

CITY OF HOLTVILLE

FINANCIAL STATEMENTS

June 30, 2015

CITY OF HOLTVILLE
TABLE OF CONTENTS
 June 30, 2015

Independent Auditor’s Report on Financial Statements	1
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position Arising From Cash Transactions.....	5
Statement of Activities Arising From Cash Transactions.....	6
Fund Financial Statements	
Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions – Governmental Funds.....	8
Reconciliation of the Statement of Assets, Liabilities, and Fund Balances Arising From Cash Transactions – Governmental Funds to the Statement of Net Position Arising From Cash Transactions.....	11
Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances Arising from Cash Transactions – Governmental Funds.....	12
Reconciliation of the Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances Arising from Cash Transactions – Governmental Funds to the Statement of Activities Arising from Cash Transactions	14
Combining Statement of Assets, Liabilities, and Net Position Arising from Cash Transactions – Proprietary Funds.....	15
Combining Statement of Revenues Collected, Expenses Paid, and Changes in Net Position Arising from Cash Transactions – Proprietary Funds.....	16
Combining Statement of Cash Flows Arising from Cash Transactions – Proprietary Funds.....	17
Statement of Net Position Arising from Cash Transactions – Fiduciary Funds.....	19
Statement of Changes in Fiduciary Net Position Arising from Cash Transactions – Fiduciary Funds	20
Notes to Basic Financial Statements	21
Required Supplemental Information	
General Fund – Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance Arising from Cash Transactions – Budget and Actual	47
Local Transit Authority Fund – Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance Arising from Cash Transactions – Budget and Actual	49

CITY OF HOLTVILLE
TABLE OF CONTENTS
June 30, 2015

Required Supplemental Information (Continued)

Local Transportation Fund – Schedule of Revenues Collected, Expenditures Paid,
and Changes in Fund Balance Arising from Cash Transactions – Budget and Actual 50

Other Supplemental Information

Non-major Governmental Funds

Combining Statement of Assets, Liabilities, and Fund Balances
Arising from Cash Transactions – Non-Major Funds 52

Combining Statement of Revenues Collected, Expenditures Paid, and
Changes in Fund Balances Arising from Cash Transactions – Non-Major Funds 54

Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance
Arising from Cash Transactions – Budget and Actual:

Gas Tax Special Revenue Fund 56
Bikepath Special Revenue Fund 57
Prop 42 Transportation Special Revenue Fund..... 58

Private-Purpose Trust Funds

Combining Statement of Net Position Arising from Cash Transactions 59

Combining Statement of Changes in Net Position Arising from Cash Transactions 60



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DR., SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Holtville
Holtville, 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 Holtville (City), California, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 1; 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 Holtville, California, as of June 30, 2015, and the respective changes in financial position and cash flows arising from cash transactions, where applicable thereof, for the fiscal year then ended, on the basis of accounting described in Note 1.

Emphasis of Matter

Change in Accounting Principles

As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, Statement No. 69, Government Combinations and Disposals of Government Operations, and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to this matter.

Basis of Accounting

As discussed in Note 1 of the notes to the financial statements, the City prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Financial Condition

The readers attention should be brought to Note 17, referring to the City's financial condition as of June 30, 2015.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis and the budgetary comparison schedules for the Community Development Block Grant Special Revenue Fund and the Home Grant Special Revenue Fund that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. Budgets were not adopted for the Community Development Block Grant Special Revenue Fund or the Home Grant Special Revenue Fund.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules of the General Fund on pages 47 and 48, Local Transit Authority Special Revenue Fund on page 49, and Local Transportation Special Revenue Fund on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Holtville's basic financial statements. The combining nonmajor funds financial statements, nonmajor fund budgetary comparison schedules, and combining Private-purpose Trust Funds financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining nonmajor funds financial statements, nonmajor fund budgetary comparison schedules, and combining Private-purpose Trust Funds financial statements 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 issue our report dated February 9, 2016, 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 9, 2016

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

CITY OF HOLTVILLE
STATEMENT OF NET POSITION
ARISING FROM CASH TRANSACTIONS
June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	\$ 1,113,846	\$ 1,344,359	\$ 2,458,205
Cash and investments with fiscal agent		320,750	320,750
Restricted cash and investments		323,854	323,854
Internal balances	(43,249)	43,249	
Deposits	8,915	6,250	15,165
Receivable from successor agency trust fund	219,687		219,687
Loans receivable, net of allowance	2,314,999		2,314,999
	<u>3,614,198</u>	<u>2,038,462</u>	<u>5,652,660</u>
Total Assets			
Liabilities:			
Noncurrent liabilities:			
Due within one year	19,007	365,340	384,347
Due in more than one year	154,669	9,355,459	9,510,128
	<u>173,676</u>	<u>9,720,799</u>	<u>9,894,475</u>
Total Liabilities			
Net Position:			
Restricted for:			
Debt service		540,823	540,823
Other purposes	3,748,346		3,748,346
Unrestricted	(307,824)	(8,223,160)	(8,530,984)
	<u>\$ 3,440,522</u>	<u>\$ (7,682,337)</u>	<u>\$ (4,241,815)</u>
Total Net Position (Deficit)			

See accompanying notes to basic financial statements

CITY OF HOLTVILLE
STATEMENT OF ACTIVITIES
ARISING FROM CASH TRANSACTIONS
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ 655,295	\$ 4,441	\$ -	\$ -
Public safety	1,359,051	14,040	350,738	
Public works	2,860,829	28,611	300,232	2,340,574
Community development	1,259	45,563	2,397	
Total Governmental Activities	4,876,434	92,655	653,367	2,340,574
Business-type Activities:				
Water	1,448,299	1,587,747		
Sewer	3,129,441	1,481,758		1,113,057
Solid waste	226,779	239,598		
Total Business-type Activities	4,804,519	3,309,103		1,113,057
Total Primary Government	\$ 9,680,953	\$ 3,401,758	\$ 653,367	\$ 3,453,631

General Revenues and Transfers:

Taxes:

Secured and unsecured property taxes

Utility users tax

Sales and use tax

Franchise tax

Other tax

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Contributions from private-purpose trust fund, unrestricted

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position (Deficit) at Beginning of Fiscal Year

Prior Period Adjustments

Net Position (Deficit) at Beginning of Fiscal Year, Restated

Net Position (Deficit) at End of Fiscal Year

See accompanying notes to basic financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Totals
\$ (650,854)	\$ -	\$ (650,854)
(994,273)		(994,273)
(191,412)		(191,412)
46,701		46,701
<u>(1,789,838)</u>		<u>(1,789,838)</u>
	139,448	139,448
	(534,626)	(534,626)
	12,819	12,819
	<u>(382,359)</u>	<u>(382,359)</u>
<u>(1,789,838)</u>	<u>(382,359)</u>	<u>(2,172,197)</u>
107,187		107,187
448,687		448,687
571,407		571,407
137,190		137,190
33,485		33,485
509,205		509,205
9,019	1,822	10,841
61,164		61,164
88,973		88,973
649,905	(649,905)	
<u>2,616,222</u>	<u>(648,083)</u>	<u>1,968,139</u>
826,384	(1,030,442)	(204,058)
2,635,005	(6,651,895)	(4,016,890)
<u>(20,867)</u>		<u>(20,867)</u>
<u>2,614,138</u>	<u>(6,651,895)</u>	<u>(4,037,757)</u>
<u>\$ 3,440,522</u>	<u>\$ (7,682,337)</u>	<u>\$ (4,241,815)</u>

CITY OF HOLTVILLE
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS -
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Special Revenue Funds	
		Community Development Block Grant	Home Grant
Assets			
Cash and investments	\$ 223,985	\$ 446,922	\$ -
Deposits	8,915		
Due from other funds	392,135		
Receivable from successor agency trust fund	219,687		
Loans receivable		1,101,852	4,560,052
Total assets	<u>\$ 844,722</u>	<u>\$ 1,548,774</u>	<u>\$ 4,560,052</u>
Liabilities:			
Due to other funds	\$ 43,249	\$ -	\$ 10,124
Total liabilities	<u>43,249</u>		<u>10,124</u>
Deferred Inflows of Resources:			
Unearned revenue		983,749	4,560,052
Total deferred inflows of resources		<u>983,749</u>	<u>4,560,052</u>
Total liabilities and deferred inflows of resources	<u>43,249</u>	<u>983,749</u>	<u>4,570,176</u>
Fund Balances:			
Nonspendable	219,687		
Restricted		565,025	
Unassigned	581,786		(10,124)
Total fund balances (deficits)	<u>801,473</u>	<u>565,025</u>	<u>(10,124)</u>
Total liabilities and fund balances	<u>\$ 844,722</u>	<u>\$ 1,548,774</u>	<u>\$ 4,560,052</u>

