

DATE SUBMITTED 3/10/2023
 SUBMITTED BY CMO
 DATE ACTION REQUIRED 3/15/2023

COUNCIL ACTION (X)
 PUBLIC HEARING REQUIRED ()
 RESOLUTION ()
 ORDINANCE 1ST READING ()
 ORDINANCE 2ND READING ()
 CITY CLERK'S INITIALS OB

IMPERIAL CITY COUNCIL AGENDA ITEM

SUBJECT: CONSENT: Acceptance of Municipal Audit for Fiscal Year 2020-2021	
DEPARTMENT INVOLVED: Finance Department	
BACKGROUND/SUMMARY: Whereas the City of Imperial's auditors Moss, Levy & Hartzhiem have completed the Municipal Audit for FY 20-21. Please see the attached staff report and audit for additional information.	
FISCAL IMPACT:	ADMIN SERV INITIALS _____
STAFF RECOMMENDATION:	DEPT. INITIALS _____
MANAGER'S RECOMMENDATION: Accept the FY 21 Audit as presented	CITY MANAGER'S INITIALS <u>OH-N</u>
MOTION:	
SECONDED:	APPROVED () REJECTED ()
AYES:	DISAPPROVED () DEFERRED ()
NAYES:	REFERRED TO:
ABSENT:	_____

CITY OF IMPERIAL
Annual Financial Report
Fiscal Year Ended June 30, 2021

CITY OF IMPERIAL, CALIFORNIA
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Imperial, California (City) as of and for the fiscal year ended June 30, 2021, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Imperial, California, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 of the notes to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern.” Given the uncertainty of the situation, the duration of any financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, Schedule of Changes in the Net Pension Liability and Related Ratios, and Schedule of Pension Contributions on pages 59 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United States of America also requires that the management’s discussion and analysis, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – LTA Measure D Special Revenue Fund be presented to supplement the basic financial statements. However, such information was not presented.


Supplemental 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 Combining Financial Statements for the Nonmajor Governmental Funds listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Combining Financial Statements for the Nonmajor Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2023, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.


Moss, Levy & Hartzheim, LLP
Culver City, California
February 1, 2023

CITY OF IMPERIAL
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and Investments	\$ 16,224,529	\$ 16,978,449	\$ 33,202,978
Cash and Investments with Fiscal Agent		8,248,748	8,248,748
Accounts Receivable	1,117,793	1,300,639	2,418,432
Interest Receivable	2,391	2,471	4,862
Notes Receivable	1,555,917		1,555,917
Inventory		35,842	35,842
Capital Assets, Not Being Depreciated	3,329,400	19,826,996	23,156,396
Capital Assets, Net of Accumulated Depreciation	25,592,096	13,071,908	38,664,004
Total Assets	<u>47,822,126</u>	<u>59,465,053</u>	<u>107,287,179</u>
Deferred Outflows of Resources:			
Pension related	1,304,867	218,306	1,523,173
Total Deferred Outflows of Resources	<u>1,304,867</u>	<u>218,306</u>	<u>1,523,173</u>
Liabilities:			
Accounts Payable	426,219	475,651	901,870
Deposits Payable	1,461,346	784,006	2,245,352
Noncurrent Liabilities:			
Net Pension Liability	3,835,614	1,042,593	4,878,207
Due Within One Year		1,486,354	1,486,354
Due in More Than One Year	496,203	32,255,640	32,751,843
Total Liabilities	<u>6,219,382</u>	<u>36,044,244</u>	<u>42,263,626</u>
Deferred Inflows of Resources:			
Pension related	21,829	5,934	27,763
Total Deferred Inflows of Resources	<u>21,829</u>	<u>5,934</u>	<u>27,763</u>
Net Position:			
Net Investment in Capital Assets	28,921,496	7,473,742	36,395,238
Restricted for:			
Parks and Recreation	2,192,607		2,192,607
Public Works	5,441,485		5,441,485
Public Safety	1,280,674		1,280,674
Community Development	3,006,622		3,006,622
Unrestricted	2,042,898	16,159,439	18,202,337
Total Net Position	<u>\$ 42,885,782</u>	<u>\$ 23,633,181</u>	<u>\$ 66,518,963</u>

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

CITY OF IMPERIAL
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,627,165	\$ 3,110,936	\$ 1,967,676	\$ -
Public Safety	5,335,163	155,481	890,244	
Community Development	1,044,666	8,950		423,058
Public Works	4,827,934	765,675	1,037,329	1,107,296
Parks and Recreation	1,145,287	595,077		50,000
Total Governmental Activities	<u>14,980,215</u>	<u>4,636,119</u>	<u>3,895,249</u>	<u>1,580,354</u>
Business-type Activities:				
Water	4,871,072	6,304,471		
Sewer	5,111,988	6,866,142		
Total Business-type Activities	<u>9,983,060</u>	<u>13,170,613</u>		
Total Primary Government	<u>\$ 24,963,275</u>	<u>\$ 17,806,732</u>	<u>\$ 3,895,249</u>	<u>\$ 1,580,354</u>

General Revenues:

Taxes:

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

Transfers

Total General Revenues and Transfers

Change in net position

Net Position - Beginning of Fiscal Year

Prior Period Adjustments

Net Position - Beginning of Fiscal Year (restated)

Net Position - End of Fiscal Year

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

Net (Expenses) Revenues and Changes in Net Position

Governmental Activities	Business- type Activities	Total
\$ 2,451,447	\$ -	\$ 2,451,447
(4,289,438)		(4,289,438)
(612,658)		(612,658)
(1,917,634)		(1,917,634)
(500,210)		(500,210)
<u>(4,868,493)</u>		<u>(4,868,493)</u>
	1,433,399	1,433,399
	1,754,154	1,754,154
	<u>3,187,553</u>	<u>3,187,553</u>
<u>(4,868,493)</u>	<u>3,187,553</u>	<u>(1,680,940)</u>
1,781,920		1,781,920
4,183,417		4,183,417
63,056		63,056
70,468		70,468
340,630		340,630
39,100		39,100
10,064		10,064
144,684		144,684
84,633	19,046	103,679
748,001		748,001
(24,790)	24,790	
<u>7,441,183</u>	<u>43,836</u>	<u>7,485,019</u>
<u>2,572,690</u>	<u>3,231,389</u>	<u>5,804,079</u>
41,143,381	20,401,792	61,545,173
<u>(830,289)</u>		<u>(830,289)</u>
<u>40,313,092</u>	<u>20,401,792</u>	<u>60,714,884</u>
<u>\$ 42,885,782</u>	<u>\$ 23,633,181</u>	<u>\$ 66,518,963</u>

CITY OF IMPERIAL
Balance Sheet
Governmental Funds
June 30, 2021

	<u>Special Revenue</u>		Nonmajor Governmental Funds
	<u>General</u>	<u>LTA Measure D</u>	
Assets:			
Cash and Investments	\$ 4,191,405	\$ 2,394,803	\$ 9,638,321
Accounts Receivable	1,024,271		93,522
Interest Receivable	864	349	1,178
Loan Receivable			1,555,917
Due from Other Funds	935,886		
Total Assets	<u>\$ 6,152,426</u>	<u>\$ 2,395,152</u>	<u>\$ 11,288,938</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 206,741	\$ 218,416	\$ 1,062
Deposits Payable	1,461,346		
Due to Other Funds			935,886
Total Liabilities	<u>1,668,087</u>	<u>218,416</u>	<u>936,948</u>
Deferred Inflows of Resources::			
Loans Related			1,555,917
Total Deferred Inflows of Resources			<u>1,555,917</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,668,087</u>	<u>218,416</u>	<u>2,492,865</u>
Fund Balances:			
Restricted for:			
Community Development			3,006,622
Public Safety			1,280,674
Public Works		2,176,736	3,264,749
Parks and Recreation			2,165,259
Unassigned	4,484,339		(921,231)
Total Fund Balances	<u>4,484,339</u>	<u>2,176,736</u>	<u>8,796,073</u>
Total Liabilities and Fund Balances	<u>\$ 6,152,426</u>	<u>\$ 2,395,152</u>	<u>\$ 11,288,938</u>

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

**Total
Governmental
Funds**

\$ 16,224,529
1,117,793
2,391
1,555,917
935,886
\$ 19,836,516

\$ 426,219
1,461,346
935,886
2,823,451

1,555,917
1,555,917

4,379,368

3,006,622
1,280,674
5,441,485
2,165,259
3,563,108
15,457,148

\$ 19,836,516

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CITY OF IMPERIAL
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balances - governmental funds \$ 15,457,148

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	56,895,209		
Accumulated depreciation		<u>(27,973,713)</u>		28,921,496

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.

