

CITY OF ATWATER

AUDIT AND FINANCE COMMITTEE

AGENDA

Council Chambers
750 Bellevue Road
Atwater, California

May 26, 2020



CALL TO ORDER:

4:30 PM

PLEDGE OF ALLEGIANCE TO THE FLAG:

ROLL CALL:

Ambriz _____, Heller _____, Vierra _____

SUBSEQUENT NEED ITEMS: (The Chair shall announce any requests for items requiring immediate action subsequent to the posting of the agenda. Subsequent need items require a two-thirds vote of the members of the Audit and Finance Committee present at the meeting.)

APPROVAL OF AGENDA AS POSTED OR AS AMENDED: (This is the time for the Audit and Finance Committee to remove items from the agenda or to change the order of the agenda.)

Staff's Recommendation: Motion to approve agenda as posted or as amended.

MINUTES:

1. April 27, 2020 – Regular meeting

Staff's Recommendation: Motion to approve minutes as listed.

FUNDING AND BUDGET MATTERS:

2. Treasurer's Report for the month ending April 30, 2020. (City Treasurer Heller)

Staff's Recommendation: Motion to recommend that the City Council accept the Treasurer's Report for the month ending April 30, 2020.

REPORTS AND PRESENTATIONS FROM STAFF:

3. Verbal report from Finance Director Jacobs-Hunter providing an overview of the April 2020 and May 2020 (mid-month) leading economic indicators for

California provided by the State of California Legislative Analyst's Office and discussing the potential impacts to City of Atwater's revenue streams. (Finance Director Jacobs-Hunter)

No action requested. Informational item only.

COMMENTS FROM THE PUBLIC:

NOTICE TO THE PUBLIC

At this time any person may comment on any item which is not on the agenda. You may state your name and address for the record; however, it is not required. Action will not be taken on an item that is not on the agenda. If it requires action, it will be referred to staff and/or placed on a future agenda. Please limit comments to a maximum of three (3) minutes.

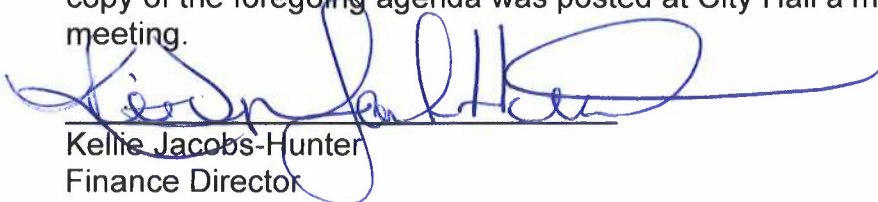
COMMITTEE MEMBER MATTERS:

Committee Member comments

ADJOURNMENT:

CERTIFICATION:

I, Kellie Jacobs-Hunter, Finance Director of the City of Atwater, do hereby certify that a copy of the foregoing agenda was posted at City Hall a minimum of 72 hours prior to the meeting.



Kellie Jacobs-Hunter
Finance Director

SB 343 NOTICE

In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item and is distributed less than 72 hours prior to a regular meeting will be made available for public inspection in the Finance Department at City Hall during normal business hours at 750 Bellevue Road.

If, however, the document or writing is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting, as listed on this agenda at 750 Bellevue Road.



In compliance with the federal Americans with Disabilities Act of 1990, upon request, the agenda can be provided in an alternative format to accommodate special needs. If you require special accommodations to participate in a Committee meeting due to a disability, please contact the Finance Department a minimum of three (3) business days in advance of the meeting at (209) 357-6310. You may also send the request by email to kjacobshunter@atwater.org.



CITY OF ATWATER

REGULAR MEETING AUDIT AND FINANCE COMMITTEE

ACTION MINUTES

April 27, 2020

CALL TO ORDER:

The City of Atwater Audit and Finance Committee met in Regular Session this date at 4:35 PM in the City Council Chambers located at the Atwater Civic Center, 750 Bellevue Road, Atwater, California; Committee Chair Vierra presiding.