See accompanying notes to basic financial statements

Special Revenue Funds		Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Local Transit Authority Fund	Local Transportation Fund	FEMA Water Tank Fund		
\$ -	\$ -	\$ -	\$ 442,939	\$ 1,113,846
553,610				8,915
				945,745
				219,687
				5,661,904
<u>\$ 553,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442,939</u>	<u>\$ 7,950,097</u>
\$ -	\$ 891,105	\$ -	\$ 44,516	\$ 988,994
	891,105		44,516	988,994
				5,543,801
				5,543,801
	891,105		44,516	6,532,795
553,610			442,939	219,687
	(891,105)		(44,516)	1,561,574
				(363,959)
<u>553,610</u>	<u>(891,105)</u>		<u>398,423</u>	<u>1,417,302</u>
<u>\$ 553,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442,939</u>	<u>\$ 7,950,097</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF HOLTVILLE

RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION ARISING FROM CASH TRANSACTIONS
June 30, 2015

Fund balances of governmental funds	\$	1,417,302
Amounts reported for governmental activities in the statement of net position are different because:		
Certain loans receivable are not available to pay for current period expenditures and, therefore are offset by unearned revenue in the governmental funds.		
Unearned revenue		5,543,801
Allowance for an uncollectible loan has been set up in the amount of \$3,346,905 for a certain loan receivable.		
		(3,346,905)
Long-term debt and compensated absences have not been included in the governmental funds.		
Claims payable		(131,439)
Compensated absences		(42,237)
		<hr/>
Net position of governmental activities	\$	<u>3,440,522</u>

See accompanying notes to basic financial statements

CITY OF HOLTVILLESTATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE ARISING FROM CASH TRANSACTIONS -
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Funds	
		Community Development Block Grant	Home Grant
Revenues Collected:			
Taxes	\$ 1,109,262	\$ -	\$ -
Licenses, permits, and impact fees	1,470		
Fines and penalties	1,320		
Investment earnings	8,442	111	13
Intergovernmental	859,943		
Charges for current services	89,865		
Other revenues collected	63,561		
Contributions from private-purpose trust fund	88,973		
Program income		13,138	10,282
Total revenues collected	<u>2,222,836</u>	<u>13,249</u>	<u>10,295</u>
Expenditures Paid:			
General government	722,276		
Public safety	1,368,968		
Public works	337,211		
Community development		1,268	
Capital outlay			
Total expenditures paid	<u>2,428,455</u>	<u>1,268</u>	
Excess of revenues collected over (under) expenditures paid	<u>(205,619)</u>	<u>11,981</u>	<u>10,295</u>
Other Financing Sources (Uses):			
Transfers in	550,000		
Transfers out			
Total other financing sources (uses)	<u>550,000</u>		
Net changes in fund balances	<u>344,381</u>	<u>11,981</u>	<u>10,295</u>
Fund balances (deficits), July 1, 2014	457,092	553,044	(20,419)
Prior period adjustments			
Fund balances (deficit), July 1, 2014, restated	<u>457,092</u>	<u>553,044</u>	<u>(20,419)</u>
Fund balances (deficits), June 30, 2015	<u>\$ 801,473</u>	<u>\$ 565,025</u>	<u>\$ (10,124)</u>

See accompanying notes to basic financial statements

Special Revenue Funds		Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Local Transit Authority Fund	Local Transportation Fund	FEMA Water Tank Fund		
\$ -	\$ -	\$ -	\$ 188,694	\$ 1,297,956
				1,470
				1,320
74			379	9,019
1,149,039	898,883	267,731	24,921	3,200,517
				89,865
167,843	143,689			375,093
				88,973
				23,420
<u>1,316,956</u>	<u>1,042,572</u>	<u>267,731</u>	<u>213,994</u>	<u>5,087,633</u>
				722,276
				1,368,968
				337,211
				1,268
143,689	2,382,343	29		2,526,061
<u>143,689</u>	<u>2,382,343</u>	<u>29</u>		<u>4,955,784</u>
<u>1,173,267</u>	<u>(1,339,771)</u>	<u>267,702</u>	<u>213,994</u>	<u>131,849</u>
		399,905		949,905
(150,000)			(150,000)	(300,000)
(150,000)		399,905	(150,000)	649,905
<u>1,023,267</u>	<u>(1,339,771)</u>	<u>667,607</u>	<u>63,994</u>	<u>781,754</u>
(469,657)	448,666	(667,607)	355,296	656,415
			(20,867)	(20,867)
<u>(469,657)</u>	<u>448,666</u>	<u>(667,607)</u>	<u>334,429</u>	<u>635,548</u>
<u>\$ 553,610</u>	<u>\$ (891,105)</u>	<u>\$ -</u>	<u>\$ 398,423</u>	<u>\$ 1,417,302</u>

CITY OF HOLTVILLE

**RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,
AND CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
ARISING FROM CASH TRANSACTIONS**

For the Fiscal Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 781,754

Amounts reported for governmental activities in the statement of activities differ because:

Certain notes receivable are reported in the governmental funds as expenditures and then offset by an unearned revenue as they are not available to pay current expenditures. Likewise, when the note is collected, it is reflected in revenue. This is the net change between notes receivable collected and issued. (34,720)

The amount below included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):

Decrease in claims payable 61,749

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 governmental funds. This is the net change in compensated absences for the current period. 17,601

Change in net position of governmental activities \$ 826,384

CITY OF HOLTVILLE
PROPRIETARY FUNDS
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
ARISING FROM CASH TRANSACTIONS
June 30, 2015

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Solid Waste Fund	
ASSETS				
Current Assets:				
Cash and investments	\$ 118,039	\$ 1,226,320	\$ -	\$ 1,344,359
Cash and investments with fiscal agent	320,750			320,750
Restricted cash and investments	220,073	103,781		323,854
Deposits receivable		6,250		6,250
Due from other funds	43,249	96,900		140,149
Total assets	702,111	1,433,251		2,135,362
LIABILITIES				
Current Liabilities:				
Due to other funds			96,900	96,900
Compensated absences	3,595	3,745		7,340
Current portion of long-term liabilities	279,000	79,000		358,000
Total current liabilities	282,595	82,745	96,900	462,240
Long-Term Liabilities:				
Compensated absences	32,357	33,703		66,060
Bonds payable	4,943,399	4,346,000		9,289,399
Total long-term liabilities	4,975,756	4,379,703		9,355,459
Total liabilities	5,258,351	4,462,448	96,900	9,817,699
NET POSITION (DEFICIT)				
Restricted for debt service	540,823			540,823
Unrestricted	(5,097,063)	(3,029,197)	(96,900)	(8,223,160)
Total net position (deficit)	\$ (4,556,240)	\$ (3,029,197)	\$ (96,900)	\$ (7,682,337)

See accompanying notes to basic financial statements

CITY OF HOLTVILLE**PROPRIETARY FUNDS****COMBINING STATEMENT OF REVENUES COLLECTED, EXPENSES PAID, AND CHANGES IN NET POSITION
ARISING FROM CASH TRANSACTIONS**

For the Fiscal Year Ended June 30, 2015

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Solid Waste Fund	
Operating Revenues Collected:				
Charges for services	\$ 1,587,747	\$ 1,481,758	\$ 239,598	\$ 3,309,103
Total operating revenues collected	1,587,747	1,481,758	239,598	3,309,103
Operating Expenses Paid:				
Salaries and wages	296,425	277,883		574,308
Payroll expenses	104,816	83,432		188,248
Training, safety, and clothing	12,365	11,253		23,618
Materials, supplies, and services	795,233	258,405	226,779	1,280,417
Total operating expenses paid	1,208,839	630,973	226,779	2,066,591
Operating income arising from cash transactions	378,908	850,785	12,819	1,242,512
Non-Operating Revenues Collected (Expenses Paid):				
Investment earnings	464	1,358		1,822
Interest expense	(239,460)	(81,943)		(321,403)
Capital outlay		(2,416,525)		(2,416,525)
Total non-operating revenues collected (expenses paid)	(238,996)	(2,497,110)		(2,736,106)
Income (loss) arising from cash transactions before transfers and capital contributions	139,912	(1,646,325)	12,819	(1,493,594)
Capital grants received		1,113,057		1,113,057
Transfers:				
Transfers out	(474,905)	(175,000)		(649,905)
Changes in net position	(334,993)	(708,268)	12,819	(1,030,442)
Net position (deficit), beginning of the fiscal year	(4,221,247)	(2,320,929)	(109,719)	(6,651,895)
Net position (deficit), end of the fiscal year	\$ (4,556,240)	\$ (3,029,197)	\$ (96,900)	\$ (7,682,337)