Deferred outflows related to pension	1,304,867
Deferred inflows related to pension	(21,829)

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net pension liability	(3,835,614)
Compensated absences payable	(496,203)

Certain notes receivable are not available to pay for current period expenditures and, therefore, are offset by deferred inflows of resources in the governmental funds.

1,555,917

Total net position - governmental activities \$ 42,885,782

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

CITY OF IMPERIAL
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Special Revenue	
		LTA Measure D	Nonmajor Governmental Funds
Revenues			
Property Taxes	\$ 1,781,920	\$ -	\$ -
Sales and Use Taxes	4,183,417	1,037,329	
Business License Taxes	63,056		
Transient Occupancy Tax	70,468		
Other Taxes	39,100		
Licenses and Permits	10,064		
Fines and Forfeitures	144,684		
Use of Money and Property	5,104	3,757	75,772
Charges for Services	3,014,175		1,630,944
Intergovernmental	2,152,698	190,957	2,112,967
Franchise Tax	340,630		
Other	684,985	63,000	16
Total Revenues	<u>12,490,301</u>	<u>1,295,043</u>	<u>3,819,699</u>
Expenditures			
Current:			
General Government	1,961,750		
Public Safety	4,321,185		268,217
Public Works	2,552,249	971,440	519,355
Parks and Recreation	934,877		210,410
Community Development	790,083		254,583
Capital Outlay	180,932	902,719	594,646
Total Expenditures	<u>10,741,076</u>	<u>1,874,159</u>	<u>1,847,211</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,749,225</u>	<u>(579,116)</u>	<u>1,972,488</u>
Other Financing Sources (Uses):			
Transfers In	835,131		640,054
Transfers Out		(1,021,933)	(478,042)
Total Other Financing Sources (Uses)	<u>835,131</u>	<u>(1,021,933)</u>	<u>162,012</u>
Net Change in Fund Balances	<u>2,584,356</u>	<u>(1,601,049)</u>	<u>2,134,500</u>
Fund Balances - July 1, 2020	<u>2,730,272</u>	<u>3,777,785</u>	<u>6,661,573</u>
Prior Period Adjustments	<u>(830,289)</u>		
Fund Balances - July 1, 2020, Restated	<u>1,899,983</u>	<u>3,777,785</u>	<u>6,661,573</u>
Fund Balances - June 30, 2021	<u>\$ 4,484,339</u>	<u>\$ 2,176,736</u>	<u>\$ 8,796,073</u>

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

**Total
Governmental
Funds**

\$	1,781,920
	5,220,746
	63,056
	70,468
	39,100
	10,064
	144,684
	84,633
	4,645,119
	4,456,622
	340,630
	748,001
	<u>17,605,043</u>

	1,961,750
	4,589,402
	4,043,044
	1,145,287
	1,044,666
	1,678,297
	<u>14,462,446</u>

	<u>3,142,597</u>
--	------------------

	1,475,185
	<u>(1,499,975)</u>
	<u>(24,790)</u>

	<u>3,117,807</u>
--	------------------

	13,169,630
--	------------

	<u>(830,289)</u>
--	------------------

	<u>12,339,341</u>
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\$	<u>15,457,148</u>
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CITY OF IMPERIAL
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds \$ 3,117,807

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

Capital outlay	\$	1,609,523	
Depreciation expense		<u>(2,059,412)</u>	(449,889)

Certain notes receivable are reported in the governmental funds as expenditures and then, offset by a deferred inflow of resources, 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. (27,348)

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. 50,700

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. In addition, changes in Fiduciary Net Postion and Total Pension Liability are deferred inflows and outflows and amortized. This is the difference between accrual-basis pension costs and actual employer contributions and amortization of deferred inflows and outflows in the current fiscal year. (118,580)

Change in net position of governmental activities \$ 2,572,690

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

CITY OF IMPERIAL
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities-Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current Assets:			
Cash and Investments	\$ 9,244,836	\$ 7,733,613	\$ 16,978,449
Cash and Investments with Fiscal Agent	7,244,448	1,004,300	8,248,748
Accounts Receivable	693,511	607,128	1,300,639
Interest Receivable	1,349	1,122	2,471
Inventory	35,842		35,842
Total Current Assets	<u>17,219,986</u>	<u>9,346,163</u>	<u>26,566,149</u>
Noncurrent Assets:			
Capital Assets:			
Land	99,357	179,040	278,397
Machinery and Equipment	4,821,513	1,754,508	6,576,021
Infrastructure	25,644,172	21,308,740	46,952,912
Construction In Progress		19,548,599	19,548,599
Less:			
Accumulated Depreciation	(21,438,104)	(19,018,921)	(40,457,025)
Total Noncurrent Assets	<u>9,126,938</u>	<u>23,771,966</u>	<u>32,898,904</u>
Deferred Outflows of Resources:			
Pension Related	132,881	85,425	218,306
Total Deferred Outflows of Resources	<u>132,881</u>	<u>85,425</u>	<u>218,306</u>
Total Assets and Deferred Outflows of Resources	<u>26,479,805</u>	<u>33,203,554</u>	<u>59,683,359</u>
Liabilities			
Current Liabilities:			
Accounts Payable	113,550	362,101	475,651
Deposits Payable	449,777	334,229	784,006
Long Term Debt - Due within One Year	719,200	767,154	1,486,354
Total Current Liabilities	<u>1,282,527</u>	<u>1,463,484</u>	<u>2,746,011</u>
Noncurrent Liabilities:			
Compensated Absences	53,614	14,470	68,084
Net Pension Liability	634,620	407,973	1,042,593
Due in More Than One Year	12,162,264	20,025,292	32,187,556
Total Noncurrent Liabilities	<u>12,850,498</u>	<u>20,447,735</u>	<u>33,298,233</u>
Deferred Inflows of Resources:			
Pension Related	3,612	2,322	5,934
Total Deferred Inflows of Resources	<u>3,612</u>	<u>2,322</u>	<u>5,934</u>
Total Liabilities and Deferred Inflows of Resources	<u>14,136,637</u>	<u>21,913,541</u>	<u>36,050,178</u>
Net Position			
Net Investment in Capital Assets	3,489,922	3,983,820	7,473,742
Unrestricted	8,853,246	7,306,193	16,159,439
Total Net Position	<u>\$ 12,343,168</u>	<u>\$ 11,290,013</u>	<u>\$ 23,633,181</u>

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

CITY OF IMPERIAL
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Business-type Activities - Enterprise funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 6,865,190	\$ 6,304,108	\$ 13,169,298
Other Operating Revenue	952	363	1,315
Total Operating Revenues	6,866,142	6,304,471	13,170,613
Operating Expenses:			
Personnel	1,409,914	974,859	2,384,773
Administrative	542,826	797,503	1,340,329
Materials and Supplies	852,853	758,208	1,611,061
Maintenance	604,431	386,787	991,218
Depreciation	1,281,358	1,214,322	2,495,680
Total Operating Expenses	4,691,382	4,131,679	8,823,061
Operating Income	2,174,760	2,172,792	4,347,552
Non-operating Revenues (Expenses):			
Interest Revenue	9,827	9,219	19,046
Interest and Fiscal Charges	(420,606)	(739,393)	(1,159,999)
Total Non-Operating Revenue (Expenses)	(410,779)	(730,174)	(1,140,953)
Income (Loss) before transfers	1,763,981	1,442,618	3,206,599
Transfers			
Transfers In		4,255,306	4,255,306
Transfers Out	(8,177)	(4,222,339)	(4,230,516)
Total Transfers	(8,177)	32,967	24,790
Change in Net Position	1,755,804	1,475,585	3,231,389
Net Position - Beginning of Fiscal Year	10,587,364	9,814,428	20,401,792
Net Position - End of Fiscal Year	\$ 12,343,168	\$ 11,290,013	\$ 23,633,181

