

CITY OF ATWATER, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2019



Prepared by:

Finance Department

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City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

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March 17, 2020

To the Honorable Mayor and Members of the City Council and Citizens of the City of Atwater:

We are pleased to submit the City of Atwater' Annual Financial Report for the fiscal year ended June 30, 2019. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. It is the policy of the Council that a licensed certified public accountant conducts an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to them.

Management is responsible for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for this purpose. We believe the data presented in this report is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included.

Management of the City has established an internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City of Atwater, City staff, creditors, investors, and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The City's financial statements have been audited by JJACPA, Inc., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Atwater

The City of Atwater was incorporated in 1922 and is located on State Route 99 in Merced County, California in a 6 square mile area approximately 6 miles west-northwest of Merced. The City has a current population of 30,980. The City of Atwater operates under a Council-Manager form of government and provides municipal services that include public safety, public works, community development and parks and recreation. In addition, the City provides water, wastewater and solid services in the form of enterprise activities. This report includes all funds of the City of Atwater and its blended component unit, the Successor Agency of the Atwater Redevelopment Agency, for which the City is financially accountable.

The City Council establishes annual budgets for the General Fund, Proprietary Funds, and all Special Revenue Funds. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The Atwater City Council consists of five members, elected at-large to four-year overlapping terms. Council members must be residents of the City. The Mayor conducts the City Council meetings and represents the City on ceremonial occasions. The City Council serves as the policy board for the City of Atwater and provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, City Attorney, and all members of advisory boards, commissions, and committees.

Local Economy

The City of Atwater has begun a recovery from the recent nationwide economic recession. The City's principle general fund revenue sources are property tax and sales tax which account for almost 56 percent of total General Fund revenue. Property and sales tax revenues have increased and the City's housing market has continued to strengthen.

Financial Information

During the past fiscal year, there were no changes to the City's financial policies or items in which policies impacted the financial information or presentation. Information concerning significant accounting policies affecting the finances of the City is summarized in the Notes to the Financial Statements.

Acknowledgements

The preparation of this Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department and the auditing firm of JJACPA, Inc. I would also like to express my appreciation to the members of the City Council and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully Submitted,