See accompanying notes to basic financial statements

CITY OF HOLTVILLE
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
ARISING FROM CASH TRANSACTIONS
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Solid Waste Fund	
Cash Flows from Operating Activities:				
Receipts from user charges	\$ 1,587,747	\$ 1,481,758	\$ 239,598	\$ 3,309,103
Interfund loan receipts (disbursements)	667,607	12,819	(12,819)	667,607
Payments to suppliers	(912,414)	(358,741)	(226,779)	(1,497,934)
Payments for salaries	(295,657)	(271,746)		(567,403)
Net Cash Provided (Used) by Operating Activities	1,047,283	864,090		1,911,373
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets		(2,416,525)		(2,416,525)
Capital grants received		1,113,057		1,113,057
Principal paid	(268,000)	(75,000)		(343,000)
Interest paid	(239,460)	(81,943)		(321,403)
Net Cash Provided (Used) for Capital and Related Financing Activities	(507,460)	(1,460,411)		(1,967,871)
Cash Flows from Non-Capital Financing Activities:				
Transfers paid	(474,905)	(175,000)		(649,905)
Net Cash Provided (Used) from Non-Capital Financing Activities	(474,905)	(175,000)		(649,905)
Cash Flows from Investing Activities:				
Interest received	464	1,358		1,822
Net Cash Provided (Used) from Investing Activities	464	1,358		1,822
Increase (decrease) in cash and cash equivalents	65,382	(769,963)		(704,581)
Cash and cash equivalents, beginning of fiscal year	593,480	2,100,064		2,693,544
Cash and cash equivalents, end of fiscal year	\$ 658,862	\$ 1,330,101	\$ -	\$ 1,988,963
Reconciliation to Statement of Net Position:				
Cash and investments	\$ 118,039	\$ 1,226,320	\$ -	\$ 1,344,359
Cash and investments with fiscal agents	320,750			320,750
Restricted cash and investments	220,073	103,781		323,854
Total cash and cash equivalents, end of fiscal year	\$ 658,862	\$ 1,330,101	\$ -	\$ 1,988,963

(Continued)

See accompanying notes to basic financial statements

CITY OF HOLTVILLE
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
ARISING FROM CASH TRANSACTIONS
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Solid Waste Fund	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income	\$ 378,908	\$ 850,785	\$ 12,819	\$ 1,242,512
Adjustments to reconcile operating income to net cash provided by operating activities:				
Changes in operating assets and liabilities:				
(Increase) decrease in deposits receivable		(5,651)		(5,651)
(Increase) decrease in due from other funds	667,607	12,819		680,426
Increase (decrease) in due to other funds			(12,819)	(12,819)
Increase (decrease) in compensated absences	768	6,137		6,905
Net Cash Provided (Used) by Operating Activities	\$ 1,047,283	\$ 864,090	\$ -	\$ 1,911,373

See accompanying notes to basic financial statements

CITY OF HOLTVILLE
FIDUCIARY FUNDS
STATEMENT OF NET POSITION ARISING FROM CASH TRANSACTIONS
June 30, 2015

	Private-Purpose Trust Fund
	<u> </u>
ASSETS	
Cash and investments with fiscal agents	\$ 299,048
Restricted cash and investments	2,804,387
Notes receivable	355,838
Capital assets, not being depreciated	<u>437,894</u>
Total assets	<u>3,897,167</u>
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding of debt	<u>90,041</u>
Total deferred outflows of resources	<u>90,041</u>
Total assets and deferred outflows of resources	<u>3,987,208</u>
LIABILITIES	
Payable to City of Holtville	219,687
Long-term debt, due within one year	145,000
Long-term debt, due in more than one year	<u>5,955,000</u>
Total liabilities	<u>6,319,687</u>
NET POSITION (DEFICIT)	
Unrestricted	<u>(2,332,479)</u>
Total net position (deficit)	<u><u>\$ (2,332,479)</u></u>

See accompanying notes to basic financial statements

CITY OF HOLTVILLE

FIDUCIARY FUNDS

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION ARISING FROM CASH TRANSACTIONS

For the Fiscal Year Ended June 30, 2015

	Private-Purpose Trust Fund
Additions:	
Investment revenue	\$ 14,531
Tax and assessments	675,564
	<hr/>
Total Additions	690,095
	<hr/>
Deductions:	
Administration	3,122
Interest expense	322,849
Amortization expense	4,032
Contributions to general fund	88,973
	<hr/>
Total deductions	418,976
	<hr/>
Change in net position before transfers	271,119
	<hr/>
Net Position (Deficit) - July 1, 2014	(2,603,598)
	<hr/>
Net Position (Deficit) - June 30, 2015	<u>\$ (2,332,479)</u>

See accompanying notes to basic financial statements

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The City of Holtville (City) is a municipal corporation, operating as a general law city, and governed by a city council of five members. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Holtville (the primary government) and its component unit. The component units discussed in Note 1-B are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

As required by accounting principles generally accepted in the United States of America, these basic financial statements present financial information for the City of Holtville (the primary government) and its component units. Blended component units, although legally separate entity, are in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize their legal separateness from the City. Each blended component unit has a fiscal year end of June 30. The blended component units are included in the City's reporting entity because of the significance of their operational and financial relationship with the City. There are no entities which meet the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61, criteria for discrete disclosure within these basic financial statements.

B. Individual Component Unit Disclosures

Blended Component Unit. The Financing Authority (Authority) of the City of Holtville is governed by the City Council of the City of Holtville. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because the City Council is the governing board, and is able to impose its will on the Authority.

C. Financial Statement Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities include the financial activities of the overall City government. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's 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 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 as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on individual funds, each of which is displayed in a separate column.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances Arising from Cash Transactions for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation (Continued)

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

The reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary fund financial statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues Collected, Expenses Paid, and Changes in Net Position, and a Statement of Cash Flows Arising from Cash Transactions for all proprietary funds.

Fiduciary fund financial statements

Fiduciary fund financial statements include a Statement of Net Position and Statement of Changes in Net Position.

D. Accounting Policies

The City of Holtville records transactions, and accordingly, these financial statements were prepared, using the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The following are some of the ways that the modified cash basis of accounting differs from accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require all governmental funds to use the modified accrual basis of accounting. Revenues should be recognized when they become measurable and available as net current assets. The City of Holtville, however, recognizes revenue when it is received by the City.

Taxpayer-assessed income, gross receipts, and sales taxes are recognized when the revenue is received by the City. Refunds of such taxes are recognized when they are paid. Under accounting principles generally accepted in the United States of America, these taxes are considered "measurable" when in the hands of intermediary collecting governments and should be recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Accounting Policies (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is that principal and interest on long-term debt is recognized when due. The modified cash basis of accounting recognizes all expenditures when they are paid.

Accounting principles generally accepted in the United States of America require all proprietary funds and government-wide reporting to use the accrual basis of accounting. Revenues should be recognized when they are earned, and their expenses should be recognized when they are incurred. The modified cash basis of accounting recognizes revenues when received and expenses when paid.

The purchase of capital items in the proprietary funds should be recorded as capital assets and depreciated under accounting principles generally accepted in the United States of America; however, the City records these items as expenses when they are paid.

The purchase of capital assets should be capitalized and depreciated in the Statement of Net Position and Statement of Activities under GASB Statement No. 34, however, under the modified cash basis of accounting, the City records these items as expenditures when paid.

E. Fund Accounting

Governmental Accounting Standards Board (GASB) Statement No. 34 defines major funds and requires that the City's major governmental type funds be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to or greater than ten percent of their fund-type total and five percent of the grand total of all funds.

The City reported the following major governmental funds in the accompanying financial statements:

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Community Development Block Grant (CDBG) Special Revenue Fund** is used to account for the activity in the City's CDBG revolving loan programs.

The **Home Grant Special Revenue Fund** is used to account for the activity in the City's HOME revolving loan programs.

The **Local Transit Authority Special Revenue Fund** is used to account for transportation projects funded through the Measure D funding. Measure D is Imperial County's local ½ cent sales tax transportation Measure. 95% of the funds from Measure D go directly to the cities and the County to pay for critical road repair projects. The other 5% is set aside for regional projects.

The **Local Transportation Special Revenue Fund** is used to account for local transportation projects which are funded in whole or in part through State and/or Federal funding sources specific to the transportation projects(s).

The **FEMA Water Tank Capital Projects Fund** is used to account for the sole purpose of tracking the construction to replace the City's 1.5 million gallon water tank that was destroyed in an April, 2010 earthquake.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting (Continued)

The City reported the following major proprietary funds:

The **Water Fund** is used to account for the operation and maintenance of the City's water treatment and distribution system. Revenues are primarily user charges. Rates are set periodically by the City Council.

The **Sewer Fund** is used to account for the operation and maintenance of the City's wastewater treatment plant and collection facilities.

The **Solid Waste Fund** is used to account for residential and commercial garbage collection and disposal.