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

CITY OF IMPERIAL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Users	\$ 6,830,811	\$ 6,231,177	\$ 13,061,988
Cash Payments to Suppliers and Contractors	(1,842,331)	(3,275,396)	(5,117,727)
Cash Payments to Employees	(1,387,879)	(986,815)	(2,374,694)
Net Cash Provided (Used) By Operating Activities	<u>3,600,601</u>	<u>1,968,966</u>	<u>5,569,567</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers In		4,255,306	4,255,306
Transfers Out	(8,177)	(4,222,339)	(4,230,516)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(8,177)</u>	<u>32,967</u>	<u>24,790</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Received	14,909	8,097	23,006
Net Cash Provided (Used) in Investing Activities	<u>14,909</u>	<u>8,097</u>	<u>23,006</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Property, Plant, and Equipment	(1,760,223)	(13,048,382)	(14,808,605)
Principal Payments on Debt Borrowings	(950,000)	(670,000)	(1,620,000)
Interest Paid	(484,806)	(796,806)	(1,281,612)
Net Cash Provided (Used) In Capital and Related Financing Activities	<u>(3,195,029)</u>	<u>(14,515,188)</u>	<u>(17,710,217)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	412,304	(12,505,158)	(12,092,854)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	<u>16,076,980</u>	<u>21,243,071</u>	<u>37,320,051</u>
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	<u>\$ 16,489,284</u>	<u>\$ 8,737,913</u>	<u>\$ 25,227,197</u>
Reconciliation to Statement of Net Position:			
Cash and Investments	\$ 9,244,836	\$ 7,733,613	\$ 16,978,449
Cash and Investments with Fiscal Agent	7,244,448	1,004,300	8,248,748
	<u>\$ 16,489,284</u>	<u>\$ 8,737,913</u>	<u>\$ 25,227,197</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income	\$ 2,174,760	\$ 2,172,792	\$ 4,347,552
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	1,281,358	1,214,322	2,495,680
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:			
(Increase) Decrease in Accounts Receivable	(35,331)	(73,294)	(108,625)
Increase (Decrease) in Accounts Payable	56,136	(1,366,924)	(1,310,788)
Increase (Decrease) in Compensated Absences	(3,207)	(28,183)	(31,390)
Increase (Decrease) in Net Pension Liability	54,082	34,768	88,850
(Increase) Decrease in Pension Related Deferred Outflows	17,033	10,949	27,982
Increase (Decrease) in Pension Related Deferred Inflows	(45,873)	(29,490)	(75,363)
Increase (Decrease) in Deposits Payable	101,643	34,026	135,669
Total Adjustments	<u>1,425,841</u>	<u>(203,826)</u>	<u>1,222,015</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 3,600,601</u>	<u>\$ 1,968,966</u>	<u>\$ 5,569,567</u>

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

FIDUCIARY FUNDS

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

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

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

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**CITY OF IMPERIAL
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
June 30, 2021**

	<u>Private Purpose Trust Fund</u>	
	<u>RDA</u>	
	<u>Successor Agency</u>	<u>Agency Fund</u>
ASSETS		
Cash and investments	\$ 2,912,055	\$ -
Cash and investments with fiscal agent		3,385,971
Accounts receivable	183,554	
Interest receivable	425	
Loans receivable	501,073	
Capital assets, net of accumulated depreciation	<u>311,012</u>	
Total Assets	<u>3,908,119</u>	<u>\$ 3,385,971</u>
LIABILITIES		
Accounts payable	\$ 183,554	\$ -
Deposits payable	-	3,385,971
Long-term debt, due within one year	795,000	
Long-term debt, due in more than one year	<u>16,870,000</u>	
Total Liabilities	<u>17,848,554</u>	<u>\$ 3,385,971</u>
NET POSITION		
Held in trust for others	<u>(13,940,435)</u>	
Total Net Position	<u>\$ (13,940,435)</u>	

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

**CITY OF IMPERIAL
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2021**

	Private Purpose Trust Fund
	RDA Successor Agency
Additions:	
Intergovernmental	\$ 2,234,387
Interest	2,375
Total additions	2,236,762
Deductions:	
Interest Expense	653,703
Contribution to City	250,000
Total deductions	903,703
Change in net position	1,333,059
Net Position - July 1, 2020	(15,273,494)
Net Position - June 30, 2021	\$ (13,940,435)

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees charged to external parties.

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

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

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

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

The City reports two major governmental funds:

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

The City reports the following two major enterprise funds:

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

The City reports the following additional fund types:

Fiduciary Funds

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

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus

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

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

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

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

D. Assets, Liabilities, and Equity

1. Deposits and Investments

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

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

1. Deposits and Investments (Continued)

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

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

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

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

2. Receivables and Payables

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

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

The City has elected to receive the City's portion of the property taxes from the county under the county Teeter Bill program. Under this program, the City receives 100 percent of the City's share of the levied property taxes in periodic payments with the county assuming the responsibility for the delinquencies

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2020.

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

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

5. Compensated Absences

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

5. Compensated Absences (Continued)

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

6. Long-term Obligations

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

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

7. Net Position

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

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

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

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

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

E. Use of Estimates

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

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

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

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

G. Future Accounting Pronouncements

Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement are effective for fiscal years beginning after December 31, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

a. General Budget Policies

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the fiscal year. All amendments made during the fiscal year are included in the budgetary amounts reported herein. The “appropriated budget” covers all City expenditures, with the exception of debt service on bond issues and capital improvement projects carried forward from prior fiscal years, which expenditures constitute legally authorized “non-appropriated budget”. Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of control.
3. Formal budgetary integration is employed as a management control device during the fiscal year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations which are encumbered, lapse at fiscal year-end, and then are added to the following fiscal year’s budgeted appropriations.
4. Budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. For the fiscal year ended June 30, 2021, there were no budgets adopted for any fund except the General Fund.

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.

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

B. Budget/USGAAP Reconciliation

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the following funds had excess expenditures over appropriations.

Fund	Amount
<u>Major Governmental Fund:</u>	
General Fund:	
Public Safety	\$ 125,752
Public Works	872,569
Parks and Recreation	395,910
Community Development	75,858
Capital Outlay	180,932

D. Deficit Fund Equity

At June 30, 2021, the following funds had an accumulated deficit:

Fund	Amount
<u>Nonmajor Governmental Funds:</u>	
Prop 1B	\$ 164,419
Police Technology Grant	112,075
STPL	615,001
Cops Grant 2018	14,655
Per Capita	29,736

These fund balance deficits are primarily due to the City incurring costs in excess of receiving revenues. The Funds should alleviate these deficits as revenues are received or as General Fund transfers funds.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Cash and investments as of June 30, 2021 consist of the following:

Cash on hand	\$ 450
Deposits with financial institutions	29,538,367
Investments	18,210,935
	<hr/>
Total cash and investments	<u>\$ 47,749,752</u>

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Bonds issued by the City	N/A	None	None
US Treasury Obligations	5 years	None	None
Federal Agency Issues	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Bankers' Acceptances	180 days	40%	30%
Medium Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	None	10%
Commercial Paper	270 days	25%	None
County Pool Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 Million
Collateralized Bank Deposits	N/A	None	None
Mortgage Pass-through Securities	5 years	20%	None
Shares of Beneficial Interest by a JPA	N/A	None	None

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

B. Investments Authorized by Debt Agreements

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
State Obligations	N/A	None	None
U.S. Government Agency Issues	N/A	None	None
Money Market Mutual Fund	N/A	None	None
Bankers Acceptances	N/A	None	None
Commercial Paper	270 days	None	None
Certificates of Deposit	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreements	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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

C. Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool (LAIF)	\$ 6,473,838	\$ 6,473,838	\$ -	\$ -	\$ -
Certificates of Deposit	102,378	102,378			
Held by Bond Trustees:					
Money Market Funds	11,634,719	11,634,719			
	<u>\$ 18,210,935</u>	<u>\$ 18,210,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
State Investment Pool	\$ 6,473,838	N/A	\$ -	\$ -	\$ -	\$ -	\$ 6,473,838
Certificates of Deposit	102,378	N/A					102,378
Held by Bond Trustee:							
Money Market Funds	11,634,719	N/A					11,634,719
Total	\$ 18,210,935		\$ -	\$ -	\$ -	\$ -	\$ 18,210,935

F. Concentration of Credit Risk

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

G. Custodial Credit Risk

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

As of June 30, 2021, all of the City’s deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

H. Investment in State Investment Pool

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

I. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy establish by generally accepted accounting principles. These principles recognize a three tiered fair value hierarchy as follows: Level 1 – Investments reflect prices quoted in active markets; Level 2 – Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and Level 3 – Investments reflect prices based upon unobservable sources. The City did not have any investments applicable to recurring fair value measurements as of June 30, 2021.