PLEDGE OF ALLEGIANCE TO THE FLAG: *Deferred to Regular Council Meeting*

ROLL CALL:

Present: *Committee Member Heller, Committee Vice Chair Ambriz (via teleconferencing), Committee Chair Vierra (via teleconferencing)*

Absent: *None*

Staff Present: *Finance Director Jacobs-Hunter, City Manager Waterman*

SUBSEQUENT NEED ITEMS:

None to report.

APPROVAL OF AGENDA AS POSTED OR AS AMENDED:

MOTION: *Committee Chair Vierra moved to approve Agenda as posted or as amended. The motion was seconded by Vice Chair Ambriz and the vote was: Ayes: Heller, Ambriz, Vierra; Noes: None; Absent: None. The motion passed.*

MINUTES:

February 24, 2020 – Regular Meeting

MOTION: Committee Member Heller moved to approve the minutes as listed. The motion was seconded by Committee Chair Vierra and the vote was: Ayes: Heller, Ambriz, Vierra; Noes: None; Absent: None. The motion passed.

FUNDING AND BUDGET MATTERS:

Treasurer's Report for months ending February 29, 2020 and March 31, 2020. (City Treasurer Heller)

MOTION: Vice Chair Ambriz moved to approve the Treasurer's Report for the months ending February 29, 2020 and March 31, 2020 as listed. The motion was seconded by Committee Chair Vierra and the vote was: Ayes: Ambriz, Vierra; Noes: None; Absent: None; Abstain: Heller. The motion passed.

REPORTS AND PRESENTATIONS FROM STAFF:

Report summarizing Proposals received from City of Atwater RFP (Request for Proposal) of Professional Auditing Services, final filing date of 3/31/20, and recommending that an additional one-year agreement be issued to JJACPA due to submitting the lowest cost proposal and other extenuating factors. (Finance Director Jacobs-Hunter)

Finance Director Jacobs-Hunter provided an overview of the RFP process and summarized the Proposals received as outlined in the agenda report.

MOTION: Committee Chair Vierra moved to recommend that the City Council seek an additional one-year agreement with JJACPA for audit services for Fiscal Year 2019/20 accounting period. The motion was seconded by Vice Chair Ambriz and the vote was: Ayes: Heller, Ambriz, Vierra; Noes: None; Absent: None. The motion passed.

COMMENTS FROM THE PUBLIC:

No one came forward to speak.

COMMITTEE MEMBER COMMENTS:

None

ADJOURNMENT:

MOTION: Committee Chair Vierra moved to adjourn meeting.

The meeting adjourned at 4:47 PM.