Additionally, the City reported the following fund type:

The **Private-Purpose Trust Funds** are used to account for the activities of the Successor Agency (former Redevelopment Agency).

F. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accounting principles generally accepted in the United States of America require all governmental funds to use the modified accrual basis of accounting and all proprietary fund types to use the accrual basis of accounting. The City of Holtville uses the modified cash basis of accounting for all fund types.

The modified cash basis of accounting recognizes all monies received as revenues at the time of receipt and all amounts paid as expenditures at the time of payment with the exception of the following:

1. Long-term notes and loans receivable are set up as assets and unearned revenue and note/loan payments received by the City are recorded as reductions of the asset and liability and program income when received.
2. Long term payables are set up as liabilities in the proprietary funds. Principal payments are recorded as reductions of the liabilities when made.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting

The City is required by its municipal code to adopt an annual budget on or before June 30, which is the end of its fiscal year, for the ensuing fiscal year. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended.

Budgeted revenue and expenditure amounts shown represent the City's originally-adopted budget adjusted for supplemental revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Budgets were not adopted for the Community Development Block Grant Fund, Home Grant Fund, FEMA Water Tank Fund, Homeland Security Fund, FEMA Fund, Façade Improvement Program Fund, CDBG Grant Sewer Study Fund or Business Assistance Loan Fund.

H. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the City.

I. Investments

Investments are stated at fair value. The City has adopted an investment policy which provides a means for investing the public funds held by the City. These investments are also allowed by the California Government Code.

J. Capital Assets

Capital assets in the proprietary funds are expensed when paid. This practice is contrary to accounting principles generally accepted in the United States of America.

The City does not maintain a complete accounting of capital assets. This practice is contrary to accounting principles generally accepted in the United States of America.

K. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences

Cash compensation for accrued vacation is generally not payable until the employee terminates employment with the City. Sick leave is only payable to management employees with ten years of service with the City. Cash compensation for unused sick leave is payable to a management employee only upon termination of employment with the City and the employee is compensated 25% of their accrued sick leave.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures/expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

N. Use of Estimates

The preparation of financial statements in conformity with a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Net Position and Fund Balance

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

At June 30, 2015, the City had recorded restricted net position in the Governmental Activities and Business-type Activities as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Restricted for:		
Debt service	\$ -	\$ 540,823
Community development	1,548,774	
HOME grant program	1,203,023	
Transportation	594,199	
Streets and roads	402,350	
Total Restricted	<u>\$ 3,748,346</u>	<u>\$ 540,823</u>

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position and Fund Balance (Continued)

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

CITY OF HOLTVILLE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position and Fund Balance (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2015 are as follows:

Fund Balances	General Fund	Community Development Block Grant Special Revenue Fund	Home Grant Special Revenue Fund	Local Transit Authority Special Revenue Fund	Local Transportation Special Revenue Fund	Nonmajor Governmental Funds	Total
Nonspendable:							
Land held for resale	\$ 219,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 219,687
Total Nonspendable	219,687						219,687
Restricted for:							
Community Development		565,025					565,025
Transportation				553,610		40,589	594,199
Streets and Roads						402,350	402,350
Total Restricted		565,025		553,610		442,939	1,561,574
Unassigned	581,786		(10,124)		(891,105)	(44,516)	(363,959)
Total Fund Balances	\$ 801,473	\$ 565,025	\$ (10,124)	\$ 553,610	\$ (891,105)	\$ 398,423	\$ 1,417,302

P. New Accounting Pronouncements

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statements No. 68, 69, and 71 during the fiscal year ended June 30, 2015.

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers as well as the requirements of GASB Statement No. 50, Pension Disclosures. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of GASB Statement No. 68 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2015.

Governmental Accounting Standards Board Statement No. 69

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

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68 Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. Implementation of the GASB Statement No. 71 did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2015.

Q. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 65 the City recognizes deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. Refer to Note 15 for a detailed listing of the deferred inflows of resources that the City has recognized.

Pursuant to GASB Statement No. 65 the City recognizes deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of fund balance by the government that is applicable to a future reporting period. Refer to Note 8 for a detailed listing of the deferred inflows of resources that the City has recognized.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental funds balance sheet includes a reconciliation between fund balance of total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

One element of the reconciliation explains that “long-term liabilities” are not due and payable in the current period and, therefore, are not reported in the funds. The details of this difference are as follows:

<u>Long-Term Debt Obligations</u>	
Compensated Absences	\$ 42,237
Claims Payable	131,439
	<u>\$ 173,676</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances and Net Position

Deficit net position of \$4,556,240, \$3,029,197, and \$96,900 exist in the Water Fund, Sewer Fund, and Solid Waste Fund, respectively. These deficits are due to the City not capitalizing capital outlay expenses in the Enterprise Funds. There are also deficit fund balances of \$10,124, \$891,105, \$360, \$9,414, \$10,943, \$2,661, \$13,461, and \$7,677 in the Home Grant Special Revenue Fund, Local Transportation Special Revenue Fund, Bikepath Special Revenue Fund, Homeland Security Special Revenue Fund, FEMA Special Revenue Fund, Façade Improvement Program Special Revenue Fund, CDBG Grant Sewer Study Special Revenue Fund, and Business Assistance Loan Special Revenue Fund. The deficits are due to the City paying expenditures in advance of receiving revenues. The majority of these deficits are going to be repaid once reimbursements are received from the grantor, and if there are any outstanding deficits after the repayments, the General Fund should cover these deficits when the fund is closed out.

Excess of Expenditures over Appropriations

Excess of expenditures over appropriations in departments/cost centers of individual funds are as follows:

<u>FUND</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	<u>EXCESS</u>
Major Fund:			
Local Transportation Fund:			
Capital outlay	\$ 1,155,000	\$ 2,382,343	\$ 1,227,343

NOTE 4 – CASH AND INVESTMENTS

Cash and investments are reported as follows in the Statement of Net Position Arising from Cash Transactions:

Statement of Net Position:	
Cash and investments	\$ 2,458,205
Cash and investments with fiscal agents	320,750
Restricted cash and investments	323,854
Statement of Fiduciary Net Position:	
Cash and investments with fiscal agents	299,048
Restricted cash and investments	2,804,387
Total	<u>\$ 6,206,244</u>

Cash and investments held by the City at June 30, 2015 consisted of the following:

Cash on hand	\$ 100
Cash deposits	5,118,620
Investments	1,087,524
Total	<u>\$ 6,206,244</u>

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

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 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	\$50 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	None	None
Insured Deposits with Banks and Savings and Loans	N/A	None	15%
Repurchase Agreements	90 days	None	15%
Bankers Acceptance (must be dollar denominated)	9 months	40%	15%
Commercial Paper	6 months	15%	15%
Negotiable Time Certificates of Deposit	5 years	25%	15%
Medium Term Corporate Notes	5 years	30%	10%
Time deposits	N/A	25%	15%

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Local Agency Investment Fund (State Pool)	N/A	None	\$50 million
Banker's Acceptances	270 days	40%	15%
Commercial Paper	180 days	15%	15%
Guaranteed Investment Contracts	N/A	None	None
Money Market Accounts	N/A	None	None

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

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 flows and liquidity needed for operations.

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

Investment Type	Totals	Remaining Maturity (in Months)				
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	More Than 48 Months
State Investment Pool Held by Bond trustees:	\$ 297,744	\$ 297,744	\$ -	\$ -	\$ -	\$ -
Money Market Funds	789,780	789,780				
	<u>\$ 1,087,524</u>	<u>\$ 1,087,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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).

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool Held by bond trustees:	\$ 297,744	N/A	\$ -	\$ -	\$ -	\$ -	\$ 297,744
Money Market Funds	789,780	N/A		789,780			
Total	<u>\$1,087,524</u>		<u>\$ -</u>	<u>\$ 789,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,744</u>

Concentration of Credit Risk

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

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

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, 2015, \$2,723,481 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

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 the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 6 – LOANS AND NOTES RECEIVABLE

Program loans receivable represent Housing Rehabilitation and Business Program loans, which were assigned to the City. The loans are secured by deeds of trust, which attach to the property until title to the property is transferred. Most of these loans are deferred, but there are a few that require monthly payments. Interest rates vary from 0% to 4%. The housing rehabilitation loans receivable total is \$2,294,988 as of June 30, 2015.

The City loaned Business Program loans to various business owners within the City. As of June 30, 2015, there is only one Business Program loan still outstanding. This loan is secured by a deed of trust. The terms of the loan call for monthly payments with an interest rate of 6%. The outstanding balance as of June 30, 2015 is \$20,011.

On September 1, 2003, the City loaned Holtville Gardens, L.P. \$3,000,000 as part of the State of California HOME Investment Partnership Program to aid in the development and construction of an 81-unit apartment complex located at 950 Holt Avenue in the City of Holtville.