NOTE 4 – INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds”. The following presents a summary of current interfund balances at June 30, 2021:

Receivable Fund	Amount	Payable Fund	Amount
Major Governmental Fund:		Nonmajor Governmental Funds:	
General Fund	\$ 935,886	Prop 1B Fund	164,419
		Police Technology Grant Fund	112,075
		COPS Grant 2018	14,655
Totals	\$ 935,886	Per Capita	29,736
		STPL Fund	615,001
		Totals	\$ 935,886

B. Transfers between Funds

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations, and re-allocations of special revenues. All inter-fund transfers between individual government funds have been eliminated on the government-wide statements. The following schedule briefly summarizes the City’s transfer activity for the fiscal year ended June 30, 2021:

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 – INTERFUND TRANSACTIONS (CONTINUED)

B. Transfers between Funds (Continued)

Fund	Transfers-in	Transfers-out
Major Governmental Funds:		
General Fund	\$ 835,131	\$ -
LTA Measure D		1,021,933
Major Enterprise Funds:		
Water Fund		8,177
Sewer Fund	4,255,306	4,222,339
Nonmajor Governmental Funds:		
TCRF Special Revenue Fund		25,000
Traffic Safety Special Revenue Fund		5,000
Gas Tax Special Revenue Fund		212,081
Local Transportation Special Revenue Fund		5,000
Public Safety Prop 172 Special Revenue Fund		85,000
COPS Grant 2018 Special Revenue Fund		500
Housing Rehabilitation Special Revenue Fund		5,000
RLA Special Revenue Fund		5,000
Wildflower Landscaping and Lighting Special Revenue Fund		7,100
Paseo Del Sol Landscaping and Lighting Special Revenue Fund		14,900
Sky Ranch District Special Revenue Fund		27,375
Library Literacy Special Revenue Fund		39,969
SB1 Special Revenue Fund	640,054	
Housing General Special Revenue Fund		5,000
ARPA Special Revenue Fund		41,117
Totals	<u>\$ 5,730,491</u>	<u>\$ 5,730,491</u>

NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance at June 30, 2020	Additions	Deletions	Transfers	Balance at June 30, 2021
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,329,400	\$ -	\$ -	\$ -	\$ 3,329,400
Construction in progress	1,746,065	939,713		(2,685,778)	
Total capital assets, not being depreciated	<u>5,075,465</u>	<u>939,713</u>		<u>(2,685,778)</u>	<u>3,329,400</u>
Capital assets, being depreciated:					
Machinery and Equipment	7,080,068	621,142			7,701,210
Infrastructure	43,130,153	48,668		2,685,778	45,864,599
Total capital assets being depreciated	<u>50,210,221</u>	<u>669,810</u>		<u>2,685,778</u>	<u>53,565,809</u>
Less accumulated depreciation for:					
Machinery and Equipment	(6,475,203)	(276,130)			(6,751,333)
Infrastructure	(19,439,098)	(1,783,282)			(21,222,380)
Total accumulated depreciation	<u>(25,914,301)</u>	<u>(2,059,412)</u>			<u>(27,973,713)</u>
Total capital assets, being depreciated, net	<u>24,295,920</u>	<u>(1,389,602)</u>		<u>2,685,778</u>	<u>25,592,096</u>
Governmental activities capital assets, net	<u>\$ 29,371,385</u>	<u>\$ (449,889)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,921,496</u>

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Capital Asset activity for the fiscal year ended June 30, 2021 was as follows (continued):

	Balance at June 30, 2020	Additions	Deletions	Transfers	Balance at June 30, 2021
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 278,397	\$ -	\$ -	\$ -	\$ 278,397
Construction in progress	6,591,374	12,957,225			19,548,599
Total capital assets, not being depreciated	<u>6,869,771</u>	<u>12,957,225</u>			<u>19,826,996</u>
Capital assets, being depreciated:					
Buildings and Improvements	19,270,611				19,270,611
Machinery and Equipment	6,276,480	299,539			6,576,019
Infrastructure	26,130,463	1,551,841			27,682,304
Total capital assets, being depreciated	<u>51,677,554</u>	<u>1,851,380</u>			<u>53,528,934</u>
Less accumulated depreciation for:					
Buildings and Improvements	(15,481,545)	(920,421)			(16,401,966)
Machinery and Equipment	(5,279,702)	(362,854)			(5,642,556)
Infrastructure	(17,200,099)	(1,212,405)			(18,412,504)
Total accumulated depreciation	<u>(37,961,346)</u>	<u>(2,495,680)</u>			<u>(40,457,026)</u>
Total capital assets, being depreciated, net	<u>13,716,208</u>	<u>(644,300)</u>			<u>13,071,908</u>
Business-type activities capital assets, net	<u>\$ 20,585,979</u>	<u>\$ 12,312,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,898,904</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 686,470
Public Works	686,471
Public Safety	<u>686,471</u>
Total depreciation expense – governmental functions	<u>\$ 2,059,412</u>

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

Water	\$ 1,281,358
Sewer	<u>1,214,322</u>
Total depreciation expense – business-type functions	<u>\$ 2,495,680</u>

NOTE 6 – NOTES RECEIVABLE

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – LONG-TERM LIABILITIES

The following is a schedule of long-term liabilities for Governmental Activities and Business-type Activities for the fiscal year ended June 30, 2021:

	Balance at June 30, 2020	Additions	Repayments	Balance at June 30, 2021	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 546,903	\$ 158,681	\$ (209,381)	\$ 496,203	\$ -
Total	<u>\$ 546,903</u>	<u>\$ 158,681</u>	<u>\$ (209,381)</u>	<u>\$ 496,203</u>	<u>\$ -</u>
Business-type Activities:					
Water Fund:					
Compensated absences	\$ 58,622	\$ 72,763	\$ (77,771)	\$ 53,614	\$ -
2012 Certificates of participation	4,830,000		(885,000)	3,945,000	595,000
2012 Certificates of participation premium	261,014		(41,212)	219,802	41,212
2019 Water revenue bonds	8,115,000		(65,000)	8,050,000	60,000
2019 Water revenue bonds premium	689,650		(22,988)	666,662	22,988
Sewer Fund:					
Compensated absences	42,653	7,643	(35,826)	14,470	
2012 Certificates of participation	4,850,000		(610,000)	4,240,000	640,000
2012 Certificates of participation premium	70,663		(11,156)	59,507	11,156
2019 Wastewater revenue bonds	15,560,000		(75,000)	15,485,000	80,000
2019 Wastewater revenue bonds premium	1,043,937		(35,998)	1,007,939	35,998
Total	<u>\$ 35,521,539</u>	<u>\$ 80,406</u>	<u>\$ (1,859,951)</u>	<u>\$ 33,741,994</u>	<u>\$ 1,486,354</u>

1. Business-type Activities – Water/Wastewater 2012 COP

On April 1, 2012, the City issued the 2012 certificates of participation in the amount of \$10,065,000 for the water facility and \$8,550,000 for the wastewater facility. The proceeds of the sale were used together with other available moneys to provide funds to the City to prepay and defease on a current basis the City's Refunding Certificates of Participation Series 2001 of which \$7,190,000 (water) and \$4,995,000 (sewer) remained outstanding, and to finance certain capital improvements to the City's water and wastewater system, to fund a reserve fund for the Bonds, and to pay certain costs of issuing the Bonds. Interest is payable semi-annually on April and October 15 commencing on October 15, 2012 through October 15, 2026 and ranges from 3% to 5%. As of June 30, 2020, the balances remaining for Water and Wastewater Refunding COPs are \$3,945,000 and \$4,240,000 respectively. In the event of a default, the full outstanding balance of the debt is due and payable.