CINDY VIERRA
COMMITTEE CHAIR

By: Kellie Jacobs-Hunter
Finance Director

STATEMENT OF CHANGES IN CASH BALANCE, UNAUDITED
BY FUND
AS OF 4/30/2020

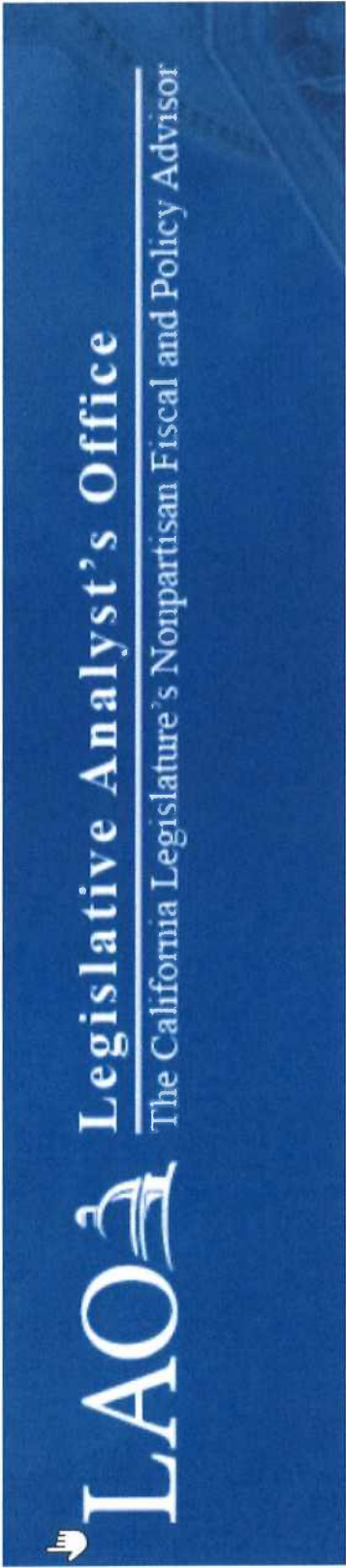
FUND	BEG. BALANCE	CASH DEBITS	CASH CREDITS	ENDING BAL.
0001 General Fund	2,913,721.18	835,938.30	825,914.01	2,923,745.47
0003 General Fund Capital	(93,572.41)	0.00	262,213.34	(355,785.75)
0004 Public Safety Trans & Use Tax	187,855.71	160,861.06	119,949.12	228,767.65
0005 Ferrari Ranch Project Fund	20,841.88	0.00	0.00	20,841.88
0007 Measure V Fund	1,634,193.43	19,044.85	100,963.70	1,552,274.58
0008 Measure V 20% Alternative Modes	337,790.22	0.00	0.00	337,790.22
0009 Abandoned Veh Abatement Fund	8,112.92	0.00	1,114.63	6,998.29
0010 Measure V Regional Fund	0.00	88,067.42	88,877.42	(810.00)
1005 Police Grants Fund	58,928.69	32,490.11	63,206.34	28,212.46
1011 Gas Tax/Street Improvement	330,516.52	112,796.42	77,055.99	366,256.95
1013 Local Transportation Fund	483,933.28	212.84	4,018.29	480,127.83
1015 Traffic Circulation Fund	1,105,517.26	768.23	0.00	1,106,285.49
1016 Applegate Interchange	754,957.48	0.00	0.00	754,957.48
1017 RSTP-Regional Surface Transp Prog	687,828.12	0.00	36,231.16	651,596.96
1018 SB1-Road Maint & Rehab RMRA	952,409.66	55,204.38	31,061.85	976,552.19
1019 LPP-Local Partnership Prg Fund	(117.73)	0.00	0.00	(117.73)
1020 Parks and Recreation Fund	2,037,761.91	2,781.24	15,713.63	2,024,829.52
1050 Buhach Colony High School	228,410.62	0.00	0.00	228,410.62
1055 Neighborhood Stabilization	217,996.25	0.00	0.00	217,996.25
1059-78 Housing Grant Funds	354,532.24	0.00	0.00	354,532.24
1091 Police Facility Impact Fee	134,233.26	401.00	0.00	134,634.26
1093 Fire Facility Impact Fee	90,735.37	520.00	0.00	91,255.37
1095 Government Building Facility	196,384.54	378.76	0.00	196,763.30
3064-67 Redevelopment/Successor Agency Funds	1,293,098.19	1,008.25	2,575.23	1,291,531.21
4020 Performance Bond Trust	216,713.66	0.00	0.00	216,713.66
4030 Narcotics Program Trust	2,046.86	0.00	0.00	2,046.86
4060 Section 125 Medical	1,876.51	195.00	0.00	2,071.51
4070 Section 125 Dependent Care	0.00	0.00	0.00	0.00
4090 CFD No. 1 Trust	98,024.84	0.00	0.00	98,024.84
5001-55 All Maintenance Districts	1,310,787.58	0.00	2,638.52	1,308,149.06