The terms of the loan call for Holtville Gardens to make annual payments in the amount of 50% of the "Distributable Cash Flow" from the project within ninety (90) days following the end of each calendar year, with respect to the preceding year. The entire amount of the outstanding principal, with the accrued interest at 1%, shall be due and payable in fifty-five (55) years from September 1, 2003. The outstanding balance as of June 30, 2015 is \$3,346,905. The fund financial statements reflect deferred revenue in the amount of \$3,346,905 to offset this note receivable, which includes interest. On the statement of net position the City has set up an allowance of \$3,346,905 as of June 30, 2015.

NOTE 6 – LOANS AND NOTES RECEIVABLE (CONTINUED)

Total program loans receivable outstanding at June 30, 2015 is \$5,661,904, and the fund financial statements reflect deferred inflows of resources of \$5,543,801 to offset the deferred portion of these loans receivable.

NOTE 7 – PROPERTY TAXES

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

Property Valuations - are established by the Assessor of the County of Imperial for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies - are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates - are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends on June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections - are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.

Tax Levy Apportionments - Due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California FY 90-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded net of administrative fees withheld during the fiscal year.

NOTE 8 – DEFERRED INFLOWS OF RESOURCES

At June 30, 2015, components of deferred inflows of resources – note receivable reported in the fund financial statements were \$983,749 and \$4,560,052 in the Community Development Block Grant Special Revenue Fund and Home Grant Special Revenue Fund, respectively.

NOTE 9 – LONG-TERM DEBT

A. Business-type Activities

1999 Water Revenue Refunding Bonds

On February 1, 1999, the Holtville Financing Authority issued \$4,380,000 of 1999 Revenue Refunding Bonds for the purpose of enabling the Authority to defease the 1991 Revenue Bonds, to fund a reserve account for the bonds, and to pay bond issuance costs.

The bonds are payable from revenues consisting primarily of installment payments, which amounts are designed to be sufficient in both time and amount to pay, when due, the principal and interest payable with respect to the bonds. In the Installment Sale Agreement, the City covenants to fix, prescribe, revise, and collect rates, fees, and charges for the service and facilities furnished by the Water Enterprise during each fiscal year, which are at least sufficient to pay for all operation and maintenance costs of the Water Enterprise, the installment payments, and amounts required to restore the balance in the bond reserve account to its reserve requirement.

The 1999 Water Refunding Bonds are serviced by a lien on the gross revenues from water service charges and are not subject to the limit on bonded debt.

The refunding bond issue matures from December 1, 2002 to December 1, 2021 with interest rates from 3.75% to 5.00%. The future debt service requirements on the 1999 series Water Revenue Refunding Bonds are:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 225,000	\$ 86,375	\$ 311,375
2017	240,000	74,750	314,750
2018	250,000	62,500	312,500
2019	260,000	49,750	309,750
2020	275,000	36,375	311,375
2021-2022	590,000	30,000	620,000
	<u>\$ 1,840,000</u>	<u>\$ 339,750</u>	<u>\$ 2,179,750</u>

2009A and 2009B Water Revenue Bonds (USDA)

On July 1, 2009, the Holtville Public Financing Authority issued Water Revenue Bonds (USDA), Series A, in the amount of \$3,401,000 and Water Revenue Bonds (USDA), Series B, in the amount of \$833,000.

NOTE 9 – LONG-TERM DEBT (CONTINUED)

A. Business-type Activities (Continued)

2009A and 2009B Water Revenue Bonds (USDA)

The bonds are payable from monies to be derived from installment payments, to be made by the City from net revenues of the water system, which amounts are designed to be sufficient in both time and amount to pay, when due, the principal and interest payable with respect to the bonds. In the Installment Sale Agreement, the City covenants to fix, prescribe, revise, and collect rates, fees, and charges for the service and facilities furnished by the Water Enterprise during each fiscal year, which are at least sufficient to pay for all operation and maintenance costs of the Water Enterprise and the installment payments.

The 2009A and 2009B Water Revenue Bonds are serviced by a lien on the gross revenues from water service charges and are not subject to the limit on bonded debt.

The 2009A bond issue matures each July 1 beginning in 2010 with final maturity in the fiscal year 2049. The interest rate is 4.25%. Future minimum debt service payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 41,000	\$ 135,844	\$ 176,844
2017	43,000	134,428	177,428
2018	45,000	132,188	177,188
2019	47,000	130,233	177,233
2020	49,000	128,193	177,193
2021-2025	278,000	607,863	885,863
2026-2030	342,000	541,768	883,768
2031-2035	423,000	460,778	883,778
2036-2040	520,000	360,907	880,907
2041-2045	641,000	237,929	878,929
2046-2050	788,000	86,389	874,389
	<u>\$ 3,217,000</u>	<u>\$ 2,956,520</u>	<u>\$ 6,173,520</u>

The 2009B bond issue matures each July 1 beginning in 2010 with final maturity in the fiscal year 2026. The interest rate is 2.625%. Future minimum debt service payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 13,000	\$ 4,170	\$ 17,170
2017	14,000	3,826	17,826
2018	14,000	3,448	17,448
2019	14,000	3,080	17,080
2020	15,000	2,699	17,699
2021-2025	81,000	7,336	88,336
2026	14,399	187	14,586
	<u>\$ 165,399</u>	<u>\$ 24,746</u>	<u>\$ 190,145</u>

NOTE 9 – LONG-TERM DEBT (CONTINUED)

A. Business-type Activities (Continued)

2013 Sewer Revenue Bonds

On December 9, 2013, the City issued \$4,500,000 of 2013 Sewer Revenue Bonds (USDA) for the purpose of refunding the 2003 Sewer Revenue Bonds and 2011 Subordinate Sewer Revenue Notes, to provide a portion of the financing cost of the Outfall Main Project, and pay the costs of issuance. The outstanding principal balance at June 30, 2015 is \$4,425,000.

The bonds are payable from monies to be derived from installment payments, to be made by the City from net revenues of the sewer system, which amounts are designed to be sufficient in both time and amount to pay, when due, the principal and interest payable with respect to the bonds. In the Installment Sale Agreement, the City covenants to fix, prescribe, revise, and collect rates, fees, and charges for the service and facilities furnished by the Sewer Enterprise during each fiscal year, which are at least sufficient to pay for all operation and maintenance costs of the Sewer Enterprise and the installment payments.

The 2013 Sewer Revenue Bonds are serviced by a lien on the gross revenues from sewer service charges and are not subject to the limit on bonded debt.

Interest on the 2013 Sewer Revenue Bonds is 2% and repayments commence December 1, 2014 with final maturity on December 1, 2052. Future minimum debt service payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 79,000	\$ 87,710	\$ 166,710
2017	80,000	86,120	166,120
2018	82,000	84,500	166,500
2019	83,500	82,845	166,345
2020	85,000	81,160	166,160
2021-2025	452,250	379,294	831,544
2026-2030	500,000	331,730	831,730
2031-2035	552,000	279,180	831,180
2036-2040	610,250	221,109	831,359
2041-2045	675,000	156,850	831,850
2046-2050	745,500	85,913	831,413
2051-2053	480,500	14,515	495,015
	<u>\$ 4,425,000</u>	<u>\$ 1,890,926</u>	<u>\$ 6,315,926</u>

CITY OF HOLTVILLE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 9 – LONG-TERM DEBT (CONTINUED)

B. The following is a summary of Long-Term Debt activity for the fiscal year ended June 30, 2015:

Governmental activities	Balance	Additions	Deletions	Balance	Due in one year
	July 1, 2014			June 30, 2015	
Compensated absences	\$ 59,838	\$ 19,935	\$ 37,536	\$ 42,237	\$ 19,007
Claims payable	193,188		61,749	131,439	
	<u>\$ 253,026</u>	<u>\$ 19,935</u>	<u>\$ 99,285</u>	<u>\$ 173,676</u>	<u>\$ 19,007</u>
Business-type activities					
Compensated absences	\$ 66,495	\$ 29,346	\$ 22,441	\$ 73,400	\$ 7,340
1999 Water Revenue					
Refunding Bonds	2,055,000		215,000	1,840,000	225,000
2009A Water Revenue Bonds	3,257,000		40,000	3,217,000	41,000
2009B Water Revenue Bonds	178,399		13,000	165,399	13,000
2013 Sewer Revenue Bonds	4,500,000		75,000	4,425,000	79,000
	<u>\$ 10,056,894</u>	<u>\$ 29,346</u>	<u>\$ 365,441</u>	<u>\$ 9,720,799</u>	<u>\$ 365,340</u>

NOTE 10 – INTERFUND AND TRUST FUND RECEIVABLES/PAYABLES

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. Normally, these balances occur as a result of expenditures/ expenses being paid prior to receiving revenue which causes a deficit in pooled cash.

