,175
	<u>\$ 7,075,000</u>	<u>\$ 1,853,450</u>	<u>\$ 8,928,450</u>

Fiscal Year Ending June 30,	Total Business-type Funds Long Term Debt		
	Principal	Interest	Total
2017	1,400,000	831,077	2,231,077
2018	1,455,000	775,077	2,230,077
2019	1,510,000	722,213	2,232,213
2020	1,565,000	659,134	2,224,134
2021-2025	7,530,000	2,269,586	9,799,586
2026-2030	3,985,000	732,738	4,717,738
2031-2035	1,285,000	259,825	1,544,825
2036	300,000	14,250	314,250
	<u>\$ 19,030,000</u>	<u>\$ 6,263,900</u>	<u>\$ 25,293,900</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 9 Deferred Outflows and Inflows of Resources

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

Deferred outflows of resources balances for the year ended June 30, 2016 were as follows:

Government-wide Deferred Outflows	
Governmental Activities	
Pensions	<u>\$ 459,296</u>
Total Governmental Activities	<u>\$ 459,296</u>
Business-type Activities	
Pensions	<u>\$ 64,496</u>
Total Business-type Activities	<u>64,496</u>
Total Governmentwide Deferred Outflows	<u>\$ 523,792</u>

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

Deferred inflows of resources balances for the year ended June 30, 2016 were as follows:

Government-wide Deferred Inflows	
Governmental Activities	
Pensions	<u>\$ 867,518</u>
Total Governmental Activities	<u>\$ 867,518</u>
Business-type Activities	
Pensions	<u>\$ 151,743</u>
Total Business-type Activities	<u>151,743</u>
Total Governmentwide Deferred Inflows	<u>\$ 1,019,261</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 10 Defined Benefit Pension Plan

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

A. General Information about the Pension Plan

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

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

Employees Covered - At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

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

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

Note 10 Defined Benefit Pension Plan (Continued)

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
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	

(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, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

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

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

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

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 10 Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

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

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

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

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

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

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

C. Changes in the Net Pension Liability

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

Proportionate Share of Net Pension	
Misc. Plan	Safety Plan
\$ 985,073	\$ 1,850,541

Safety plan:

As of June 30, 2016, the City Safety Plan reported net pension liabilities for its proportionate share of the net position liability of the Plan as follows:

Proportionate Share of Net Pension	
Misc. Plan	Safety Plan
\$ 985,073	\$ 1,850,541

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 10 Defined Benefit Pension Plan (Continued)

C. Changes in the Net Pension Liability (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, 2015, 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, 2014 rolled forward to June 30, 2015 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, 2015 was as follows:

	<u>City Miscellaneous Plan</u>	<u>City Safety Plan</u>
Proportion - June 30, 2014	0.05532%	0.04857%
Proportion - June 30, 2015	0.03591%	0.04491%
Change - Increase (Decrease)	-0.01941%	-0.00366%

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:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 1,652,036	\$ 2,967,053
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 985,073	\$ 1,850,541
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 434,417	\$ 935,022

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

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

For the fiscal year ended June 30, 2016, the City recognized pension expense of \$210,946. At June 30, 2016, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	301,772	
Net differences between projected and actual earnings on pension plan investments		(132,094)
Difference between actual vs proportionate contribution	148,919	
Changes in assumptions		(261,522)
Difference in actual experience	8,605	(39,160)
Adjustment due to differences in proportions		(434,742)
Total	<u>459,296</u>	<u>(867,518)</u>

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 10 Defined Benefit Pension Plan (Continued)

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

\$459,296 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended	
June 30,	
2017	\$ (314,592)
2018	(309,313)
2019	(250,311)
2020	164,222
Total	<u>\$ (709,994)</u>

Note 11 Deferred Compensation

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

Note 12 Risk Management

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

Note 13 Net Position

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

a. Net Position

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

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

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.

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

Note 14 Fund Balance Reporting

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

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

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

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

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

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

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

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

Restricted: The City has funds totaling \$6,974,611 that are classified as restricted.

Committed: The City has funds totaling \$5,802,462 that are classified as committed.

Assigned: The City has funds totaling \$54,381 that are classified as assigned.

Unassigned: The City has funds totaling \$536,720 that are classified as unassigned.

Note 15 Contingent Liabilities

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

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

SERAF Contingency

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

Note 15 Contingent Liabilities (Continued)

SERAF Contributions

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

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

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

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

ERAF Contribution

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

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

CITY OF IMPERIAL

Notes to Basic Financial Statements

June 30, 2016

Note 16 Prior Period Adjustments

The accompanying financial statements reflect adjustments resulting from a restatement of beginning fund balance/net position as of June 30, 2016 as follows:

- Decrease in Water fund balance of \$248 to remove accumulated depreciation that could not be substantiated.
- Decrease in Wastewater fund balance of \$10,768 to remove accumulated depreciation that could not be substantiated.

The effect of this prior period adjustment on the government-wide financial statements is a decrease in the business-type activities beginning net position from \$15,133,518 to \$15,122,502.

Note 17 Subsequent Events

Management has evaluated subsequent events through November 9, 2017, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

CITY OF IMPERIAL

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

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 1,550,000	\$ 1,550,000	\$ 1,567,271	\$ 17,271
Sales	1,900,000	1,900,000	1,805,850	(94,150)
Franchise	260,000	260,000	303,583	43,583
Other	53,000	53,000	59,230	6,230
Licenses and permits	339,745	339,745	480,264	140,519
Fines and penalties	101,500	101,500	115,393	13,893
Intergovernmental	1,263,700	1,263,700	1,498,899	235,199
Charges for services	1,622,200	1,622,200	1,905,804	283,604
Interest	2,500	2,500	4,591	2,091
Other revenue	304,650	304,650	183,235	(121,415)
Total revenue	<u>7,397,295</u>	<u>7,397,295</u>	<u>7,924,120</u>	<u>526,825</u>
EXPENDITURES				
General government:				
Council	44,012	44,012	48,659	(4,647)
Clerk	125,969	125,969	108,326	17,643
Attorney	150,500	150,500	92,481	58,019
Manager	189,714	189,714	213,455	(23,741)
Financial services	378,338	378,338	389,492	(11,154)
Human resources	552,500	552,500	513,170	39,330
Non-departmental	808,800	808,800	1,018,270	(209,470)
Total general government	<u>2,249,833</u>	<u>2,249,833</u>	<u>2,383,853</u>	<u>(134,020)</u>
Public services				
Public services management	50,456	50,456	71,321	(20,865)
Buildings and grounds	140,534	140,534	78,430	62,104
Streets	428,296	428,296	273,962	154,334
Storm Drains	86,200	86,200	18,180	68,020
Sanitation	931,550	931,550	1,170,753	(239,203)
Total public services	<u>1,637,036</u>	<u>1,637,036</u>	<u>1,612,646</u>	<u>24,390</u>
Public safety				
Police	2,362,061	2,362,061	2,213,606	148,455
Fire	950,000	950,000	941,009	8,991
Animal control	20,779	20,779	14,803	5,976
Total public safety	<u>3,332,840</u>	<u>3,332,840</u>	<u>3,169,418</u>	<u>163,422</u>