STATEMENT OF CHANGES IN CASH BALANCE, UNAUDITED
BY FUND
AS OF 4/30/2020

FUND	BEG. BALANCE	CASH DEBITS	CASH CREDITS	ENDING BAL.
5050 CFD Districts	(81.17)	0.00	20,360.27	(20,441.44)
6000 Water Enterprise Fund	2,333,420.80	454,790.75	136,729.19	2,651,482.36
6001 Water Fund Capital Replacement	4,575,330.60	0.00	0.00	4,575,330.60
6002 DBCP Settlement	209,585.71	0.00	87,444.35	122,141.36
6004 Water Well- Buhach Colony	178,829.16	220.50	0.00	179,049.66
6005 Water Capital Impact Fees	1,881,466.89	3,389.00	0.00	1,884,855.89
6006 Water Operating Reserve Fund	177,895.02	0.00	0.00	177,895.02
6007 1,2,3-TCP Fund	43,284,744.99	514.35	31,883.34	43,253,376.00
6010 Sewer Enterprise Fund	14,527,776.88	961,835.58	579,443.80	14,910,168.66
6011 Sewer Fund Capital Replacement	2,821,489.64	4,517.50	0.00	2,826,007.14
6020 Sanitation Enterprise	2,499,602.31	356,235.23	7,785.39	2,848,052.15
7000 Internal Service Fund	405,146.05	15,800.51	93,639.58	327,306.98
7010 Employee Benefits Fund	924,784.32	5,151.70	50,707.63	879,228.39
7020 Risk Management	615,979.28	0.00	171,373.12	444,606.16
7030 Information Technology	194,003.66	0.00	35,486.26	158,517.40
9090 Accrued Interest Fund	0.00	376,294.51	0.00	376,294.51
TOTAL	90,195,492.18	3,489,417.49	2,846,386.16	90,838,523.51