As of June 30, 2013, the former Redevelopment Special Revenue Fund (Successor Agency Private-Purpose Trust fund) had advanced the City's Water Fund \$191,860, at a 0% interest rate, with the amount to be repaid from surplus funds on hand in the City's Water Fund, which are available after paying debt service on existing obligations secured by revenues of the water system and maintenance and operation expenses of the water system. The former Redevelopment Special Revenue Fund (Successor Agency Private-Purpose Trust fund) provided the advance to the Water Fund for the purpose of funding a reserve account, in relation to the United States Department of Agriculture loan payable incurred by the Water Fund.

As of June 30, 2015, the former Redevelopment Special Revenue Fund (Successor Agency Private-Purpose Trust fund) owed the City's General Fund \$219,687, in relation to monies that were never transferred from the former Redevelopment Agency bank account to the City's bank account for administration in prior fiscal years.

The composition of receivable and payable balances in the Private-Purpose Trust Fund, as of June 30, 2015, is as follows:

NOTE 10 – INTERFUND AND TRUST FUND RECEIVABLES/PAYABLES (CONTINUED)

A. Receivable and Payable in Private-Purpose Trust Fund

	<u>Receivable</u>	<u>Payable</u>
Fiduciary Fund:		
RDA Successor Agency Private-Purpose Trust Fund	\$ -	\$ 219,687
Major Governmental Fund:		
General Fund	<u>219,687</u>	
	<u>\$ 219,687</u>	<u>\$ 219,687</u>

B. Due to/from other funds

Receivables and payables between funds are classified as due from or due to other funds. Due from and due to other funds are usually a result of a shortfall of pooled cash within the respective fund.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
Major Funds:		
General	\$ 392,135	\$ 43,249
Home Grant		10,124
Local Transit Authority	553,610	
Local Transportation		891,105
Nonmajor Funds:		
Special Revenue Funds:		
Bikepath		360
Homeland Security		9,414
FEMA		10,943
Façade Improvement Program		2,661
CDBG Grant Sewer Study		13,461
Business Assistance Loan		7,677
Proprietary Funds:		
Major Funds:		
Water	43,249	
Sewer	96,900	
Solid Waste		<u>96,900</u>
	<u>\$ 1,085,894</u>	<u>\$ 1,085,894</u>

NOTE 10 – INTERFUND AND TRUST FUND RECEIVABLES/PAYABLES (CONTINUED)

C. Interfund transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various City operations and re-allocations of special revenues.

Transfers for the fiscal year ended June 30, 2015 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
Major Funds:		
General	\$ 550,000	\$ -
Local Transit Authority		150,000
FEMA Water Tank	399,905	
Nonmajor Funds:		
Special Revenue Funds:		
Gas Tax		150,000
Proprietary Funds:		
Major Funds:		
Water		474,905
Sewer		175,000
	<u>\$ 949,905</u>	<u>\$ 949,905</u>

NOTE 11 – SELF-FUNDED INSURANCE COVERAGE

The City provides for workers' compensation and liability insurance through a self-funded joint powers agency, Public Entity Risk Management Authority (PERMA), formerly Coachella Valley Joint Powers Insurance Authority. The PERMA accounts are separately maintained for each participant. The City's share of retained earnings of the liability fund is \$0 and \$539,587 for the workers' compensation fund.

Summary financial information for the funds of the PERMA for the fiscal year ended June 30, 2015 is as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>
Total assets	\$ 17,767,142	\$ 21,409,197
Total liabilities	15,723,952	5,173,209
Net position	2,043,190	16,235,988
Total revenues	2,292,372	5,835,601
Total expenditures	1,811,035	6,015,196
Net increase (decrease) in net position	481,337	(179,595)

NOTE 11 – SELF-FUNDED INSURANCE COVERAGE (CONTINUED)

Claims, expenditures, and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Those losses do include an estimate of claims that have been incurred but not reported. At June 30, 2015, the amount of these liabilities was \$131,439. This liability is the City's best estimate based on available information.

The separate financial statements of PERMA may be obtained by writing: PERMA, 77-670 Springfield Lane, Suite 1A, Palm Desert, CA, 92211, or phone (760) 360-3264.

NOTE 12 – DEFERRED COMPENSATION PLAN

The City of Holtville has a deferred compensation plan for its employees in accordance with Internal Revenue Code Section 457. Plan participation is available to substantially all employees and includes that portion of an employee's regular compensation designated by the employee for deferral up to a maximum of \$18,000 or one-third of a participant's annual compensation, whichever is lesser. The compensation which is deferred is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 13 – PENSION TRUST FUND - RETIREMENT PLAN

The City converted its Money Purchase Plan to a Profit Sharing Plan. The Plan is a "salary reduction plan" under Section 401(k) of the Internal Revenue Code.

The plan provides for mandatory employee contributions of 3 percent of compensation. The City's contributions are 10 percent of covered compensation. Employees are fully vested at 7 years of service.

NOTE 14 – CONTINGENCIES AND COMMITMENTS

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

The City is involved in pending lawsuits of a nature common to many similar jurisdictions. City management estimates the potential claims against the City, not covered by insurance, will be immaterial to the financial statements.

Proposition 218, which was approved by the voters in November 1996, will regulate the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future by voters. Therefore, the City's ability to finance the services for which the taxes, assessments, and fees were imposed may be significantly impaired. At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue from taxes, assessments, and fees.

NOTE 14 – CONTINGENCIES AND COMMITMENTS (CONTINUED)

On January 20, 2011, a Settlement Agreement and Stipulation for entry of Administrative Civil Liability Order (Order) was entered into by and between the Regional Water Quality Control Board (Board) and the City of Holtville (City). The Order was for a total amount of \$79,828, which included \$63,000 in mandatory minimum penalties, \$10,828 in discretionary civil liabilities, and staff costs of \$6,000. The City paid \$16,828 in April 2011. Continued communication between the Board and the City, along with meeting milestones toward completion, will allow for the remaining \$63,000 to be suspended pending completion of the Compliance Project by December 31, 2016.

NOTE 15 – 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 Holtville 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 they are distributed to other units of state and local government. On January 9, 2012, the City elected to become the Successor Agency for the former Holtville Redevelopment Agency.

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 the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

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

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

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

On May 9, 2005, the former Redevelopment Agency loaned Holtville Gardens, L.P. \$200,000 to aid in the development and construction of an 81-unit apartment complex located at 950 Holt Avenue in the city of Holtville. The terms of the loan call for Holtville Gardens to make annual payments in the amount of 50% of the Distributable Cash Flow” from the project within ninety (90) days following the end of each calendar year, with respect to the preceding year. The entire amount of the outstanding principal, with the accrued interest at 5%, shall be due and payable in full thirty (30) years from May 9, 2005. The outstanding balance as of June 30, 2015 was \$ 300,000.

NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED):

On June 1, 2005, the former Redevelopment Agency loaned the 99 Cent Plus Center \$120,000. The terms of the loan call for the 99 Cent Plus Center to make monthly payments of \$1,013 for 15 years, with an interest rate of 6%. The outstanding balance as of June 30, 2015 was \$55,838.

The former Redevelopment Agency recorded a deferred loss on refunding from the issuance of its 2007 Tax Allocation Bonds in the amount of \$120,952. The amortization period is 360 months, and accumulated amortization as of June 30, 2015 was \$30,911.

As of June 30, 2015, the Successor Agency held land in the amount of \$437,894 which consisted of vacant land purchased in December 2007 that was originally intended to be sold for future development.

Accounting gains or losses resulting from advance refunding of long-term debt is deferred in accordance with GASB Statement No. 23 and No. 65. Deferred amount on bond refunding are amortized over the shorter of the life of the new debt or refunded debt. The deferred loss on refunding balance at June 30, 2015 was \$90,041 on the Statement of Net Position Arising from Cash Transactions for Private-Purpose Trust Fund related to the 2007 Tax Allocation Bonds.

Long-term debt of the Successor Agency as of June 30, 2015, consisted of the following:

As of June 30, 2015, the former Redevelopment Special Revenue Fund (Successor Agency Private-Purpose Trust fund) owed the City's General Fund \$219,687, in relation to monies that were never transferred from the former Redevelopment Agency bank account to the City's bank account for administration in prior fiscal years.

2007 Tax Allocation Bonds - Former Community Development Agency Tax Allocation Bonds

On October 31, 2007, the Redevelopment Agency issued Holtville Redevelopment Project Tax Allocation Bonds, Series 2007, in an amount of \$6,990,000.

The bonds were issued to (a) refund the 1993 Tax Allocation Bonds, (b) fund a reserve fund, and (c) pay certain costs in connection therewith.

The Bonds mature annually each November 1 from 2008 to 2037, in amounts ranging from \$125,000 to \$445,000 and bear interest at rates ranging from 4.00% to 5.40%. Interest is payable semi-annually on May 1 and November 1.