(Continued)

CITY OF IMPERIAL

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

General Fund

For the Fiscal Year Ended June 30, 2016

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Culture and leisure				
Pool	\$ 51,078	\$ 51,078	\$ 67,084	\$ (16,006)
Parks	505,163	505,163	600,598	(95,435)
Library	216,942	216,942	197,401	19,541
Successor Agency	90,528	90,528	241,962	(151,434)
Total culture and leisure	<u>863,711</u>	<u>863,711</u>	<u>1,107,045</u>	<u>(243,334)</u>
Planning and development				
Planning	422,981	442,981	259,522	183,459
Building and safety	94,684	94,684	105,145	(10,461)
Engineering	278,259	278,259	195,086	83,173
Total planning and development	<u>795,924</u>	<u>815,924</u>	<u>559,753</u>	<u>256,171</u>
Total expenditures	<u>8,879,344</u>	<u>8,899,344</u>	<u>8,832,715</u>	<u>66,629</u>
Excess (deficiency) of revenues over expenditures	<u>(1,482,049)</u>	<u>(1,502,049)</u>	<u>(908,595)</u>	<u>593,454</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(562)	(562)
Transfers in	<u>1,486,947</u>	<u>1,486,947</u>	<u>1,020,394</u>	<u>(466,553)</u>
Total other financing sources (uses)	<u>1,486,947</u>	<u>1,486,947</u>	<u>1,019,832</u>	<u>(466,553)</u>
Net change in fund balance	4,898	(15,102)	111,237	126,901
Fund balance - beginning	<u>1,504,080</u>	<u>1,504,085</u>	<u>1,613,028</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,508,978</u>	<u>\$ 1,488,983</u>	<u>\$ 1,724,265</u>	<u>\$ 235,282</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Redevelopment Agency Successor Housing Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 982	\$ 982
Other	-	-	36,500	36,500
Total Revenues	-	-	37,482	37,482
EXPENDITURES				
Curent:				
Community development	-	-	1,044,202	(1,044,202)
Total Expenditures	-	-	1,044,202	(1,044,202)
Excess (deficiency) of revenues over expenditures	-	-	(1,006,720)	(1,006,720)
Net change in fund balance	-	-	(1,006,720)	(1,006,720)
Fund balance - beginning	2,388,292	2,388,292	2,388,292	-
Fund balance - ending	<u>\$ 2,388,292</u>	<u>\$ 2,388,292</u>	<u>\$ 1,381,572</u>	<u>\$ (1,006,720)</u>

CITY OF IMPERIAL
**Cost Sharing Defined Benefit Pension Plans
 For the Fiscal Year Ended June 30, 2016**
Cost Sharing Defined Benefit Pension PlansSchedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years*

	<u>June 30, 2016</u>		<u>June 30, 2015</u>	
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Proportion of the net pension liability	0.03591%	0.04491%	0.05532%	0.04857%
Proportionate share of the net pension liability	\$ 985,073	\$ 1,850,541	\$ 1,367,153	\$ 1,821,888
Covered-employee payroll	\$ 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	59.97%	179.17%	82.80%	169.44%
Plan's fiduciary net position	\$ 6,449,768	\$ 5,357,528	\$ 5,663,481	\$ 5,067,491
Plan's total pension liability	\$ 7,434,841	\$ 7,208,069	\$ 7,030,634	\$ 6,889,379
Plan fiduciary net position as a percentage of total pension liability	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: NoneSchedule of Contributions – Last 10 Years*

	<u>June 30, 2016</u>		<u>June 30, 2015</u>	
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Contractual required contribution (actuarially determined)	\$ 223,103	\$ 182,273	\$ 313,414	\$ 374,623
Contributions in relation to the actuarially determined contributions	(223,103)	(182,273)	(313,414)	(374,623)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,642,544	\$ 1,032,855	\$ 1,651,054	\$ 1,075,212
Contributions as a percentage of covered employee payroll	13.58%	17.65%	18.98%	34.84%

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

CITY OF IMPERIAL

Cost Sharing Defined Benefit Pension Plans

For the Fiscal Year Ended June 30, 2016

(Continued)

Cost Sharing Defined Benefit Pension Plans

Notes to Schedule

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

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

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

Other Supplementary Information

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Redevelopment Agency Successor Capital Projects Fund
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 20	\$ 20
Total Revenues	-	-	20	20
EXPENDITURES				
Curent:				
Community development	-	-	3,724,689	(3,724,689)
Debt Service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	3,724,689	(3,724,689)
Excess (deficiency) of revenues over expenditures	-	-	(3,724,669)	(3,724,669)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	2,514,254	2,514,254
Total Other Financing Sources (Uses)	-	-	2,514,254	2,514,254
Net change in fund balance	-	-	(1,210,415)	(1,210,415)
Fund balance - beginning	1,704,980	1,704,980	1,704,980	-
Fund balance - ending	<u>\$ 1,704,980</u>	<u>\$ 1,704,980</u>	<u>\$ 494,565</u>	<u>\$ (1,210,415)</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Redevelopment Agency Successor Debt Service Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 2,417	\$ 2,417
Total Revenues	-	-	2,417	2,417
EXPENDITURES				
Debt Service:				
Interest and fiscal charges	-	-	1,598,046	(1,598,046)
Total Expenditures	-	-	1,598,046	(1,598,046)
Excess (deficiency) of revenues over expenditures	-	-	(1,595,629)	(1,595,629)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(2,514,254)	(2,514,254)
Total Other Financing Sources (Uses)	-	-	(2,514,254)	(2,514,254)
Net change in fund balance	-	-	(4,109,883)	(4,109,883)
Fund balance - beginning	5,060,783	5,060,783	5,060,783	-
Fund balance - ending	<u>\$ 5,060,783</u>	<u>\$ 5,060,783</u>	<u>\$ 950,900</u>	<u>\$ (4,109,883)</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Redevelopment Agency Successor Projects Fund
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 1,885,824	\$ 1,885,824
Use of money and property	-	-	205	205
Other	-	-	104,000	104,000
Total Revenues	-	-	1,990,029	1,990,029
EXPENDITURES				
Curent:				
Community development	-	-	1,716,365	(1,716,365)
Total Expenditures	-	-	1,716,365	(1,716,365)
Excess (deficiency) of revenues over expenditures	-	-	273,664	273,664
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(250,000)	(250,000)
Total Other Financing Sources (Uses)	-	-	(250,000)	(250,000)
Net change in fund balance	-	-	23,664	23,664
Fund balance - beginning	232,553	232,553	232,553	-
Fund balance - ending	\$ 232,553	\$ 232,553	\$ 256,217	\$ 23,664