Annual debt service requirements for the Certificates of Participation are shown below:

Fiscal Year Ended June 30,	2012 Certificates of Participation - Water		
	Principal	Interest	Total
2022	\$ 595,000	\$ 167,943	\$ 762,943
2023	615,000	147,512	762,512
2024	635,000	120,875	755,875
2025	665,000	88,375	753,375
2026	700,000	54,250	754,250
2027-2028	735,000	18,375	753,375
	<u>\$ 3,945,000</u>	<u>\$ 597,330</u>	<u>\$ 4,542,330</u>

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Fiscal Year Ended June 30,	2012 Certificates of Participation - Wastewater		
	Principal	Interest	Total
2022	\$ 640,000	\$ 158,450	\$ 798,450
2023	660,000	136,500	796,500
2024	690,000	110,287	800,287
2025	720,000	80,324	800,324
2026	750,000	49,087	799,087
2027-2028	780,000	16,575	796,575
	<u>\$ 4,240,000</u>	<u>\$ 551,223</u>	<u>\$ 4,791,223</u>

2. Business-type Activities – Wastewater Revenue Bonds 2019

On May 1, 2019, the City issued the 2019 Wastewater revenue bonds in the amount of \$15,620,000 and pledged the City’s Wastewater Fund as the specific revenue source for the repayment of the debt. The proceeds of the sale were used to provide funds to the City to prepay and defease on a current basis the City’s Wastewater Parity COP 2005 in the amount of \$2,105,000 and to finance certain capital improvements to the City’s wastewater system, to fund a reserve fund for the Bonds, and to pay certain costs of issuing the Bonds. Interest is payable semi-annually on April and October 15 commencing on October 15, 2019 through October 15, 2049 and ranges from 3% to 5%.. As of June 30, 2021, the balance outstanding for 2019 Wastewater revenue bonds was \$15,485,000. In the event of a default, the full outstanding balance of the debt is due and payable.

On December 1, 2019, the City issued the 2019 Water revenue bonds in the amount of \$8,115,000 and pledged the City’s Water Fund as the specific revenue source for the repayment of the debt. The proceeds of the sale were used to provide funds to the City to prepay and defease on a current basis the City’s Water Parity COP 2005 in the amount of \$1,535,000 and to finance certain capital improvements to the City’s water system, to fund a reserve fund for the Bonds, and to pay certain costs of issuing the Bonds. Interest is payable semi-annually on April and October 15 commencing on April 15, 2020 through April 15, 2050 and ranges from 3% to 5%. As of June 30, 2021, the balance outstanding for 2019 Water revenue bonds was \$8,050,000. In the event of a default, the full outstanding balance of the debt is due and payable.

Annual debt service requirements for the Revenue Bonds are shown below:

Fiscal Year Ended June 30,	2019 Wastewater Revenue Bonds		
	Principal	Interest	Total
2022	\$ 80,000	\$ 595,476	\$ 675,476
2023	85,000	593,000	678,000
2024	80,000	590,526	670,526
2025	85,000	588,050	673,050
2026	90,000	585,426	675,426
2027-2031	2,090,000	2,714,478	4,804,478
2032-2036	3,090,000	2,077,052	5,167,052
2037-2041	2,975,000	1,497,254	4,472,254
2042-2046	3,570,000	884,768	4,454,768
2047-2050	3,340,000	221,490	3,561,490
	<u>\$ 15,485,000</u>	<u>\$ 10,347,520</u>	<u>\$ 25,832,520</u>

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

2. Business-type Activities – Wastewater Revenue Bonds 2019 (Continued)

Fiscal Year Ended June 30,	2019 Water Revenue Bonds		
	Principal	Interest	Total
2022	\$ 60,000	\$ 282,400	\$ 342,400
2023	60,000	280,600	340,600
2024	65,000	278,726	343,726
2025	65,000	276,776	341,776
2026	65,000	274,500	339,500
2027-2031	1,210,000	1,264,000	2,474,000
2032-2036	1,705,000	958,700	2,663,700
2037-2041	1,470,000	687,946	2,157,946
2042-2046	1,735,000	404,276	2,139,276
2047-2050	1,615,000	98,626	1,713,626
	<u>\$ 8,050,000</u>	<u>\$ 4,806,550</u>	<u>\$ 12,856,550</u>

3. Compensated Absences

The City’s policy relating to compensated absences is described in Note (1). Compensated absences are liquidated primarily by the general fund and proprietary funds. The total amount outstanding at June 30, 2021, was \$496,203 for governmental activities and \$68,084 for business-type activities.

NOTE 8 – RISK MANAGEMENT

California Joint Powers Insurance Authority (CJPIA)

The City is a member of the California Joint Powers Insurance Authority’s (Authority) Joint Liability Protection and worker’s compensation coverage programs. The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee. Audited financial statements for the Authority are available from Finance Director, at California Joint Powers Insurance Authority, 8081 Moody Street, La Palma, California 90623.

NOTE 9 – CONTINGENT LIABILITIES

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

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 – PENSION PLAN

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

A. General Information about the Pension Plan

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

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

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

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

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 – PENSION PLAN (Continued)

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

As of June 30, 2021, the City reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

Proportionate Share of Net Pension Liability	
Misc. Plan	Safety Plan
\$ 2,297,687	\$ 2,580,520

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 was as follows:

	City Miscellaneous Plan	City Safety Plan
Proportion - June 30, 2019	0.05071%	0.03895%
Proportion - June 30, 2020	0.05447%	0.03873%
Change - Increase (Decrease)	0.00376%	-0.00022%

For the fiscal year ended June 30, 2021, the City recognized pension expense of \$829,243. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 926,859	\$ -
Net differences between projected and actual earnings on pension plan investments	124,342	-
Difference between actual vs proportionate contribution		(2,778)
Changes in assumptions	-	(24,984)
Difference in actual experience	318,513	-
Adjustment due to differences in proportions	153,459	-
Total	\$ 1,523,173	\$ (27,762)

\$926,859 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized as pension expense as follows:

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 – PENSION PLAN (Continued)

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

Fiscal Year Ended	Amount
June 30,	
2022	\$ 136,961
2023	225,071
2024	145,680
2025	60,840
Total	\$ 568,552

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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2019 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30%-14.20% (1)	3.30%-14.20% (1)
Investment Rate of Return	7.00% (2)	7.00% (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, 2018 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (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 geometric returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated and adjusted to account for assumed administrative expenses rate.

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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Year 1-10(a)</u>	<u>Real Return Year 11+(b)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

a) An expected inflation of 2% used for this period

b) An expected inflation of 2.92% used for this period

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>Discount Rate -1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate +1%</u>
	6.15%	7.15%	8.15%
Employer's Net Pension Liability - Miscellaneous	\$ 3,896,521	\$ 2,297,687	\$ 976,621
Employer's Net Pension Liability - Safety	3,907,894	2,580,520	1,491,283
Employer's Net Pension Liability - Total	<u>\$ 7,804,416</u>	<u>\$ 4,878,207</u>	<u>\$ 2,467,904</u>

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

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

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

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets units until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 2012-04.

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

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

A. Capital assets of the Successor Agency as of June 30, 2021 consisted of the following:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 311,012	\$ -	\$ -	\$ 311,012
Total capital assets, not being depreciated	311,012			311,012
Total capital assets, net	<u>\$ 311,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,012</u>

B. Long-term debt of the Successor Agency as of June 30, 2021, consisted of the following:

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021	Due within one year
2016 A Series Tax Allocation Bond	\$ 5,165,000	\$ -	\$ (225,000)	\$ 4,940,000	\$ 245,000
2016 B Series Tax Allocation Bond	13,270,000		(545,000)	12,725,000	550,000
Totals	<u>\$ 18,435,000</u>	<u>\$ -</u>	<u>\$ (770,000)</u>	<u>\$ 17,665,000</u>	<u>\$ 795,000</u>

2016 Series A Tax Allocation Bonds

On May 18, 2016, the Successor Agency of the City of Imperial (the “Agency”) issued \$6,050,000 refunding the 2005 Tax Allocation Notes. Interest is payable semi-annually every June 1 and December 1 of each year, commencing June 1, 2016 and maturing on June 1, 2037 and ranges from 2% to 4%. As of June 30, 2021, the outstanding principal balance is \$4,940,000. In the event of a default, the full outstanding balance of the debt is due and payable.

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

2016 Series A Tax Allocation Bonds (Continued)

Fiscal Year Ended June 30,	2016 Series A Tax Allocation Bonds		
	Principal	Interest	Total
2022	\$ 245,000	\$ 177,850	\$ 422,850
2023	250,000	172,900	422,900
2024	250,000	167,900	417,900
2025	255,000	162,850	417,850
2026	260,000	155,100	415,100
2027-2031	1,475,000	595,050	2,070,050
2032-2036	1,800,000	267,000	2,067,000
2037-2038	405,000	8,100	413,100
	<u>\$ 4,940,000</u>	<u>\$ 1,706,750</u>	<u>\$ 6,646,750</u>

2016 Series B Tax Allocation Bonds

On May 18, 2016, the Successor Agency of the City of Imperial (the “Agency”) issued \$15,145,000 refunding the 2008 Tax Allocation Notes. Interest is payable semi-annually every June 1 and December 1 of each year, commencing June 1, 2016 and maturing on June 1, 2037 and ranges from 0.75% to 4%. As of June 30, 2021, the outstanding principal balance is \$12,725,000. In the event of a default, the full outstanding balance of the debt is due and payable.