Prepared by: Patricia Tejada
 Patricia Tejada, Finance Operations Manager

Approved by: Jim Heller
 Jim Heller, City Treasurer



U.S. Retail Sales: April 2020

May 18, 2020

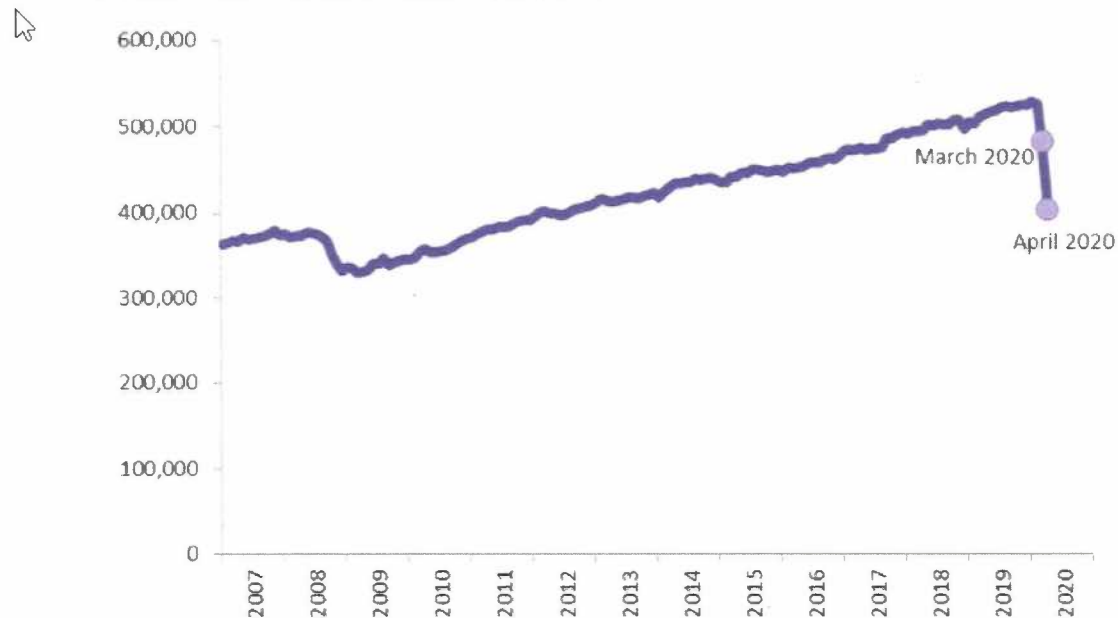
 Seth Kerstein Brian Uhler

Last week the U.S. Census Bureau [released preliminary estimates](#) of nationwide retail sales in April 2020 and revised estimates for March 2020. Although these data are not specific to California, they can help us understand the likely effects of the COVID-19 outbreak on revenues from the sales and use tax, a key state and local revenue source. (The data include both brick-and-mortar and Internet sales.)

Biggest Drop Ever Measured. After [declining substantially in March](#), U.S. retail sales dropped at an even faster pace in April. Seasonally adjusted April sales were 16 percent below March 2020 and 22 percent below April 2019. To put these changes in context, the figure below displays the last 13 years of monthly retail sales. The one-month and twelve-month changes in April were the biggest since the federal government started publishing these data in 1992. In percentage terms, both declines were nearly double the previous record. (In the one-month case, the record was set the prior month, which itself roughly doubled the previous record at that time.)

U.S. Retail Sales

Millions of Dollars Per Month (Seasonally-adjusted)



Weekly Unemployment Claims Update: May 3-May 9

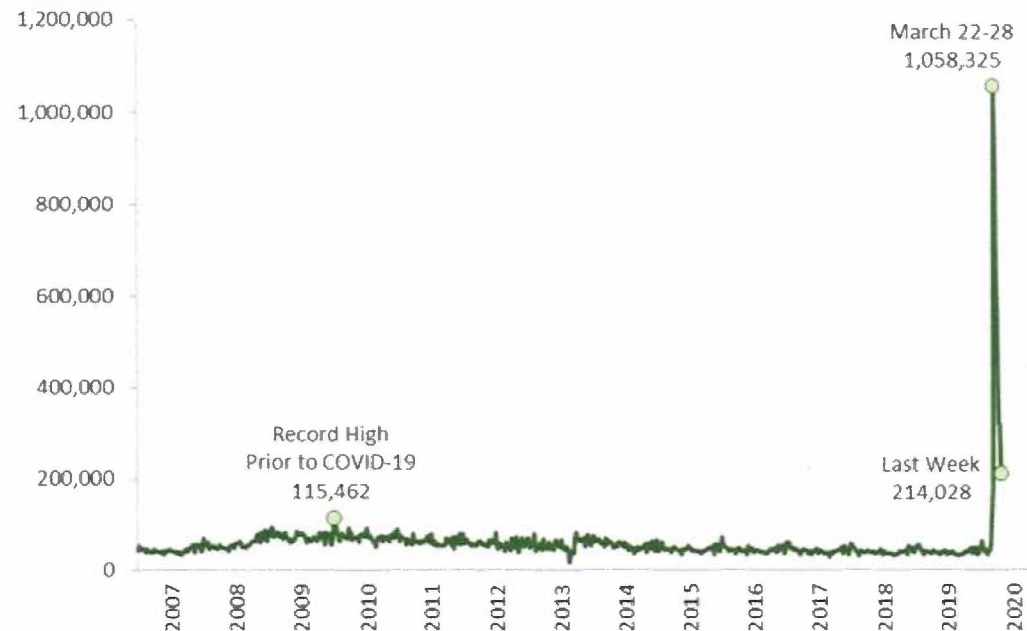
May 15, 2020

 Brian Uhler Chas Alamo

As a result of the COVID-19 pandemic, California has experienced an unprecedented rise in unemployment since the beginning of March. Through March and April, the key measure that captured the impact of the virus on the state's workers was the number of new unemployment claims being filed each week. Going forward, this number will still be important as a gauge of whether a second wave of business closures and layoffs is emerging. Equally important to track going forward, however, will be the level of continued claims—the total number of people receiving unemployment benefits in a given week. Should continue claims start to decline, it could signal that some businesses are bringing workers back. Should continued claims keep rising, however, it could signal that the state is in for a protracted slump.