CITY OF IMPERIAL
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Traffic Congestion Relief	Traffic Safety	Gas Tax	Local Transportation	Dial - A - Ride
ASSETS					
Cash and cash equivalents	\$ 10	\$ 1,435	\$ 178,770	\$ 621,888	\$ 14,598
Receivables:					
Accounts	-	857	-	-	-
Notes	-	-	-	-	-
Interest	-	-	52	183	4
Total assets	<u>\$ 10</u>	<u>\$ 2,292</u>	<u>\$ 178,822</u>	<u>\$ 622,071</u>	<u>\$ 14,602</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted for:					
Public safety	-	-	-	-	-
Streets and roads	10	2,292	178,822	622,071	-
Community development	-	-	-	-	14,602
Low and mod income housing	-	-	-	-	-
Lighting and landscaping	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>10</u>	<u>2,292</u>	<u>178,822</u>	<u>622,071</u>	<u>14,602</u>
Total liabilities and fund balances (deficit)	<u>\$ 10</u>	<u>\$ 2,292</u>	<u>\$ 178,822</u>	<u>\$ 622,071</u>	<u>\$ 14,602</u>

<u>LTA Measure D</u>	<u>Public Safety Prop 172</u>	<u>COPS Grant 2013</u>	<u>COPS Grant 2014</u>	<u>COPS Grant 2016</u>	<u>CDBG HOME Grant</u>	<u>Housing Rehab</u>	<u>ED CDBG</u>	<u>RLA</u>
\$ 3,376,316	\$ -	\$ 78,041	\$ 32,304	\$ -	\$ -	\$ 43,708	\$ 50	\$ 50,920
-	-	-	-	-	-	-	-	-
-	-	-	-	-	803,478	331,442	-	-
993	-	23	9	-	-	12	-	23
<u>\$ 3,377,309</u>	<u>\$ -</u>	<u>\$ 78,064</u>	<u>\$ 32,313</u>	<u>\$ -</u>	<u>\$ 803,478</u>	<u>\$ 375,162</u>	<u>\$ 50</u>	<u>\$ 50,943</u>
\$ 408,400	\$ -	\$ 5,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	9,375	-	-	-	79,490	-	-	-
-	-	-	-	-	803,478	331,442	-	-
408,400	9,375	5,451	-	-	882,968	331,442	-	-
-	-	72,613	32,313	-	-	-	-	-
2,968,909	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	50	-
-	-	-	-	-	-	43,720	-	50,943
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(9,375)	-	-	-	(79,490)	-	-	-
2,968,909	(9,375)	72,613	32,313	-	(79,490)	43,720	50	50,943
<u>\$ 3,377,309</u>	<u>\$ -</u>	<u>\$ 78,064</u>	<u>\$ 32,313</u>	<u>\$ -</u>	<u>\$ 803,478</u>	<u>\$ 375,162</u>	<u>\$ 50</u>	<u>\$ 50,943</u>

Continued

CITY OF IMPERIAL

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

(Continued)

	<u>Wildflower Landscape Lighting</u>	<u>Paseo Del Sol Landscape Lighting</u>	<u>Joshua Tree Street Improvement</u>	<u>Library Donations</u>	<u>Aten Clark Traffic</u>	<u>COPS Grant 2006</u>
ASSETS						
Cash and cash equivalents	\$ 36,050	\$ 98,518	\$ 31,267	\$ 2,269	\$ 5,382	\$ -
Receivables:						
Accounts	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Interest	<u>11</u>	<u>29</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 36,061</u>	<u>\$ 98,547</u>	<u>\$ 31,276</u>	<u>\$ 2,269</u>	<u>\$ 5,382</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE						
Restricted for:						
Public safety	-	-	-	-	-	-
Streets and roads	-	-	31,276	-	5,382	-
Community development	-	-	-	-	-	-
Low and mod income housing	-	-	-	-	-	-
Lighting and landscaping	36,061	98,547	-	-	-	-
Parks and recreation	-	-	-	2,269	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>36,061</u>	<u>98,547</u>	<u>31,276</u>	<u>2,269</u>	<u>5,382</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ 36,061</u>	<u>\$ 98,547</u>	<u>\$ 31,276</u>	<u>\$ 2,269</u>	<u>\$ 5,382</u>	<u>\$ -</u>

COPS Grant 2012	Sky Ranch District	Prop 1B	Library Literacy	Police Technology Grant	Austin Worthington	AB 109 FUNDING	AVIATION Special/Events	General Loans
\$ -	\$ 857,491	\$ -	\$ 62,625	\$ -	\$ 95,750	\$ 2,234	\$ 1,119	\$557,780
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	252	-	18	-	-	-	-	-
<u>\$ -</u>	<u>\$ 857,743</u>	<u>\$ -</u>	<u>\$ 62,643</u>	<u>\$ -</u>	<u>\$ 95,750</u>	<u>\$ 2,234</u>	<u>\$ 1,119</u>	<u>\$557,780</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	164,419	-	112,075	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	164,419	-	112,075	-	-	-	-
-	-	-	-	-	-	2,234	-	-
-	-	-	-	-	95,750	-	-	-
-	-	-	-	-	-	-	-	557,780
-	-	-	-	-	-	-	-	-
-	857,743	-	-	-	-	-	-	-
-	-	-	62,643	-	-	-	1,119	-
-	-	(164,419)	-	(112,075)	-	-	-	-
-	857,743	(164,419)	62,643	(112,075)	95,750	2,234	1,119	557,780
<u>\$ -</u>	<u>\$ 857,743</u>	<u>\$ -</u>	<u>\$ 62,643</u>	<u>\$ -</u>	<u>\$ 95,750</u>	<u>\$ 2,234</u>	<u>\$ 1,119</u>	<u>\$557,780</u>

Continued

CITY OF IMPERIAL

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

(Continued)

	<u>Fire Impact Fees</u>	<u>Police Impact Fees</u>	<u>Admin Impact Fees</u>	<u>Library Impact Fees</u>	<u>Park Impact Fees</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 584,253	\$ 523,233	\$ 409,422	\$ 1,696,504
Receivables:					
Accounts	-	-	-	-	-
Notes	-	-	-	-	-
Interest	-	172	154	120	499
Total assets	<u>\$ -</u>	<u>\$ 584,425</u>	<u>\$ 523,387</u>	<u>\$ 409,542</u>	<u>\$ 1,697,003</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	5,045	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>5,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted for:					
Public safety	-	584,425	-	-	-
Streets and roads	-	-	-	-	-
Community development	-	-	523,387	-	-
Low and mod income housing	-	-	-	-	-
Lighting and landscaping	-	-	-	-	-
Parks and recreation	-	-	-	409,542	1,697,003
Unassigned	<u>(5,045)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>(5,045)</u>	<u>584,425</u>	<u>523,387</u>	<u>409,542</u>	<u>1,697,003</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 584,425</u>	<u>\$ 523,387</u>	<u>\$ 409,542</u>	<u>\$ 1,697,003</u>

Circulation Impact Fees	STPL	CMAQ	EDA	Colonias	Total Nonmajor Governmental Funds
\$ 63,305	\$ -	\$ 202,140	\$185,864	\$ -	\$ 9,813,246
-	-	-	656,378	-	-
-	-	-	-	-	657,235
19	-	-	-	-	1,134,920
<u>\$ 63,324</u>	<u>\$ -</u>	<u>\$ 202,140</u>	<u>\$ 842,242</u>	<u>\$ -</u>	<u>\$ 11,607,983</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,851
-	817,141	-	-	-	1,187,545
-	-	-	-	-	1,134,920
-	817,141	-	-	-	2,736,316
-	-	-	-	-	691,585
63,324	-	202,140	-	-	4,169,976
-	-	-	842,242	-	1,938,061
-	-	-	-	-	94,663
-	-	-	-	-	992,351
-	-	-	-	-	2,172,576
-	(817,141)	-	-	-	(1,187,545)
<u>63,324</u>	<u>(817,141)</u>	<u>202,140</u>	<u>842,242</u>	<u>-</u>	<u>8,871,667</u>
<u>\$ 63,324</u>	<u>\$ -</u>	<u>\$ 202,140</u>	<u>\$ 842,242</u>	<u>\$ -</u>	<u>\$ 11,607,983</u>