Fiscal Year Ended June 30,	2016 Series B Tax Allocation Bonds		
	Principal	Interest	Total
2022	\$ 550,000	\$ 446,818	\$ 996,818
2023	560,000	433,631	993,631
2024	580,000	418,656	998,656
2025	595,000	401,756	996,756
2026	615,000	383,606	998,606
2027-2031	3,380,000	1,588,469	4,968,469
2032-2036	4,040,000	896,403	4,936,403
2037	2,405,000	107,900	2,512,900
	<u>\$ 12,725,000</u>	<u>\$ 4,677,239</u>	<u>\$ 17,402,239</u>

CITY OF IMPERIAL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 13 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	LTDA Measure D	Nonmajor Governmental Funds	Total
<u>Restricted for:</u>				
Community Development	\$ -	\$ -	\$ 3,006,622	\$ 3,006,622
Public Safety			1,280,674	1,280,674
Public Works		2,176,736	3,264,749	5,441,485
Parks and Recreation			2,165,259	2,165,259
Total Restricted		<u>2,176,736</u>	<u>9,717,304</u>	<u>11,894,040</u>
Unassigned:	4,484,339		(921,231)	3,563,108
Total Fund Balances	<u>\$ 4,484,339</u>	<u>\$ 2,176,736</u>	<u>\$ 8,796,073</u>	<u>\$ 15,457,148</u>

NOTE 14 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$(830,289) was made in the General Fund and government-wide governmental activities due to an overstatement of deposits in transit.

NOTE 15 – SUBSEQUENT EVENTS

The City may be negatively impacted by the effects of the worldwide coronavirus pandemic. The City is closely monitoring its operations, liquidity, and reserves and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the City's financial position is not known.

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REQUIRED SUPPLEMENTAL 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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 1,492,392	\$ 1,492,392	\$ 1,781,920	\$ 289,528
Sales and Use Taxes	2,193,000	2,193,000	4,183,417	1,990,417
Business License Taxes	55,000	55,000	63,056	8,056
Transient Occupancy Tax	20,000	20,000	70,468	50,468
Other Taxes	102,889	102,889	39,100	(63,789)
Licenses and Permits	15,712	15,712	10,064	(5,648)
Fines and Forfeitures	135,667	135,667	144,684	9,017
Use of Money and Property	6,500	6,500	5,104	(1,396)
Charges for Services	1,658,980	1,658,980	3,014,175	1,355,195
Intergovernmental	2,197,332	2,197,332	2,152,698	(44,634)
Franchise Tax	250,000	250,000	340,630	90,630
Other	658,098	658,098	684,985	26,887
Total Revenues	<u>8,785,570</u>	<u>8,785,570</u>	<u>12,490,301</u>	<u>3,704,731</u>
Expenditures				
Current				
General Government	3,071,290	3,071,290	1,961,750	1,109,540
Public Safety	4,195,433	4,195,433	4,321,185	(125,752)
Public Works	1,679,680	1,679,680	2,552,249	(872,569)
Parks and Recreation	538,967	538,967	934,877	(395,910)
Community Development	714,225	714,225	790,083	(75,858)
Capital Outlay			180,932	(180,932)
Total Expenditures	<u>10,199,595</u>	<u>10,199,595</u>	<u>10,741,076</u>	<u>(541,481)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,414,025)</u>	<u>(1,414,025)</u>	<u>1,749,225</u>	<u>3,163,250</u>
Other Financing Sources (uses):				
Transfers In	1,363,797	1,648,647	835,131	(813,516)
Total Other Financing Sources (Uses)	<u>1,363,797</u>	<u>1,648,647</u>	<u>835,131</u>	<u>(813,516)</u>
Net Change in Fund Balance	<u>(50,228)</u>	<u>234,622</u>	<u>2,584,356</u>	<u>2,349,734</u>
Fund Balance - July 1, 2020	2,730,272	2,730,272	2,730,272	
Prior Period Adjustments			<u>(830,289)</u>	<u>(830,289)</u>
Fund Balance - July 1, 2020, Restated	<u>2,730,272</u>	<u>2,730,272</u>	<u>1,899,983</u>	<u>(830,289)</u>
Fund Balance - June 30, 2021	<u>\$ 2,680,044</u>	<u>\$ 2,964,894</u>	<u>\$ 4,484,339</u>	<u>\$ 1,519,445</u>

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**CITY OF IMPERIAL
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2021**

Cost Sharing Defined Benefit Pension Plans

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

	June 30, 2019		June 30, 2020		June 30, 2021	
	Misc Plan	Safety Plan	Misc Plan	Safety Plan	Misc Plan	Safety Plan
Proportion of the net pension liability	0.04726%	0.03965%	0.05071%	0.03895%	0.05447%	0.03873%
Proportionate share of the net pension liability	\$ 1,781,201	\$ 2,326,685	\$ 2,030,745	\$ 2,431,739	\$ 2,297,687	\$ 2,580,520
Covered-employee payroll	\$ 3,150,971	\$ 1,550,355	\$ 3,332,704	\$ 1,779,072	\$ 2,791,116	\$ 1,336,992
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	56.53%	150.07%	60.93%	136.69%	82.32%	193.01%
Plan's fiduciary net position	\$ 8,248,766	\$ 5,822,158	\$ 8,941,408	\$ 6,473,977	\$ 9,716,791	\$ 7,193,696
Plan's total pension liability	\$ 10,029,967	\$ 8,148,843	\$ 10,972,153	\$ 8,905,717	\$ 12,014,478	\$ 9,774,215
Plan fiduciary net position as a percentage of total pension liability	82.24%	71.45%	81.49%	72.69%	80.88%	73.60%

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

Notes to Schedule

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

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

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

**CITY OF IMPERIAL
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2021**

Cost Sharing Defined Benefit Pension Plans

Schedule of Contributions – Last 10 Years*

	June 30, 2019		June 30, 2020		June 30, 2021	
	Misc Plan	Safety Plan	Misc Plan	Safety Plan	Misc Plan	Safety Plan
Contractual required contribution (actuarially determined)	\$ 196,053	\$ 200,094	\$ 305,578	\$ 412,284	\$ 425,121	\$ 501,738
Contributions in relation to the actuarially determined contributions	(196,053)	(200,094)	(305,578)	(412,284)	(425,121)	(501,738)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3,150,971	\$ 1,550,355	\$ 3,332,704	\$ 1,779,072	\$ 2,791,116	\$ 1,336,992
Contributions as a percentage of covered employee payroll	6.22%	12.91%	9.17%	23.17%	15.23%	37.53%

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

Notes to Schedule

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

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

OTHER SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

The COPS Grant 2018 Fund was established to account for monies received as part of the 2018 COPS police hiring grant from the United States Department of Justice.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARPA Fund was established to account for funds received as part of the American Rescue Plan.

CARES Fund was established to account for funds received as part of COVID-19 Economic Relief Act.

Early Learning Grant Fund was established to account for funds received as part of California Early Learning and Care Workforce Development Pathways Grant.

Per Capita Grant Fund was established to account for funds made available for local park rehabilitation, creation, and improvement grants to local governments on a per capita basis

SB2 Fund was established to account for funds received as part of the Commission on Peace Officer Standards and Training.