The Bonds maturing November 1, 2018 and thereafter are subject to redemption prior to their stated maturity, at the option of the Agency, as a whole or in part on any date, from any source of available funds on or after November 1, 2017 at the principal amount thereof plus accrued interest to the redemption date, without premium.

The Bonds maturing on November 1, 2027 and November 1, 2037 are subject to mandatory redemption by lot prior to maturity from mandatory sinking account installments on each November 1 at the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium. In lieu of mandatory sinking account redemption, the Indenture permits the purchase of Term Bonds on the open market. The par amount of Term Bonds so purchased by the Agency and surrendered to the Trustee for cancellation in any 12-month period ending thirty (30) days prior to any November 1 in any year shall be credited toward and shall reduce the principal amount of Bonds required to be redeemed on the following November 1.

CITY OF HOLTVILLE
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTNUED):

2007 Tax Allocation Bonds - Former Community Development Agency Tax Allocation Bonds (Continued)

Annual debt service requirements, to maturity, for the 2007 Tax Allocation Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 145,000	\$ 316,634	\$ 461,634
2017	155,000	309,882	464,882
2018	160,000	302,636	462,636
2019	165,000	295,038	460,038
2020	175,000	286,960	461,960
2021-2025	1,020,000	1,053,868	2,073,868
2026-2030	1,310,000	984,898	2,294,898
2031-2035	1,705,000	581,985	2,286,985
2036-2038	1,265,000	104,895	1,369,895
	<u>\$ 6,100,000</u>	<u>\$ 4,236,796</u>	<u>\$ 10,336,796</u>

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due in one year
2007 Tax Allocation Bonds	\$ 6,240,000	\$ -	\$ 140,000	\$ 6,100,000	\$ 145,000
	<u>\$ 6,240,000</u>	<u>\$ -</u>	<u>\$ 140,000</u>	<u>\$ 6,100,000</u>	<u>\$ 145,000</u>

NOTE 16 – SUBSEQUENT EVENTS

On July 13, 2015, the City Council approved a contract with Pacific Hydrotech for construction services for the Wastewater Treatment Plant Improvement Project, in the amount of \$11,733,600. The funding sources for the construction costs are as follows: \$8,643,510 from grant funds from the California Water State Revolving Fund (\$4,000,000) and North American Development Bank (\$4,643,510), and a loan from the California Water State Revolving Fund in the amount of \$3,090,090.

On July 27, 2015, the City Council approved a contract with Development Design & Engineering, Inc. for construction management services for the 5th Street/SR 115 and Grape Avenue Phase II Improvement Project, in the amount of \$47,335 and a contract with Pyramid Construction for construction services for the 5th Street/SR 115 and Grape Avenue Phase II Improvement Project, in the amount of \$228,733.

On August 24, 2015, the City Council approved a contract with Michael Baker International for preparation of the General Plan and Service Area Plan Update, in the amount of \$169,500.

NOTE 17 – FINANCIAL CONDITION

The City's governmental activities unrestricted net position has a deficit of \$307,824 at June 30, 2015. The City is currently working on a plan to control expenses in all departments which will assist in increasing the deficit unrestricted net position to a positive amount.

The City's business-type activities net position has a deficit of \$7,682,337 at June 30, 2015, which includes deficit net position of \$4,556,240 in the Water Fund, \$3,029,197 in the Sewer Fund, and \$96,900 in the Solid Waste Fund. As of June 30, 2015, the City's General Fund had temporarily loaned \$392,135 to other funds that had negative cash balances as of June 30, 2015, and the Sewer Fund had temporarily loaned \$96,900 to the Solid Waste Fund which had negative cash as of June 30, 2015. Continued deficits and negative cash balances can result in a going concern and compliance issues with debt covenants. Additionally, future capital improvements and operations could be affected if continued deficits occur.

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of (\$20,867) was made on the statement of activities for governmental activities, for an overstatement of cash and investments in the prior fiscal year.

A prior period adjustment of (\$20,867) was made on the schedule of revenues collected, expenditures paid, and changes in fund balance arising from cash transactions in the Gas Tax Special Revenue Fund for an overstatement of cash and investments in the prior fiscal year.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HOLTVILLE

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES
IN FUND BALANCE ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL
GENERAL FUND

For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues Collected				
Taxes:				
Secured and unsecured property taxes	\$ 112,450	\$ 112,450	\$ 107,187	\$ (5,263)
Utility users taxes	451,500	451,500	448,687	(2,813)
Sales and use taxes	385,000	385,000	382,713	(2,287)
Franchise taxes	94,000	94,000	137,190	43,190
Other taxes	34,600	34,600	33,485	(1,115)
Licenses and permits	625	625	1,470	845
Fines and penalties	2,800	2,800	1,320	(1,480)
Investment revenue collected	8,300	8,300	8,442	142
Intergovernmental revenue collected	680,692	680,692	859,943	179,251
Charges for current services	73,350	73,350	89,865	16,515
Contributions from private-purpose trust fund	127,500	127,500	88,973	(38,527)
Other revenues collected	35,750	35,750	63,561	27,811
Total revenues collected	2,006,567	2,006,567	2,222,836	216,269
Expenditures Paid				
General Government:				
City council	37,437	37,437	30,426	7,011
City manager	203,717	203,717	216,961	(13,244)
Planning	79,000	79,000	64,939	14,061
Engineering	15,000	15,000	48,593	(33,593)
City clerk	89,100	89,100	24,221	64,879
Finance office	190,208	190,208	151,662	38,546
City treasurer	1,960	1,960	1,950	10
City attorney	71,000	71,000	63,740	7,260
Non-departmental	131,250	131,250	119,784	11,466
Total general government	818,672	818,672	722,276	96,396
Public Safety:				
Police department	803,650	803,650	830,330	(26,680)
Dispatch services	114,100	114,100	101,712	12,388
Animal control	15,796	15,796	7,572	8,224
Fire department	426,832	426,832	429,354	(2,522)
Total public safety	1,360,378	1,360,378	1,368,968	(8,590)

(Continued)

CITY OF HOLTVILLE**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES
IN FUND BALANCE ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL
GENERAL FUND**

For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures Paid (continued)				
Public Works:				
Street maintenance	\$ 119,674	\$ 119,674	\$ 99,250	\$ 20,424
Parks maintenance	171,571	171,571	158,450	13,121
Building maintenance	59,750	59,750	79,511	(19,761)
Total public works	350,995	350,995	337,211	13,784
Total expenditures paid	2,530,045	2,530,045	2,428,455	101,590
Excess of revenues collected over (under) expenditures paid	(523,478)	(523,478)	(205,619)	317,859
Other Financing Sources (Uses):				
Transfers in	550,000	550,000	550,000	
Total other financing sources (uses)	550,000	550,000	550,000	
Net change in fund balance	26,522	26,522	344,381	317,859
Fund balance - July 1, 2014	457,092	457,092	457,092	
Fund balance - June 30, 2015	\$ 483,614	\$ 483,614	\$ 801,473	\$ 317,859

CITY OF HOLTVILLE

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES
 IN FUND BALANCE ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL
 LOCAL TRANSIT AUTHORITY SPECIAL REVENUE FUND
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues Collected:				
Investment earnings	\$ -	\$ -	\$ 74	\$ 74
Intergovernmental	475,000	475,000	1,149,039	674,039
Other revenues collected			167,843	167,843
Total revenues collected	475,000	475,000	1,316,956	841,956
Expenditures Paid:				
Capital outlay	309,840	309,840	143,689	166,151
Total expenditures paid	309,840	309,840	143,689	166,151
Excess of revenues collected over (under) expenditures paid	165,160	165,160	1,173,267	1,008,107
Other Financing Sources (Uses):				
Transfers out	(150,000)	(150,000)	(150,000)	
Total other financing sources (uses)	(150,000)	(150,000)	(150,000)	
Net change in fund balance	15,160	15,160	1,023,267	1,008,107
Fund balance (deficit), July 1, 2014	(469,657)	(469,657)	(469,657)	
Fund balance (deficit), June 30, 2015	<u>\$ (454,497)</u>	<u>\$ (454,497)</u>	<u>\$ 553,610</u>	<u>\$ 1,008,107</u>