CITY OF IMPERIAL

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

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2016

	Traffic Congestion Relief	Traffic Safety	Gas Tax	Local Transportation	Dial - A - Ride
REVENUES					
Intergovernmental	\$ -	\$ 8,240	\$ 326,360	\$ 7,478	\$ -
Use of money and property	-	-	185	570	14
Total Revenues	<u>-</u>	<u>8,240</u>	<u>326,545</u>	<u>8,048</u>	<u>14</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Park and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	-	-	-	-	509
Library	-	-	-	-	-
Public services	-	-	-	17,625	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,625</u>	<u>509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>8,240</u>	<u>326,545</u>	<u>(9,577)</u>	<u>(495)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>(5,958)</u>	<u>(412,500)</u>	<u>(4,999)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(5,958)</u>	<u>(412,500)</u>	<u>(4,999)</u>	<u>-</u>
Net change in fund balances	-	2,282	(85,955)	(14,576)	(495)
Fund balance - beginning	<u>10</u>	<u>10</u>	<u>264,777</u>	<u>636,647</u>	<u>15,097</u>
Fund balance - ending	<u>\$ 10</u>	<u>\$ 2,292</u>	<u>\$ 178,822</u>	<u>\$ 622,071</u>	<u>\$ 14,602</u>

<u>LTA Measure D</u>	<u>Public Safety Prop 172</u>	<u>COPS Grant 2013</u>	<u>Asset Forfeiture</u>	<u>COPS Grant 2014</u>	<u>COPS Grant 2016</u>	<u>CDBG HOME Grant</u>	<u>Housing Rehab</u>	<u>ED CDBG</u>
\$ 6,132,881	\$ -	\$ -	\$ 63,006	\$ 94,147	\$ -	\$ 17,902	\$ 1,265	\$ -
2,580	2	76	21	44	3	4,328	787	-
<u>6,135,461</u>	<u>2</u>	<u>76</u>	<u>63,027</u>	<u>94,191</u>	<u>3</u>	<u>22,230</u>	<u>2,052</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	5,450	42,399	26,811	-	-	-	-
-	-	-	-	-	-	-	45	-
-	-	-	-	-	-	-	-	-
624,026	-	-	-	-	-	-	-	-
<u>3,025,421</u>	<u>-</u>	<u>-</u>	<u>24,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,649,447</u>	<u>-</u>	<u>5,450</u>	<u>67,220</u>	<u>26,811</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>-</u>
<u>2,486,014</u>	<u>2</u>	<u>(5,374)</u>	<u>(4,193)</u>	<u>67,380</u>	<u>3</u>	<u>22,230</u>	<u>2,007</u>	<u>-</u>
-	-	-	50	-	-	-	-	-
<u>(204,001)</u>	<u>(39,202)</u>	<u>(15,016)</u>	<u>(26,735)</u>	<u>(35,067)</u>	<u>(7,619)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(204,001)</u>	<u>(39,202)</u>	<u>(15,016)</u>	<u>(26,685)</u>	<u>(35,067)</u>	<u>(7,619)</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,282,013	(39,200)	(20,390)	(30,878)	32,313	(7,616)	22,230	2,007	-
<u>686,896</u>	<u>29,825</u>	<u>93,003</u>	<u>30,878</u>	<u>-</u>	<u>7,616</u>	<u>(101,720)</u>	<u>41,713</u>	<u>50</u>
<u>\$ 2,968,909</u>	<u>\$ (9,375)</u>	<u>\$ 72,613</u>	<u>\$ -</u>	<u>\$ 32,313</u>	<u>\$ -</u>	<u>\$ (79,490)</u>	<u>\$ 43,720</u>	<u>\$ 50</u>

Continued

CITY OF IMPERIAL

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

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2016

(Continued)

	<u>RLA</u>	<u>Wildflower Landscape Lighting</u>	<u>Paseo Del Sol Landscape Lighting</u>	<u>Joshua Tree Street Improvement</u>	<u>Library Donations</u>
REVENUES					
Intergovernmental	\$ 16,045	\$ 39,622	\$ 38,990	\$ -	\$ 1,100
Use of money and property	3,455	16	72	28	-
Total Revenues	<u>19,500</u>	<u>39,638</u>	<u>39,062</u>	<u>28</u>	<u>1,100</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Park and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Library	-	-	-	-	973
Public services	-	3,967	3,567	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>3,967</u>	<u>3,567</u>	<u>-</u>	<u>973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,500</u>	<u>35,671</u>	<u>35,495</u>	<u>28</u>	<u>127</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	<u>(5,000)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	14,500	32,171	31,995	28	127
Fund balance - beginning	<u>36,443</u>	<u>3,890</u>	<u>66,552</u>	<u>31,248</u>	<u>2,142</u>
Fund balance - ending	<u><u>\$ 50,943</u></u>	<u><u>\$ 36,061</u></u>	<u><u>\$ 98,547</u></u>	<u><u>\$ 31,276</u></u>	<u><u>\$ 2,269</u></u>

<u>Aten Clark Traffic</u>	<u>COPS Grant 2006</u>	<u>COPS Grant 2012</u>	<u>Imperial County Grants</u>	<u>Sky Ranch District</u>	<u>Prop 1B</u>	<u>Library Literacy</u>	<u>Police Technology Grant</u>	<u>Austin Worthington</u>
\$ -	\$ -	\$ -	\$ -	\$ 218,078	\$ -	\$ 20,333	\$ -	\$ -
-	-	1	5	714	-	59	-	-
-	-	1	5	218,792	-	20,392	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	122,390	-	-	-	-
-	-	8,326	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,054	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	5,468	-	-	-	-
-	-	8,326	-	127,858	-	12,054	-	-
-	-	(8,325)	5	90,934	-	8,338	-	-
-	26,662	-	-	-	-	-	-	-
-	-	(4,077)	(13,476)	-	-	-	-	-
-	26,662	(4,077)	(13,476)	-	-	-	-	-
-	26,662	(12,402)	(13,471)	90,934	-	8,338	-	-
5,382	(26,662)	12,402	13,471	766,809	(164,419)	54,305	(112,075)	95,750
<u>\$ 5,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 857,743</u>	<u>\$ (164,419)</u>	<u>\$ 62,643</u>	<u>\$ (112,075)</u>	<u>\$ 95,750</u>

Continued

CITY OF IMPERIAL

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

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2016

(Continued)