**CITY OF IMPERIAL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021**

	Special Revenue Funds				
	Traffic Congestion Relief	Traffic Safety	Gas Tax	Local Transportation	Dial-A- Ride
Assets					
Cash and Investments	\$ 4	\$ 8,192	\$ 699,853	\$ 418,409	\$ 14,607
Accounts Receivable		863			
Interest Receivable		1	102	61	
Loans Receivable					
Total Assets	<u>\$ 4</u>	<u>\$ 9,056</u>	<u>\$ 699,955</u>	<u>\$ 418,470</u>	<u>\$ 14,607</u>
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds					
Total Liabilities					
Deferred Inflows of Resources:					
Loan Related					
Total Deferred Inflows of Resources					
Total Liabilities and Deferred Inflows of Resources					
Fund Balances (Deficits)					
Restricted	4	9,056	699,955	418,470	14,607
Unassigned					
Total Fund Balances (Deficits)	<u>4</u>	<u>9,056</u>	<u>699,955</u>	<u>418,470</u>	<u>14,607</u>
Total Liabilities and Fund Balances	<u>\$ 4</u>	<u>\$ 9,056</u>	<u>\$ 699,955</u>	<u>\$ 418,470</u>	<u>\$ 14,607</u>

Special Revenue Funds

Successor Housing	Public Safety Prop 172	COPS Grants	Asset Forfeiture	COPS Grant 2018	CDBG HOME Grant	Housing Rehab
\$ 560,279	\$ 31,730	\$ 103,756	\$ 20,438	\$ -	\$ 130,717	\$ 54,987
36	5	15	3		19	8
189,980					741,380	294,445
<u>\$ 750,295</u>	<u>\$ 31,735</u>	<u>\$ 103,771</u>	<u>\$ 20,441</u>	<u>\$ -</u>	<u>\$ 872,116</u>	<u>\$ 349,440</u>
\$ -	\$ -	\$ 1,062	\$ -	\$ -	\$ -	\$ -
				14,655		
		1,062		14,655		
189,980					741,380	294,445
189,980					741,380	294,445
189,980		1,062		14,655	741,380	294,445
560,315	31,735	102,709	20,441	(14,655)	130,736	54,995
560,315	31,735	102,709	20,441	(14,655)	130,736	54,995
<u>\$ 750,295</u>	<u>\$ 31,735</u>	<u>\$ 103,771</u>	<u>\$ 20,441</u>	<u>\$ -</u>	<u>\$ 872,116</u>	<u>\$ 349,440</u>

Continued

**CITY OF IMPERIAL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021
(CONTINUED)**

	Special Revenue Funds				
	ED CDBG	RLA	Wildflower Landscape Lighting	Paseo Del Sol Landscape Lighting	Joshua Tree Street Improvement
Assets					
Cash and Investments	\$ 50	\$ 59,016	\$ 218,548	\$ 251,834	\$ 31,287
Accounts Receivable					
Interest Receivable		9	32	37	
Loans Receivable		179,752			
Total Assets	\$ 50	\$ 238,777	\$ 218,580	\$ 251,871	\$ 31,287
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds					
Total Liabilities					
Deferred Inflows of Resources:					
Loan Related		179,752			
Total Deferred Inflows of Resources		179,752			
Total Liabilities and Deferred Inflows of Resources		179,752			
Fund Balances (Deficits)					
Restricted	50	59,025	218,580	251,871	31,287
Unassigned					
Total Fund Balances (Deficits)	50	59,025	218,580	251,871	31,287
Total Liabilities and Fund Balances	\$ 50	\$ 238,777	\$ 218,580	\$ 251,871	\$ 31,287

Special Revenue Funds

Library Donation	Sky Ranch District	Prop 1B	Library Literacy	Police Technology Grant	Austin Worthington
\$ 741	\$ 684,610	\$ -	\$ 70,377	\$ -	\$ 95,750
	100		10		
<u>\$ 741</u>	<u>\$ 684,710</u>	<u>\$ -</u>	<u>\$ 70,387</u>	<u>\$ -</u>	<u>\$ 95,750</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		164,419		112,075	
		164,419		112,075	
		164,419		112,075	
741	684,710	(164,419)	70,387	(112,075)	95,750
<u>741</u>	<u>684,710</u>	<u>(164,419)</u>	<u>70,387</u>	<u>(112,075)</u>	<u>95,750</u>
<u>\$ 741</u>	<u>\$ 684,710</u>	<u>\$ -</u>	<u>\$ 70,387</u>	<u>\$ -</u>	<u>\$ 95,750</u>

Continued

**CITY OF IMPERIAL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021
(CONTINUED)**

	Special Revenue Funds				
	Community Services Grant	General Housing	Fire Impact Fees	Police Impact Fees	Admin Impact Fees
Assets					
Cash and Investments	\$ 4,928	\$ 509,068	\$ 172,246	\$ 956,562	\$ 912,077
Accounts Receivable			3,722	7,749	8,125
Interest Receivable	1		25	140	133
Loans Receivable		150,360			
Total Assets	<u>\$ 4,929</u>	<u>\$ 659,428</u>	<u>\$ 175,993</u>	<u>\$ 964,451</u>	<u>\$ 920,335</u>
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds					
Total Liabilities					
Deferred Inflows of Resources:					
Loan Related		150,360			
Total Deferred Inflows of Resources		150,360			
Total Liabilities and Deferred Inflows of Resources		150,360			
Fund Balances (Deficits)					
Restricted	4,929	509,068	175,993	964,451	920,335
Unassigned					
Total Fund Balances (Deficits)	<u>4,929</u>	<u>509,068</u>	<u>175,993</u>	<u>964,451</u>	<u>920,335</u>
Total Liabilities and Fund Balances	<u>\$ 4,929</u>	<u>\$ 659,428</u>	<u>\$ 175,993</u>	<u>\$ 964,451</u>	<u>\$ 920,335</u>

Special Revenue Funds

Library Impact Fees	Park Impact Fees	Circulation Impact Fees	STPL	EDA	SB 1	Library Projects
\$ 701,738 8,433 102	\$ 1,378,728 201	\$ 599,756 64,630 87	\$ -	\$ 602,085	\$ 175,961 25	\$ -
<u>\$ 710,273</u>	<u>\$ 1,378,929</u>	<u>\$ 664,473</u>	<u>\$ -</u>	<u>\$ 602,085</u>	<u>\$ 175,986</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ - 615,001	\$ -	\$ -	\$ -
			615,001			
			615,001			
710,273	1,378,929	664,473	(615,001)	602,085	175,986	
<u>710,273</u>	<u>1,378,929</u>	<u>664,473</u>	<u>(615,001)</u>	<u>602,085</u>	<u>175,986</u>	
<u>\$ 710,273</u>	<u>\$ 1,378,929</u>	<u>\$ 664,473</u>	<u>\$ -</u>	<u>\$ 602,085</u>	<u>\$ 175,986</u>	<u>\$ -</u>

**CITY OF IMPERIAL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021
(CONTINUED)**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	ARPA	CARES	Early Learning Grant	Per Capita	SB 2	
Assets						
Cash and Investments	\$ 106,566	\$ 31,311	\$ 32,110	\$ -	\$ -	\$ 9,638,321
Accounts Receivable						93,522
Interest Receivable	16	5	5			1,178
Loans Receivable						1,555,917
Total Assets	\$ 106,582	\$ 31,316	\$ 32,115	\$ -	\$ -	\$ 11,288,938
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,062
Due to Other Funds				29,736		935,886
Total Liabilities				29,736		936,948
Deferred Inflows of Resources:						
Loan Related						1,555,917
Total Deferred Inflows of Resources						1,555,917
Total Liabilities and Deferred Inflows of Resources				29,736		2,492,865
Fund Balances (Deficits)						
Restricted	106,582	31,316	32,115			9,717,304
Unassigned				(29,736)		(921,231)
Total Fund Balances (Deficits)	106,582	31,316	32,115	(29,736)		8,796,073
Total Liabilities and Fund Balances	\$ 106,582	\$ 31,316	\$ 32,115	\$ -	\$ -	\$ 11,288,938

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CITY OF IMPERIAL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds				
	Traffic Congestion Relief	Traffic Safety	Gas Tax	Local Transportation	Dial-A- Ride
Revenues:					
Use of Money and Property	\$ 21	\$ 10	\$ 781	\$ 533	\$ -
Charges for Services		6,352			
Intergovernmental			438,234	20,000	
Other					
Total Revenues	<u>21</u>	<u>6,362</u>	<u>439,015</u>	<u>20,533</u>	
Expenditures:					
Current:					
Community Development					
Public Safety					
Public Works				42,258	
Parks and Recreation					
Capital Outlay					
Total Expenditures				<u>42,258</u>	
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>21</u>	<u>6,362</u>	<u>439,015</u>	<u>(21,725)</u>	
Other Financing Sources (Uses):					
Transfers In					
Transfers Out	<u>(25,000)</u>	<u>(5,000)</u>	<u>(212,081)</u>	<u>(5,000)</u>	
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(5,000)</u>	<u>(212,081)</u>	<u>(5,000)</u>	
Net Change in Fund Balances	(24,979)	1,362	226,934	(26,725)	
Fund Balances - July 1, 2020	<u>24,983</u>	<u>7,694</u>	<u>473,021</u>	<u>445,195</u>	<u>14,607</u>
Fund Balances - June 30, 2021	<u>\$ 4</u>	<u>\$ 9,056</u>	<u>\$ 699,955</u>	<u>\$ 418,470</u>	<u>\$ 14,607</u>