CITY OF HOLTVILLE

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES
 IN FUND BALANCE ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL
 LOCAL TRANSPORTATION FUND
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues Collected:				
Intergovernmental	\$ 1,155,000	\$ 1,155,000	\$ 898,883	(256,117)
Other revenues collected			143,689	143,689
Total revenues collected	<u>1,155,000</u>	<u>1,155,000</u>	<u>1,042,572</u>	<u>(112,428)</u>
Expenditures Paid:				
Capital outlay	1,155,000	1,155,000	2,382,343	(1,227,343)
Total expenditures paid	<u>1,155,000</u>	<u>1,155,000</u>	<u>2,382,343</u>	<u>(1,227,343)</u>
Excess of revenues collected over (under) expenditures paid			<u>(1,339,771)</u>	<u>(1,339,771)</u>
Net change in fund balance			(1,339,771)	(1,339,771)
Fund balance, July 1, 2014	<u>448,666</u>	<u>448,666</u>	<u>448,666</u>	
Fund balance (deficit), June 30, 2015	<u>\$ 448,666</u>	<u>\$ 448,666</u>	<u>\$ (891,105)</u>	<u>\$ (1,339,771)</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF HOLTVILLE

COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES

ARISING FROM CASH TRANSACTIONS - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2015

	Special Revenue Funds			
	Gas Tax Fund	Bikepath Fund	Homeland Security Fund	FEMA Fund
ASSETS				
Cash and investments	\$ 402,350	\$ -	\$ -	\$ -
Total assets	<u>\$ 402,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ 360	\$ 9,414	\$ 10,943
Total liabilities		<u>360</u>	<u>9,414</u>	<u>10,943</u>
Fund Balances:				
Restricted	402,350			
Unassigned		(360)	(9,414)	(10,943)
Total fund balances (deficit)	<u>402,350</u>	<u>(360)</u>	<u>(9,414)</u>	<u>(10,943)</u>
Total liabilities and fund balances	<u>\$ 402,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds				
Façade Improvement Program Fund	Prop 42 Transportation Fund	CDBG Grant Sewer Study Fund	Business Assistance Loan Fund	Totals
\$ -	\$ 40,589	\$ -	\$ -	\$ 442,939
\$ -	\$ 40,589	\$ -	\$ -	\$ 442,939
\$ 2,661	\$ -	\$ 13,461	\$ 7,677	\$ 44,516
2,661		13,461	7,677	44,516
(2,661)	40,589	(13,461)	(7,677)	442,939 (44,516)
(2,661)	40,589	(13,461)	(7,677)	398,423
\$ -	\$ 40,589	\$ -	\$ -	\$ 442,939

CITY OF HOLTVILLE

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,
AND CHANGES IN FUND BALANCES ARISING FROM CASH
TRANSACTIONS - NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds			
	Gas Tax Fund	Bikepath Fund	Homeland Security Fund	FEMA Fund
Revenues Collected:				
Taxes and other assessments	\$ 188,694	\$ -	\$ -	\$ -
Investment earnings	379			
Intergovernmental		24,921		
Total revenues collected	<u>189,073</u>	<u>24,921</u>		
Expenditures Paid:				
Public safety				
Public works				
Capital outlay				
Total expenditures paid				
Excess of revenues collected over (under) expenditures paid	<u>189,073</u>	<u>24,921</u>		
Other Financing Sources (Uses):				
Transfers out	<u>(150,000)</u>			
Total other financing sources (uses)	<u>(150,000)</u>			
Net changes in fund balances	<u>39,073</u>	<u>24,921</u>		
Fund balances (deficit), July 1, 2014	384,144	(25,281)	(9,414)	(10,943)
Prior period adjustments	<u>(20,867)</u>			
Fund balances (deficit), July 1, 2014, restated	<u>363,277</u>	<u>(25,281)</u>	<u>(9,414)</u>	<u>(10,943)</u>
Fund balances (deficit), June 30, 2015	<u>\$ 402,350</u>	<u>\$ (360)</u>	<u>\$ (9,414)</u>	<u>\$ (10,943)</u>

Special Revenue Funds				
Façade Improvement Program Fund	Prop 42 Transportation Fund	CDBG Grant Sewer Study Fund	Business Assistance Loan Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 188,694
				379
				24,921
				213,994
				213,994
				(150,000)
				(150,000)
				63,994
(2,661)	40,589	(13,461)	(7,677)	355,296
				(20,867)
(2,661)	40,589	(13,461)	(7,677)	334,429
<u>\$ (2,661)</u>	<u>\$ 40,589</u>	<u>\$ (13,461)</u>	<u>\$ (7,677)</u>	<u>\$ 398,423</u>

CITY OF HOLTVILLESTATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES
IN FUND BALANCE ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL
GAS TAX FUND

For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues Collected:			
Taxes and other assessments	\$ 171,098	\$ 188,694	\$ 17,596
Investment earnings	800	379	(421)
	<u>171,898</u>	<u>189,073</u>	<u>17,175</u>
Other Financing Sources (Uses):			
Transfers out	(150,000)	(150,000)	
	<u>(150,000)</u>	<u>(150,000)</u>	
Total other financing sources (uses)			
	<u>21,898</u>	<u>39,073</u>	<u>17,175</u>
Net change in fund balance			
	<u>384,144</u>	<u>384,144</u>	
Fund balance, July 1, 2014			
		(20,867)	(20,867)
Prior period adjustments			
	<u>384,144</u>	<u>363,277</u>	<u>(20,867)</u>
Fund balances, July 1, 2014, restated			
	<u>\$ 406,042</u>	<u>\$ 402,350</u>	<u>\$ (3,692)</u>
Fund balance, June 30, 2015			

CITY OF HOLTVILLE

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES
IN FUND BALANCE ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL
BIKEPATH FUND

For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues Collected:			
Intergovernmental	\$ 10,000	\$ 24,921	\$ 14,921
Total revenues collected	<u>10,000</u>	<u>24,921</u>	<u>14,921</u>
Net change in fund balance	10,000	24,921	14,921
Fund balance (deficit), July 1, 2014	<u>(25,281)</u>	<u>(25,281)</u>	
Fund balance (deficit), June 30, 2015	<u><u>\$ (15,281)</u></u>	<u><u>\$ (360)</u></u>	<u><u>\$ 14,921</u></u>

CITY OF HOLTVILLE

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES
IN FUND BALANCE ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL
PROP 42 TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues Collected:			
Investment earnings	\$ 75	\$ -	\$ (75)
Total revenues collected	<u> 75</u>	<u> </u>	<u> (75)</u>
Net change in fund balance	75		(75)
Fund balance, July 1, 2014	<u>40,589</u>	<u>40,589</u>	
Fund balance, June 30, 2015	<u><u>\$ 40,664</u></u>	<u><u>\$ 40,589</u></u>	<u><u>\$ (75)</u></u>

CITY OF HOLTVILLE
PRIVATE-PURPOSE TRUST FUND
COMBINING STATEMENT OF NET POSITION
June 30, 2015

	RDA Low/Mod Successor Agency Fund	RDA Successor Agency Fund	Totals
ASSETS			
Cash and investments with fiscal agents	\$ -	\$ 299,048	\$ 299,048
Restricted cash and investments	2,335,348	469,039	2,804,387
Notes receivable	300,000	55,838	355,838
Capital assets, not being depreciated		437,894	437,894
Total assets	<u>2,635,348</u>	<u>1,261,819</u>	<u>3,897,167</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding		90,041	90,041
Total deferred outflows of resources		<u>90,041</u>	<u>90,041</u>
Total assets and deferred outflows of resources	<u>2,635,348</u>	<u>1,351,860</u>	<u>3,987,208</u>
LIABILITIES			
Payable to City of Holtville		219,687	219,687
Long-term debt, due within one year		145,000	145,000
Long-term debt, due in more than one year		5,955,000	5,955,000
Total liabilities		<u>6,319,687</u>	<u>6,319,687</u>
NET POSITION (DEFICIT)			
Unrestricted	<u>2,635,348</u>	<u>(4,967,827)</u>	<u>(2,332,479)</u>
Total net position (deficit)	<u>\$ 2,635,348</u>	<u>\$ (4,967,827)</u>	<u>\$ (2,332,479)</u>

CITY OF HOLTVILLE
PRIVATE-PURPOSE TRUST FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
ARISING FROM CASH TRANSACTIONS
For the Fiscal Year Ended June 30, 2015

	RDA Low/Mod Successor Agency Fund	RDA Successor Agency Fund	Totals
Additions:			
Investment revenue	\$ 14,531	\$ -	\$ 14,531
Tax and assessments		675,564	675,564
Total Additions	<u>14,531</u>	<u>675,564</u>	<u>690,095</u>
Deductions:			
Administration		3,122	3,122
Interest expense		322,849	322,849
Amortization expense		4,032	4,032
Contributions to general fund		88,973	88,973
Total deductions		<u>418,976</u>	<u>418,976</u>
Change in net position	14,531	256,588	271,119
Net Position (Deficit) - July 1, 2014	<u>2,620,817</u>	<u>(5,224,415)</u>	<u>(2,603,598)</u>
Net Position (Deficit) - June 30, 2015	<u>\$ 2,635,348</u>	<u>\$ (4,967,827)</u>	<u>\$ (2,332,479)</u>