	<u>AB 109</u> <u>FUNDING</u>	<u>FEMA</u> <u>CALEMA</u>	<u>AVIATION</u> <u>SP/EVENTS</u>	<u>General</u> <u>Housing</u>	<u>Fire</u> <u>Impact</u> <u>Fees</u>
REVENUES					
Intergovernmental	\$ 10,000	\$ -	\$ 2,800	\$ 630,153	\$ 29,067
Use of money and property	-	-	-	2,882	-
Total Revenues	<u>10,000</u>	<u>-</u>	<u>2,800</u>	<u>633,035</u>	<u>29,067</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Park and recreation	-	-	1,681	-	-
Public safety	7,766	-	-	-	2,222
Community development	-	-	-	73,072	-
Library	-	-	-	-	-
Public services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>7,766</u>	<u>-</u>	<u>1,681</u>	<u>73,072</u>	<u>2,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,234</u>	<u>-</u>	<u>1,119</u>	<u>559,963</u>	<u>26,845</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	562	-	-	-
Transfers out	-	-	-	(8,017)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>562</u>	<u>-</u>	<u>(8,017)</u>	<u>-</u>
Net change in fund balances	2,234	562	1,119	551,946	26,845
Fund balance - beginning	<u>-</u>	<u>(562)</u>	<u>-</u>	<u>5,834</u>	<u>(31,890)</u>
Fund balance - ending	<u>\$ 2,234</u>	<u>\$ -</u>	<u>\$ 1,119</u>	<u>\$ 557,780</u>	<u>\$ (5,045)</u>

<u>Police Impact Fees</u>	<u>Admin Impact Fees</u>	<u>Library Impact Fees</u>	<u>Park Impact Fees</u>	<u>Circulation Impact Fees</u>	<u>STPL</u>	<u>CMAQ</u>
\$ 61,607	\$ 64,593	\$ 37,948	\$ 387,717	\$ 348,434	\$ -	\$ -
516	460	361	1,463	25	-	-
<u>62,123</u>	<u>65,053</u>	<u>38,309</u>	<u>389,180</u>	<u>348,459</u>	<u>-</u>	<u>-</u>
-	2,222	-	-	-	-	-
-	-	-	92,302	-	-	-
2,222	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,222	-	-	-	-
-	-	-	-	3,109	-	-
-	-	-	-	-	-	-
<u>2,222</u>	<u>2,222</u>	<u>2,222</u>	<u>92,302</u>	<u>3,109</u>	<u>-</u>	<u>-</u>
<u>59,901</u>	<u>62,831</u>	<u>36,087</u>	<u>296,878</u>	<u>345,350</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	(131,265)	-	-
-	-	-	-	(131,265)	-	-
59,901	62,831	36,087	296,878	214,085	-	-
<u>524,524</u>	<u>460,556</u>	<u>373,455</u>	<u>1,400,125</u>	<u>(150,761)</u>	<u>(817,141)</u>	<u>202,140</u>
<u>\$ 584,425</u>	<u>\$ 523,387</u>	<u>\$ 409,542</u>	<u>\$ 1,697,003</u>	<u>\$ 63,324</u>	<u>\$ (817,141)</u>	<u>\$ 202,140</u>

Continued

CITY OF IMPERIAL

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

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2016

(Continued)

	<u>EDA</u>	<u>Colonias</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 8,557,766
Use of money and property	-	-	18,667
Total Revenues	<u>-</u>	<u>-</u>	<u>8,576,433</u>
EXPENDITURES			
Current:			
General Government	-	-	2,222
Park and recreation	-	-	216,373
Public safety	-	-	95,196
Community development	-	-	73,626
Library	-	-	15,249
Public services	-	-	652,294
Capital outlay	-	-	3,055,710
Total Expenditures	<u>-</u>	<u>-</u>	<u>4,110,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>4,465,763</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	131,265	158,539
Transfers out	-	-	(919,932)
Total Other Financing Sources (Uses)	<u>-</u>	<u>131,265</u>	<u>(761,393)</u>
Net change in fund balances	-	131,265	3,704,370
Fund balance - beginning	<u>842,242</u>	<u>(131,265)</u>	<u>5,167,297</u>
Fund balance - ending	<u>\$ 842,242</u>	<u>\$ -</u>	<u>\$ 8,871,667</u>

CITY OF IMPERIAL

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

Traffic Congestion Relief Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

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

CITY OF IMPERIAL

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

Traffic Safety Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ 8,240	\$ 8,240
Use of money and property	-	-	-
Total revenue	<u>-</u>	<u>8,240</u>	<u>8,240</u>
EXPENDITURES			
Current:			
Public services	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>8,240</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(5,000)</u>	<u>(5,958)</u>	<u>(958)</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,958)</u>	<u>(958)</u>
Net change in fund balance	(5,000)	2,282	7,282
Fund balances - beginning	<u>10</u>	<u>10</u>	<u>-</u>
Fund balances - ending	<u>\$ 10</u>	<u>\$ 2,292</u>	<u>\$ 2,282</u>

CITY OF IMPERIAL

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

Gas Tax Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ 326,360	\$ 326,360
Use of money and property	-	185	185
Total revenue	-	326,545	326,545
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	(450,000)	(412,500)	37,500
Total other financing sources (uses)	(450,000)	(412,500)	37,500
Net change in fund balance	(450,000)	(85,955)	364,045
Fund balances - beginning	264,777	264,777	-
Fund balances - ending	<u>\$ (185,223)</u>	<u>\$ 178,822</u>	<u>\$ 364,045</u>

CITY OF IMPERIAL

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

Local Transportation Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 7,478	\$ 7,478
Use of money and property	-	570	570
	<u>-</u>	<u>8,048</u>	<u>8,048</u>
EXPENDITURES			
Current:			
Public services	-	(17,625)	(17,625)
	<u>-</u>	<u>(17,625)</u>	<u>(17,625)</u>
Excess (deficiency) of revenues over expenditures	-	(9,577)	(9,577)
OTHER FINANCING SOURCES (USES)			
Transfers out	(5,000)	(4,999)	1
	<u>(5,000)</u>	<u>(4,999)</u>	<u>1</u>
Net change in fund balance	(5,000)	(14,576)	(9,576)
Fund balances - beginning	636,647	636,647	-
Fund balances - ending	<u>\$ 631,647</u>	<u>\$ 622,071</u>	<u>\$ (9,576)</u>

CITY OF IMPERIAL

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

Dial-A-Ride Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Use of money and property	\$ -	\$ 14	\$ 14
Total revenues	<u>-</u>	<u>14</u>	<u>14</u>
EXPENDITURES			
Current:			
Public services	-	(509)	(509)
Total expenditures	<u>-</u>	<u>(509)</u>	<u>(509)</u>
Net change in fund balance	-	(495)	(495)
Fund balances - beginning	<u>15,097</u>	<u>15,097</u>	<u>-</u>
Fund balances - ending	<u>\$ 15,097</u>	<u>\$ 14,602</u>	<u>\$ (495)</u>