Special Revenue Funds

Successor Housing	Public Safety Prop 172	COPS Grants	Asset Forfeiture	COPS Grant 2018	CDBG HOME Grant	Housing Rehab
\$ 39,958	\$ 20	\$ 93	\$ 10	\$ -	\$ 12,517	\$ 11,231
	111,004	391,457	23,429	50,000	78,762	16,201
<u>39,958</u>	<u>111,024</u>	<u>391,550</u>	<u>23,439</u>	<u>50,000</u>	<u>91,279</u>	<u>27,432</u>
2,120		154,733	3,434	2,909		231
		217,634		217,466		
<u>2,120</u>		<u>372,367</u>	<u>3,434</u>	<u>220,375</u>		<u>231</u>
<u>37,838</u>	<u>111,024</u>	<u>19,183</u>	<u>20,005</u>	<u>(170,375)</u>	<u>91,279</u>	<u>27,201</u>
	(85,000)	(500)				(5,000)
	(85,000)	(500)				(5,000)
37,838	26,024	18,683	20,005	(170,375)	91,279	22,201
<u>522,477</u>	<u>5,711</u>	<u>84,026</u>	<u>436</u>	<u>155,720</u>	<u>39,457</u>	<u>32,794</u>
<u>\$ 560,315</u>	<u>\$ 31,735</u>	<u>\$ 102,709</u>	<u>\$ 20,441</u>	<u>\$ (14,655)</u>	<u>\$ 130,736</u>	<u>\$ 54,995</u>

Continued

CITY OF IMPERIAL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021
(CONTINUED)

	Special Revenue Funds				
	ED CDBG	RLA	Wildflower Landscape Lighting	Paseo Del Sol Landscape Lighting	Joshua Tree Street Improvement
Revenues:					
Use of Money and Property	\$ -	\$ 2,476	\$ 222	\$ 280	\$ -
Charges for Services			74,095	79,376	
Intergovernmental		14,333			
Other					
Total Revenues		<u>16,809</u>	<u>74,317</u>	<u>79,656</u>	
Expenditures:					
Current:					
Community Development					
Public Safety					
Public Works			10,182	19,393	
Parks and Recreation					
Capital Outlay					
Total Expenditures			<u>10,182</u>	<u>19,393</u>	
Excess (Deficiency) of Revenues over (Under) Expenditures		<u>16,809</u>	<u>64,135</u>	<u>60,263</u>	
Other Financing Sources (Uses):					
Transfers In					
Transfers Out		(5,000)	(7,100)	(14,900)	
Total Other Financing Sources (Uses)		<u>(5,000)</u>	<u>(7,100)</u>	<u>(14,900)</u>	
Net Change in Fund Balances		11,809	57,035	45,363	
Fund Balances - June 30, 2010	50	47,216	161,545	206,508	31,287
Fund Balances - June 30, 2021	<u>\$ 50</u>	<u>\$ 59,025</u>	<u>\$ 218,580</u>	<u>\$ 251,871</u>	<u>\$ 31,287</u>

Special Revenue Funds

Library Donation	Sky Ranch District	Prop 1B	Library Literacy	Police Technology Grant	Austin Worthington
\$ -	\$ 720 296,337	\$ -	\$ 134	\$ -	\$ -
			36,200		
<u>16</u>					
<u>16</u>	<u>297,057</u>		<u>36,334</u>		
	165,456		48,630		
2,777					
<u>2,777</u>	<u>165,456</u>		<u>48,630</u>		
(2,761)	131,601		(12,296)		
	(27,375)		(39,969)		
	(27,375)		(39,969)		
(2,761)	104,226		(52,265)		
3,502	580,484	(164,419)	122,652	(112,075)	95,750
<u>\$ 741</u>	<u>\$ 684,710</u>	<u>\$ (164,419)</u>	<u>\$ 70,387</u>	<u>\$ (112,075)</u>	<u>\$ 95,750</u>

Continued

CITY OF IMPERIAL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021
(CONTINUED)

	Special Revenue Funds				
	Community Services Grant	General Housing	Fire Impact Fees	Police Impact Fees	Admin Impact Fees
Revenues:					
Use of Money and Property	\$ 9	\$ 1,479	\$ 174	\$ 1,070	\$ 1,015
Charges for Services		8,950	48,199	100,930	105,761
Intergovernmental	8,800				
Other					
Total Revenues	<u>8,809</u>	<u>10,429</u>	<u>48,373</u>	<u>102,000</u>	<u>106,776</u>
Expenditures:					
Current:					
Community Development					1,770
Public Safety			1,771	1,770	
Public Works					
Parks and Recreation	8,786				
Capital Outlay					
Total Expenditures	<u>8,786</u>		<u>1,771</u>	<u>1,770</u>	<u>1,770</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>23</u>	<u>10,429</u>	<u>46,602</u>	<u>100,230</u>	<u>105,006</u>
Other Financing Sources (Uses):					
Transfers In					
Transfers Out		(5,000)			
Total Other Financing Sources (Uses)		<u>(5,000)</u>			
Net Change in Fund Balances	23	5,429	46,602	100,230	105,006
Fund Balances - June 30, 2010	<u>4,906</u>	<u>503,639</u>	<u>129,391</u>	<u>864,221</u>	<u>815,329</u>
Fund Balances - June 30, 2021	<u>\$ 4,929</u>	<u>\$ 509,068</u>	<u>\$ 175,993</u>	<u>\$ 964,451</u>	<u>\$ 920,335</u>

Special Revenue Funds

Library Impact Fees	Park Impact Fees	Circulation Impact Fees	STPL	EDA	SB 1	Library Projects
\$ 772	\$ 1,384	\$ 637	\$ -	\$ -	\$ 76	\$ -
95,851	499,226	315,867			354,505	5,000
<u>96,623</u>	<u>500,610</u>	<u>316,504</u>			<u>354,581</u>	<u>5,000</u>
		280,020			2,046	
1,770	113,711				159,546	5,000
<u>1,770</u>	<u>113,711</u>	<u>280,020</u>			<u>161,592</u>	<u>5,000</u>
94,853	386,899	36,484			192,989	
					640,054	
					<u>640,054</u>	
94,853	386,899	36,484			833,043	
615,420	992,030	627,989	(615,001)	602,085	(657,057)	
<u>\$ 710,273</u>	<u>\$ 1,378,929</u>	<u>\$ 664,473</u>	<u>\$ (615,001)</u>	<u>\$ 602,085</u>	<u>\$ 175,986</u>	<u>\$ -</u>

CITY OF IMPERIAL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021
(CONTINUED)

	<u>Special Revenue Funds</u>					Total Nonmajor Governmental Funds
	ARPA	CARES	Early Learning Grant	Per Capita	SB 2	
Revenues:						
Use of Money and Property Charges for Services	\$ 19	\$ 64	\$ 67	\$ -	\$ -	\$ 75,772
Intergovernmental	147,680	245,794	67,968		103,600	1,630,944
Other						16
Total Revenues	<u>147,699</u>	<u>245,858</u>	<u>68,035</u>		<u>103,600</u>	<u>3,819,699</u>
Expenditures:						
Current:						
Community Development		214,542	35,920			254,583
Public Safety					103,600	268,217
Public Works						519,355
Parks and Recreation				29,736		210,410
Capital Outlay						594,646
Total Expenditures		<u>214,542</u>	<u>35,920</u>	<u>29,736</u>	<u>103,600</u>	<u>1,847,211</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>147,699</u>	<u>31,316</u>	<u>32,115</u>	<u>(29,736)</u>		<u>1,972,488</u>
Other Financing Sources (Uses):						
Transfers In						640,054
Transfers Out	(41,117)					(478,042)
Total Other Financing Sources (Uses)	<u>(41,117)</u>					<u>162,012</u>
Net Change in Fund Balances	106,582	31,316	32,115	(29,736)		2,134,500
Fund Balances - June 30, 2010						6,661,573
Fund Balances - June 30, 2021	<u>\$ 106,582</u>	<u>\$ 31,316</u>	<u>\$ 32,115</u>	<u>\$ (29,736)</u>	<u>\$ -</u>	<u>\$ 8,796,073</u>