Weekly Claims Continue to Slow But Remain High. California had 214,028 initial claims between May 3 and May 9. Claims have trended down consistently over the last several weeks after peaking at about 1 million during the week of March 22 to March 28. Nonetheless, the claims total for last week still is well above the record high prior to the COVID-19 outbreak of 115,462 in January 2010.

Weekly Unemployment Claims in California



Income Tax Withholding Tracker: May 11-May 15

May 18, 2020

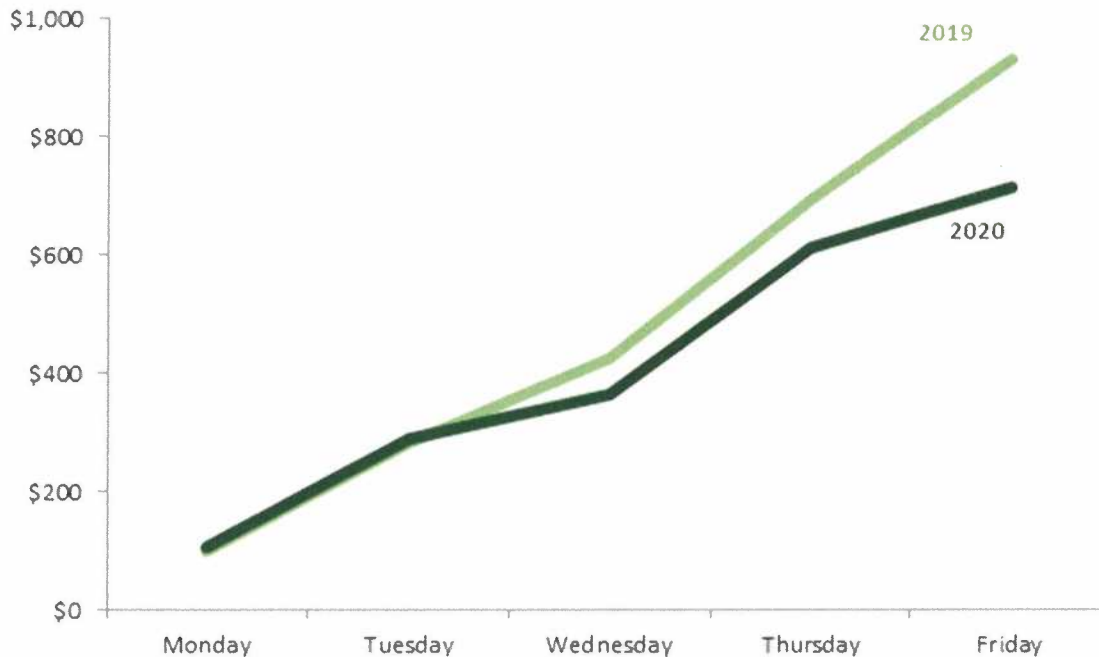
-
- [Justin Garosi](#)
- [Brian Uhler](#)

Bottom Line: Income tax withholding this week was 23 percent below the comparable week last year, a reversal from the previous week's gain.

California employers are required to make regular income tax withholding payments for their employees, which can provide a real-time indication of the direction and magnitude of the aggregate change in the employers' payrolls. Most withholding payments are for employees' wages and salaries, but withholding is also due on bonuses and stock options received by employees. We caution against giving too much weight to withholding numbers in any given week because a single anomalous day can result in numbers that are difficult to interpret. Nonetheless, given the pace and possible severity of the shift in the state's economy resulting from the COVID-19 pandemic, tracking weekly withholding is worthwhile as a way to assess the state's rapidly changing economic situation.