CITY OF IMPERIAL

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

LTA Measure D Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 6,132,881	\$ 6,132,881
Use of money and property	-	2,580	2,580
Total revenues	<u>-</u>	<u>6,135,461</u>	<u>6,135,461</u>
EXPENDITURES			
Current:			
Public services	-	(624,026)	(624,026)
Capital outlay	-	(3,025,421)	(3,025,421)
Total expenditures	<u>-</u>	<u>(3,649,447)</u>	<u>3,649,447</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,486,014</u>	<u>9,784,908</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(243,002)</u>	<u>(204,001)</u>	<u>39,001</u>
Total other financing sources (uses)	<u>(243,002)</u>	<u>(204,001)</u>	<u>39,001</u>
Net change in fund balance	-	2,282,013	2,282,013
Fund balances - beginning	<u>686,896</u>	<u>686,896</u>	<u>-</u>
Fund balances - ending	<u>\$ 686,896</u>	<u>\$ 2,968,909</u>	<u>\$ 2,282,013</u>

CITY OF IMPERIAL

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

Public Safety Prop. 172 Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Use of money and property	\$ -	\$ 2	\$ 2
Total revenues	<u>-</u>	<u>2</u>	<u>2</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2</u>	<u>2</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(67,210)</u>	<u>(39,202)</u>	<u>28,008</u>
Total other financing sources (uses)	<u>(67,210)</u>	<u>(39,202)</u>	<u>28,008</u>
Net change in fund balance	(67,210)	(39,200)	28,010
Fund balances - beginning	<u>29,825</u>	<u>29,825</u>	<u>-</u>
Fund balances - ending	<u>\$ (37,385)</u>	<u>\$ (9,375)</u>	<u>\$ 28,010</u>

CITY OF IMPERIALSchedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
COPS Grant 2013 Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 76	\$ 76
Total revenues	-	76	76
EXPENDITURES			
Current:			
Public safety	-	(5,450)	(5,450)
Total expenditures	-	(5,450)	(5,450)
Excess (deficiency) of revenues over expenditures	-	(5,374)	(5,374)
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	(15,016)	(15,016)
Total other financing sources (uses)	-	(15,016)	(15,016)
Net change in fund balance	-	(20,390)	(20,390)
Fund balances - beginning	93,003	93,003	-
Fund balances - ending	<u>\$ 93,003</u>	<u>\$ 72,613</u>	<u>\$ (20,390)</u>

CITY OF IMPERIAL

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

Police Asset Forfeiture Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 63,006	\$ 63,006
Use of money and property	-	21	21
Total revenues	<u>-</u>	<u>63,027</u>	<u>63,027</u>
EXPENDITURES			
Current:			
Public safety	-	(42,399)	42,399
Capital outlay	-	(24,821)	24,821
Total expenditures	<u>-</u>	<u>(67,220)</u>	<u>67,220</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(4,193)</u>	<u>130,247</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	50	50
Transfers out	(26,735)	(26,735)	-
Total other financing sources (uses)	<u>(26,735)</u>	<u>(26,685)</u>	<u>50</u>
Net change in fund balance	(26,735)	(30,878)	(4,143)
Fund balances - beginning	<u>30,878</u>	<u>30,878</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,143</u>	<u>\$ -</u>	<u>\$ (4,143)</u>

CITY OF IMPERIAL

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

COPS Grant 2014 Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 94,147	\$ 94,147
Use of money and property	-	44	44
Total revenues	<u>-</u>	<u>94,191</u>	<u>94,191</u>
EXPENDITURES			
Current:			
Public Safety	-	(26,811)	26,811
Total expenditures	<u>-</u>	<u>(26,811)</u>	<u>26,811</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>67,380</u>	<u>121,002</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(35,000)	(35,067)	(67)
Total other financing sources (uses)	<u>(35,000)</u>	<u>(35,067)</u>	<u>(67)</u>
Net change in fund balance	(35,000)	32,313	67,313
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ (35,000)</u>	<u>\$ 32,313</u>	<u>\$ 67,313</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
COPS Grant 2011 Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Use of money and property	\$ -	\$ 3	\$ -
Total revenues	-	3	-
EXPENDITURES			
Current:			
Capital	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	3	-
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	(7,619)	(7,619)
Total other financing sources (uses)	-	(7,619)	(7,619)
Net change in fund balance	-	(7,616)	(7,616)
Fund balances - beginning	7,616	7,616	-
Fund balances - ending	<u>\$ 7,616</u>	<u>\$ -</u>	<u>\$ (7,616)</u>

CITY OF IMPERIAL

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

CDBG Home Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 17,902	\$ 17,902
Use of money and property	-	4,328	4,328
	<u>-</u>	<u>22,230</u>	<u>22,230</u>
EXPENDITURES			
Current:			
Community Development	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	22,230	22,230
Fund balances - beginning	<u>(101,720)</u>	<u>(101,720)</u>	<u>-</u>
Fund balances - ending	<u>\$ (101,720)</u>	<u>\$ (79,490)</u>	<u>\$ 22,230</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Housing Rehab Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 1,265	\$ 1,265
Use of money and property	-	787	787
	<hr/>	<hr/>	<hr/>
Total revenues	-	2,052	2,052
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Community development	-	(45)	45
	<hr/>	<hr/>	<hr/>
Total expenditures	-	(45)	45
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	2,007	2,007
Fund balances - beginning	41,713	41,713	-
	<hr/>	<hr/>	<hr/>
Fund balances - ending	<u>\$ 41,713</u>	<u>\$ 43,720</u>	<u>\$ 2,007</u>

CITY OF IMPERIAL

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

Economic Development Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

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

CITY OF IMPERIAL

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

RLA Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 16,045	\$ 16,045
Use of money and property	-	3,455	3,455
Total revenues	<u>-</u>	<u>19,500</u>	<u>19,500</u>
EXPENDITURES			
Current:			
Community development	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>19,500</u>	<u>19,500</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	(5,000)	14,500	19,500
Fund balances - beginning	<u>36,443</u>	<u>36,443</u>	<u>-</u>
Fund balances - ending	<u>\$ 31,443</u>	<u>\$ 50,943</u>	<u>\$ 19,500</u>

CITY OF IMPERIALSchedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Wildflower Landscape Lighting Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 39,622	\$ 39,622
Use of money and property	-	16	16
Total revenues	<u>-</u>	<u>39,638</u>	<u>39,638</u>
EXPENDITURES			
Current:			
Public services	<u>-</u>	<u>(3,967)</u>	<u>3,967</u>
Total expenditures	<u>-</u>	<u>(3,967)</u>	<u>3,967</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>35,671</u>	<u>43,605</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Net change in fund balance	(3,500)	32,171	35,671
Fund balances - beginning	<u>3,890</u>	<u>3,890</u>	<u>-</u>
Fund balances - ending	<u>\$ 390</u>	<u>\$ 36,061</u>	<u>\$ 35,671</u>

CITY OF IMPERIAL

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

Paseo Del Sol Landscape Lighting Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 38,990	\$ 38,990
Use of money and property	-	72	72
Total revenues	<u>-</u>	<u>39,062</u>	<u>39,062</u>
EXPENDITURES			
Current:			
Public services	<u>-</u>	<u>(3,567)</u>	<u>(3,567)</u>
Total expenditures	<u>-</u>	<u>(3,567)</u>	<u>(3,567)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>35,495</u>	<u>35,495</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Net change in fund balance	(3,500)	31,995	35,495
Fund balances - beginning	<u>66,552</u>	<u>66,552</u>	<u>-</u>
Fund balances - ending	<u>\$ 63,052</u>	<u>\$ 98,547</u>	<u>\$ 35,495</u>

CITY OF IMPERIAL

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

Joshua Tree Street Improvement Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Use of money and property	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 28</u>
Total revenue	<u>-</u>	<u>28</u>	<u>28</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>28</u>	<u>28</u>
Fund balances - beginning	<u>31,248</u>	<u>31,248</u>	<u>-</u>
Fund balances - ending	<u>\$ 31,248</u>	<u>\$ 31,276</u>	<u>\$ 28</u>

CITY OF IMPERIALSchedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Library Donations Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 1,100	\$ 1,100
Total revenues	<u>-</u>	<u>1,100</u>	<u>1,100</u>
EXPENDITURES			
Current:			
Library	<u>-</u>	<u>(973)</u>	<u>973</u>
Total expenditures	<u>-</u>	<u>(973)</u>	<u>973</u>
Net change in fund balance	-	127	127
Fund balances - beginning	<u>2,142</u>	<u>2,142</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,142</u>	<u>\$ 2,269</u>	<u>\$ 127</u>

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Aten Clark Traffic Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

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

CITY OF IMPERIAL

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

COPS 2006 Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Total revenues	-	-	-
EXPENDITURES			
Current:			
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	26,662	26,662	-
Transfers out	-	-	-
Total other financing sources (uses)	26,662	26,662	-
Net change in fund balance	26,662	26,662	-
Fund balances - beginning	(26,662)	(26,662)	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF IMPERIAL

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

COPS 2012 Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Use of money and property	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>1</u>	<u>1</u>
EXPENDITURES			
Current:			
Public safety	-	(8,326)	8,326
Total expenditures	<u>-</u>	<u>(8,326)</u>	<u>8,326</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(8,325)</u>	<u>8,327</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(26,735)	(4,077)	22,658
Total other financing sources (uses)	<u>(26,735)</u>	<u>(4,077)</u>	<u>22,658</u>
Net change in fund balance	(26,735)	(12,402)	14,333
Fund balances - beginning	<u>12,402</u>	<u>12,402</u>	<u>-</u>
Fund balances - ending	<u>\$ (14,333)</u>	<u>\$ -</u>	<u>\$ 14,333</u>

CITY OF IMPERIAL

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

Imperial County Grants Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Use of money and property	\$ -	\$ 5	\$ 5
Total revenues	<u>-</u>	<u>5</u>	<u>5</u>
EXPENDITURES			
Current:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>5</u>	<u>5</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>(13,476)</u>	<u>(13,476)</u>
Total other financing sources (uses)	<u>-</u>	<u>(13,476)</u>	<u>(13,476)</u>
Net change in fund balance	-	(13,471)	(13,471)
Fund balances - beginning	<u>13,471</u>	<u>13,471</u>	<u>-</u>
Fund balances - ending	<u>\$ 13,471</u>	<u>\$ -</u>	<u>\$ (13,471)</u>

CITY OF IMPERIAL

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

Sky Ranch District Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 218,078	\$ 218,078
Use of money and property	-	714	714
Total revenues	<u>-</u>	<u>218,792</u>	<u>218,792</u>
EXPENDITURES			
Current:			
Park and recreation	-	(122,390)	(122,390)
Capital outlay	-	(5,468)	(5,468)
Total expenditures	<u>-</u>	<u>(127,858)</u>	<u>(127,858)</u>
Net change in fund balance	-	90,934	90,934
Fund balances - beginning	<u>766,809</u>	<u>766,809</u>	<u>-</u>
Fund balances - ending	<u>\$ 766,809</u>	<u>\$ 857,743</u>	<u>\$ 90,934</u>

CITY OF IMPERIAL

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

Prop 1B Bond Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

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

CITY OF IMPERIAL

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

Library Literacy Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 20,333	\$ 20,333
Use of money and property	-	59	59
Total revenues	<u>-</u>	<u>20,392</u>	<u>20,392</u>
EXPENDITURES			
Current:			
Library	<u>-</u>	<u>(12,054)</u>	<u>(12,054)</u>
Total expenditures	<u>-</u>	<u>(12,054)</u>	<u>(12,054)</u>
Net change in fund balance	-	8,338	8,338
Fund balances - beginning	<u>54,305</u>	<u>54,305</u>	<u>-</u>
Fund balances - ending	<u>\$ 54,305</u>	<u>\$ 62,643</u>	<u>\$ 8,338</u>

CITY OF IMPERIAL

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

Police Technology Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

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

CITY OF IMPERIAL

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Austin/Worthington Impact Fee Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

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

CITY OF IMPERIAL

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

AB 109 Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 10,000	\$ 10,000
Total revenues	<u>-</u>	<u>10,000</u>	<u>10,000</u>
EXPENDITURES			
Current:			
Public safety	-	(7,766)	7,766
Total expenditures	<u>-</u>	<u>(7,766)</u>	<u>7,766</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,234</u>	<u>17,766</u>
Net change in fund balance	-	2,234	2,234
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,234</u>	<u>\$ 2,234</u>

CITY OF IMPERIAL

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

FEMA/CALEMA Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ -	\$ -
Total revenue	-	-	-
EXPENDITURES			
Current:			
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	562	562
Transfers out	-	-	-
Total other financing sources (uses)	-	562	562
Net change in fund balance	-	562	562
Fund balances - beginning	(562)	(562)	-
Fund balances - ending	<u>\$ (562)</u>	<u>\$ -</u>	<u>\$ 562</u>

CITY OF IMPERIAL

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

Aviation/Special Events Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 2,800	\$ 2,800
Total revenues	<u>-</u>	<u>2,800</u>	<u>2,800</u>
EXPENDITURES			
Current:			
Parks & Recreation	-	(1,681)	1,681
Total expenditures	<u>-</u>	<u>(1,681)</u>	<u>1,681</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,681)</u>	<u>1,681</u>
Net change in fund balance	-	1,119	1,119
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,119</u>	<u>\$ 1,119</u>

CITY OF IMPERIAL

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

General Housing Account Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 630,153	\$ 630,153
Use of money and property	-	2,882	2,882
Total revenues	<u>-</u>	<u>633,035</u>	<u>633,035</u>
EXPENDITURES			
Current:			
Community Development	-	(73,072)	73,072
Total expenditures	<u>-</u>	<u>(73,072)</u>	<u>73,072</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>559,963</u>	<u>73,072</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(8,000)	(8,017)	(17)
Total other financing sources (uses)	<u>(8,000)</u>	<u>(8,017)</u>	<u>(17)</u>
Net change in fund balance	(8,000)	551,946	559,946
Fund balances - beginning	<u>5,834</u>	<u>5,834</u>	<u>-</u>
Fund balances - ending	<u>\$ (2,166)</u>	<u>\$ 557,780</u>	<u>\$ 559,946</u>

CITY OF IMPERIAL

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

Fire Impact Fees Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 29,067	\$ 29,067
Total revenues	<u>-</u>	<u>29,067</u>	<u>29,067</u>
EXPENDITURES			
Current:			
Public safety	-	(2,222)	2,222
Total expenditures	<u>-</u>	<u>(2,222)</u>	<u>2,222</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>26,845</u>	<u>31,289</u>
Net change in fund balance	-	26,845	26,845
Fund balances - beginning	<u>(31,890)</u>	<u>(31,890)</u>	<u>-</u>
Fund balances - ending	<u>\$ (31,890)</u>	<u>\$ (5,045)</u>	<u>\$ 26,845</u>