The first graph compares withholding payments received this week to payments received in the comparable week in 2019, which ran from Monday, May 13 to Friday, May 17 of that year. Withholding was down 23 percent from the comparable week in 2019. Monday and Tuesday were very close to the comparable days in 2019, but both Wednesday and Friday had unusually low collections.

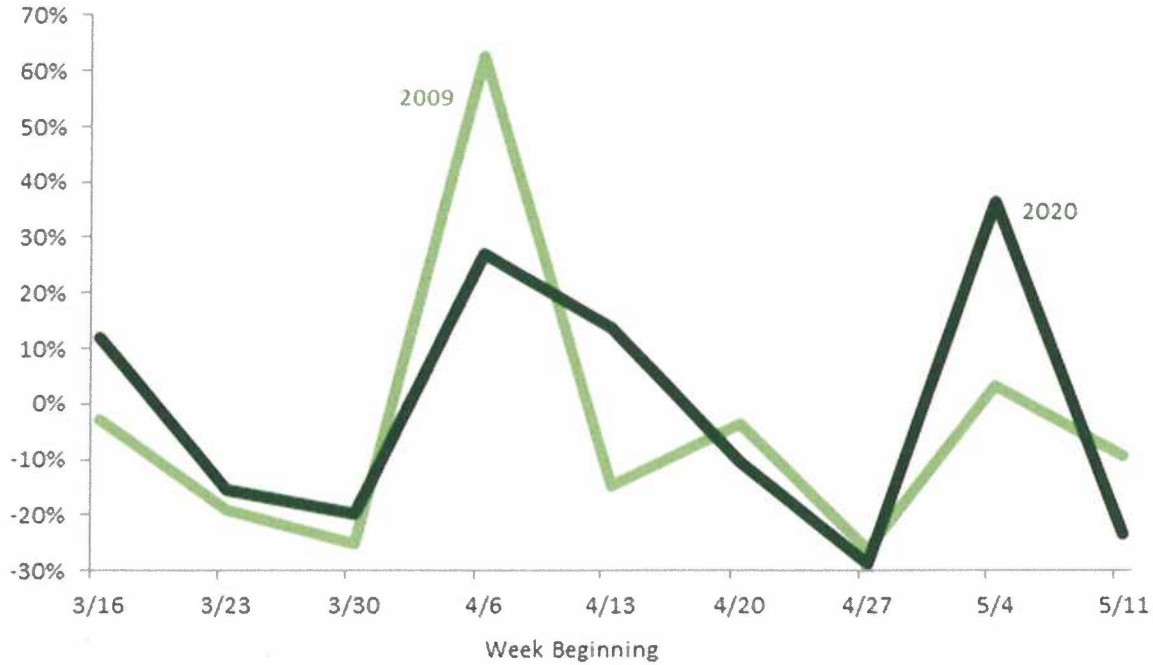
Comparing This Week's Withholding to the Same Week a Year Ago Cumulative Withholding



The second graph compares the year-over-year percent change in withholding (withholding this week relative to the same week in 2019) to the weekly changes observed in March, April, and May of 2009, when the state was in the depths of the Great Recession. The drop in withholding this week was much sharper than the drop from the comparable week during the Great Recession.

Comparing This Week's Withholding to the Great Recession

Growth in Withholding Compared to the Same Week in the Year Prior



The final graph shows total withholding collections since Monday March 23, when we first started to see evidence of an impact of the pandemic on withholding. As shown in the graph, total collections between March 23 and May 15 are down 5.0 percent (\$517 million) compared to 2019. As of last week, the gap was 3.2 percent (\$301 million).

Withholding Remains Below 2019

Cumulative Withholding Since March 23 (In Billions)