CITY OF IMPERIAL

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

Police Impact Fees Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 61,607	\$ 61,607
Use of money and property	-	516	516
Total revenues	<u>-</u>	<u>62,123</u>	<u>62,123</u>
EXPENDITURES			
Current:			
Public safety	-	(2,222)	(2,222)
Total expenditures	<u>-</u>	<u>(2,222)</u>	<u>(2,222)</u>
Net change in fund balance	-	59,901	59,901
Fund balances - beginning	<u>524,524</u>	<u>524,524</u>	<u>-</u>
Fund balances - ending	<u>\$ 524,524</u>	<u>\$ 584,425</u>	<u>\$ 59,901</u>

CITY OF IMPERIALSchedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Admin Impact Fees Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 64,593	\$ 64,593
Use of money and property	-	460	460
Total revenues	<u>-</u>	<u>65,053</u>	<u>65,053</u>
EXPENDITURES			
Current:			
General government	-	(2,222)	(2,222)
Total expenditures	<u>-</u>	<u>(2,222)</u>	<u>(2,222)</u>
Net change in fund balance	-	62,831	62,831
Fund balances - beginning	<u>460,556</u>	<u>460,556</u>	<u>-</u>
Fund balances - ending	<u>\$ 460,556</u>	<u>\$ 523,387</u>	<u>\$ 62,831</u>

CITY OF IMPERIALSchedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Library Impact Fees Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 37,948	\$ 37,948
Use of money and property	-	361	361
Total revenues	-	38,309	38,309
EXPENDITURES			
Current:			
Library	-	(2,222)	(2,222)
Total expenditures	-	(2,222)	(2,222)
Net change in fund balance	-	36,087	36,087
Fund balances - beginning	373,455	373,455	-
Fund balances - ending	<u>\$ 373,455</u>	<u>\$ 409,542</u>	<u>\$ 36,087</u>

CITY OF IMPERIAL

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

Park Impact Fees Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 387,717	\$ 387,717
Use of money and property	-	1,463	1,463
Total revenues	-	389,180	389,180
EXPENDITURES			
Current:			
Park and recreation	-	(92,302)	(92,302)
Total expenditures	-	(92,302)	(92,302)
OTHER FINANCING SOURCES (USES)			
Transfers out	(150,000)	-	150,000
Total Other Financing Sources (Uses)	(150,000)	-	(150,000)
Net change in fund balance	(150,000)	296,878	446,878
Fund balances - beginning	1,400,125	1,400,125	-
Fund balances - ending	<u>\$ 1,250,125</u>	<u>\$ 1,697,003</u>	<u>\$ 446,878</u>

CITY OF IMPERIAL

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

Circulation Impact Fees Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 348,434	\$ 348,434
Use of money and property	-	25	25
Total revenues	-	348,459	348,459
EXPENDITURES			
Current:			
Public Services	-	(3,109)	3,109
Total expenditures	-	(3,109)	3,109
Excess (deficiency) of revenues over expenditures	-	345,350	351,568
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(131,265)	(131,265)
Total other financing sources (uses)	-	(131,265)	(131,265)
Net change in fund balance	-	214,085	214,085
Fund balances - beginning	(150,761)	(150,761)	-
Fund balances - ending	<u>\$ (150,761)</u>	<u>\$ 63,324</u>	<u>\$ 214,085</u>

CITY OF IMPERIAL

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

STPL Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

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

CITY OF IMPERIAL

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

CMAQ Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

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

CITY OF IMPERIAL

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

EDA Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

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

CITY OF IMPERIAL

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

Colonias Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Intergovernmental	\$ -	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	131,265	131,265
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>131,265</u>	<u>131,265</u>
Net change in fund balance	-	131,265	131,265
Fund balances - beginning	<u>(131,265)</u>	<u>(131,265)</u>	<u>-</u>
Fund balances - ending	<u>\$ (131,265)</u>	<u>\$ -</u>	<u>\$ 131,265</u>



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

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Imperial as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Imperial's basic financial statements, and have issued our report thereon dated November 9, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

We noted certain matters that we reported to the management of City of Imperial, in a separate letter dated November 9, 2017.

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

Hitchman and Bloodgood LLP

November 9, 2017



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the City of Imperial's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Imperial's major federal programs for the year ended June 30, 2016. The City of Imperial's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Imperial's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Imperial's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Imperial complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of Imperial as of and for the year ended June 30, 2016, and have issued our report thereon dated November 9, 2017, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hutchinson and Bloodgood LLP

November 9, 2017

CITY OF IMPERIAL

Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes no

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

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

Any audit findings disclosed that are required
to be reported in accordance with
the Uniform Guidance? yes no

Identification of major programs:

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

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

CITY OF IMPERIAL

Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2016

SECTION II – FINANCIAL STATEMENTS FINDINGS

2016-1 Finding – Activities not recognized in their proper period

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

Effect:

Prior years' reported financial information is not correct.

Recommendation:

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

City's Response:

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

CITY OF IMPERIAL

Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2016

SECTION III – STATUS OF PRIOR YEAR FINDINGS AND RESPONSES

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

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

Effect:

Prior years' reported financial information is not correct.

Recommendation:

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

City's Response:

The City continues to work on this issue.

CITY OF IMPERIAL

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Expenditures</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through State Department of Transportation:			
**Resurface Various Roads	20.205	STPL - 5134 (005)	\$ 8,604
**Resurface Various Roads	20.205	CML - 5134 (008)	120
**Resurface Various Roads	20.205	CML - 5134 (08)	26,061
**Resurface Various Roads	20.205	HSIP - 5134 (13)	695,525
**Resurface Various Roads	20.205	SLPP - 5134 (15)	<u>984,232</u>
		Subtotal 20.205	<u>1,714,542</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>1,714,542</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,714,542</u>

** Major Program

CITY OF IMPERIAL

Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Note 1. Summary of Significant Accounting Policies

Basis of Accounting

The expenditures included in the accompanying schedule of expenditures of federal awards were reported on the modified accrual basis of accounting, which is further described in Note 1 to the City of Imperial's basic financial statements. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of Imperial. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the State Department of Transportation, are included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not represent the financial position or results of operations of the City of Imperial.

Note 2. Indirect Costs

The City of Imperial did not elect to use the 10% de minimis cost rate.

Note 3. Loans Receivable

The following are loans receivable by the City of Imperial, relating to the described federal program as of June 30, 2016:

	<u>Federal C.F.D.A. Number</u>	<u>Amount</u>
Passed through State Department of Housing And Community Development:		
State block grant pre-1992	14.228	\$34,275
State block grant 1996	14.228	537
State block grant 2002	14.228	164,265
State block grant 2010	14.228	41,084
		<u>240,161</u>
Home First-Time Homebuyer Program 1999	14.228	151,710
Home First-Time Homebuyer Program 2002	14.228	80,000
Home First-Time Homebuyer Program 2003	14.228	210,750
		<u>442,460</u>
Total passed through State Department of Housing And Community Development:		<u>\$682,621</u>