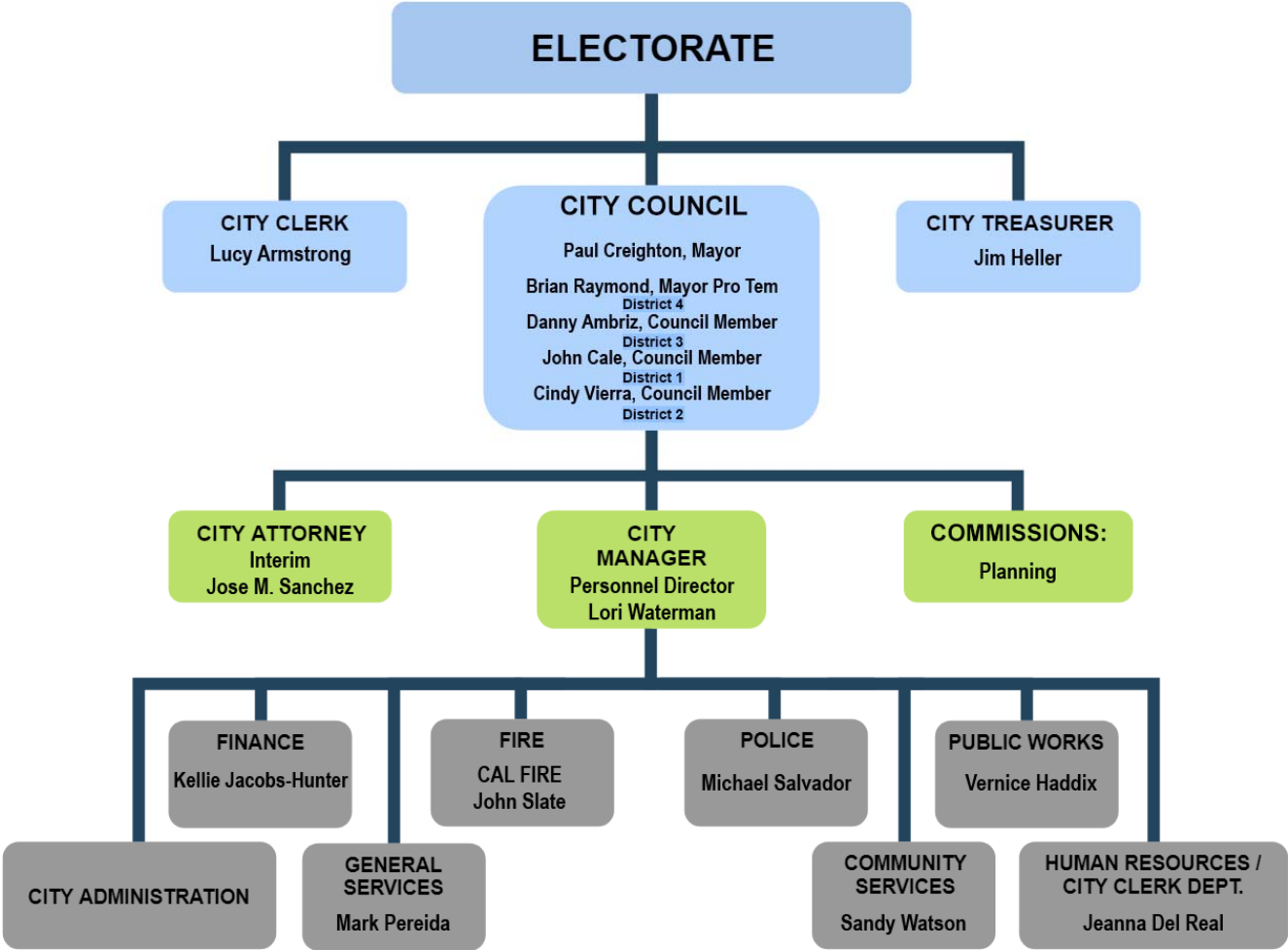
Lori Waterman,
City Manager

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Organization Chart

City of Atwater

Organizational Chart



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

List of Officials

CITY COUNCIL

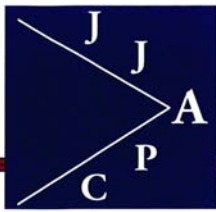
- Paul Creighton, Mayor
- Brian Raymond, Mayor Pro Tem
- John Cale, Council Member
- Cindy Vierra, Council Member
- Danny Ambriz, Council Member

CITY OFFICIALS

- Lori Waterman, City Manager
- Lucy Armstrong, City Clerk
- Jim Heller, City Treasurer
- Meyers Nave, Interim City Attorney
- Vernice Haddix, Public Works Director
- Jeanna Del Real, Human Resources Director
- Kellie Jacobs-Hunter, Finance Director
- Michael Salvador, Police Chief

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Atwater
Atwater, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Atwater, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-16, the City's Schedules of Contributions on pages 92-93, the Schedules of the City's Proportionate Share of the Net Pension Liability on pages 94-95, the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 96, and the Net OPEB Liability Schedule of Contributions on page 97 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's basic financial statements. The combining and individual nonmajor fund financial statements and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020 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 City's internal control over financial reporting and compliance.

March 17, 2020

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management's Discussion and Analysis

This section provides a narrative overview and analysis of the financial activities of the City of Atwater (City) for the fiscal year ended June 30, 2019. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

- ◆ City's net position (assets and deferred outflows in excess of liabilities and deferred inflows) at June 30, 2019, totaled \$23.2 million. Governmental activities the net position was negative \$11.1 million, while the business-type activities net position was \$34.4 million.
- ◆ Total City revenues, including program and general revenues, were \$41.7 million; while total expenses were \$37.8 million.
- ◆ Governmental program and general revenues were \$19.5 million compared to governmental program expenses of \$19.1 million.
- ◆ Program revenues from business-type activities were \$22.2 million, while expenses for business-type activities were \$18.6 million.
- ◆ The City's total net capital asset balance for governmental activities was \$19.1 million and \$79.7 million for business-type activities.

Fund Highlights

- ◆ Net General Fund revenues and other financing sources (uses) exceeded expenditures by \$2.1 million as compared to the prior year when revenues and other financing sources (uses) exceeded expenditures by \$903,616.
- ◆ At June 30, 2019, the General Fund has a positive fund balance of \$705,166.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is in two major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information; and,
- 2) **Financial section**, which includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements, and Combining and Individual Fund Financial Statements and Schedules.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management's Discussion and Analysis, continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and comprise the Statement of Net position and the Statement of Activities. The Statement of Net position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net position for the year.

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

- ◆ **Governmental activities** – All of the City's basic services are considered to be governmental activities, including general government, public safety, highways and streets, urban redevelopment and housing, community services, and general administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.
- ◆ **Business-type activities** – All the City's enterprise activities are reported here, including Water, Sewer, and Sanitation Funds. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management's Discussion and Analysis, continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2019, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- ◆ General Fund
- ◆ Measure H Special Revenue Fund

PROPRIETARY FUNDS:

- ◆ Water Enterprise Fund
- ◆ Sewer Enterprise Fund
- ◆ Sanitation Enterprise Fund

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management's Discussion and Analysis, continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2019, the City adopted annual appropriated budgets for all governmental funds.

Proprietary funds. The City maintains Enterprise-type and Internal Service proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water, Sewer, and Sanitation activities. Internal service funds are an accounting methodology used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and its information technology assets. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for all of these operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 48–88 of this report.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 99–178 of this report.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City's net position, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23.2 million as of June 30, 2019. The Summary of Net position as of June 30, 2019 and 2018 follows:

	Summary of Net Position					
	2019			2018		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 16,051,027	\$ 30,948,686	\$ 46,999,713	\$ 11,597,446	\$ 33,531,721	\$ 45,129,167
Noncurrent assets	23,241,730	79,744,176	102,985,906	24,801,611	83,184,971	107,986,582
Deferred outflows of resources	8,891,892	-	8,891,892	9,625,930	-	9,625,930
Total assets and deferred outflows of resources	48,184,649	110,692,862	158,877,511	46,024,987	116,716,692	162,741,679
Current and other liabilities	2,273,358	3,089,897	5,363,255	1,864,308	2,664,099	4,528,407
Long-term liabilities	51,427,998	73,159,962	124,587,960	52,284,571	74,883,950	127,168,521
Deferred inflows of resources	5,655,846	-	5,655,846	3,626,902	-	3,626,902
Total liabilities and deferred inflows of resources	59,357,202	76,249,859	135,607,061	57,775,781	77,548,049	135,323,830
Net position:						
Net investment in capital assets	19,126,535	6,661,614	25,788,149	20,686,416	8,376,434	29,062,850
Restricted	6,508,484	1,110,628	7,619,112	5,682,967	9,209,071	14,892,038
Unrestricted (deficit)	(36,807,572)	26,670,761	(10,136,811)	(38,120,177)	21,583,138	(16,537,039)
Total net position	\$ (11,172,553)	\$ 34,443,003	\$ 23,270,450	\$ (11,750,794)	\$ 39,168,643	\$ 27,417,849

Overall, the total net position decreased by \$3.9 million. The total net position of governmental activities increased by \$578,241 and total net position for business-type activities decreased by \$4.5 million.

The total restricted net position decreased by \$7.2 million and unrestricted net position increased by \$6.4 million.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$41.7 million for the fiscal year ended June 30, 2019. Significant revenues for the City for fiscal year 2018-19 were derived from charges for services 59%, grants and contributions 7%, property taxes and assessments 12% and sales and use tax 14%.

The following discusses variances in key revenues from the prior fiscal year for governmental and business-type activities:

1. **Charges for Services.** Charges for services decreased by \$657,367 or 3% due mainly to a decrease in revenue in the sewer fund. The decrease is partially due to a sewer rate study that was completed during the year and the subsequent reduction in the sewer rates effective February 2019.
2. **Property Taxes and Assessments.** Property tax revenue increased by \$493,837 or 11%. This is due primarily to higher property values.
3. **Sales and Use Tax.** Sales tax revenue increased by \$391,883 or 7%. This results from a continued improvement in the local economy.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2019, and 2018, follows:

	Changes in Net Position					
	2019			2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,025,175	\$ 21,794,178	\$ 24,819,353	\$ 2,704,488	\$ 22,772,232	\$ 25,476,720
Grants and contributions:						
Operating	1,831,069	20,000	1,851,069	1,777,239	16,240	1,793,479
Capital	1,175,393	-	1,175,393	1,269,373	-	1,269,373
General revenues:						
Property taxes and assessments	4,932,862	-	4,932,862	4,439,025	-	4,439,025
Transient occupancy taxes	55,016	-	55,016	56,949	-	56,949
Sales and use tax	6,037,585	-	6,037,585	5,645,702	-	5,645,702
Franchise taxes	800,792	-	800,792	804,354	-	804,354
Other taxes	933,393	-	933,393	1,354,821	-	1,354,821
Intergovernmental	341,831	-	341,831	476,395	-	476,395
Use of money and property	217,840	438,828	656,668	157,458	165,852	323,310
Other	190,364	-	190,364	11	-	11
Total revenues	19,541,320	22,253,006	41,794,326	18,685,815	22,954,324	41,640,139
Expenses:						
Governmental activities:						
General government	5,771,800	-	5,771,800	5,290,473	-	5,290,473
Public safety	9,047,073	-	9,047,073	9,576,763	-	9,576,763
Highways and streets	2,989,962	-	2,989,962	3,272,362	-	3,272,362
Urban redevelopment and housing	752,052	-	752,052	459,970	-	459,970
Community services	464,656	-	464,656	504,473	-	504,473
Interest and fiscal charges	89,909	-	89,909	14,708	-	14,708
Business-type activities:						
Water	-	3,722,365	3,722,365	-	3,971,155	3,971,155
Sewer	-	11,647,888	11,647,888	-	9,822,419	9,822,419
Sanitation	-	3,328,932	3,328,932	-	3,072,286	3,072,286
Total expenses	19,115,452	18,699,185	37,814,637	19,118,749	16,865,860	35,984,609
Change in net position before transfers	425,868	3,553,821	3,979,689	(432,934)	6,088,464	5,655,530
Transfer from Successor Agency	-	-	-	53,934	-	53,934
Transfers	152,373	(152,373)	-	152,373	(152,373)	-
Change in net position	578,241	3,401,448	3,979,689	(226,627)	5,936,091	5,709,464
Net position:						
Beginning of year	(11,750,794)	39,168,643	27,417,849	5,410,233	33,232,552	38,642,785
Adjustment	-	(8,127,088)	(8,127,088)	(16,934,400)	-	(16,934,400)
Beginning, as adjusted	(11,750,794)	31,041,555	19,290,761	(11,524,167)	33,232,552	21,708,385
End of year	\$ (11,172,553)	\$ 34,443,003	\$ 23,270,450	\$ (11,750,794)	\$ 39,168,643	\$ 27,417,849

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management’s Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$37.8 million. Governmental activity expenses totaled \$19.1 million or 51% of total expenses. Business-type activities incurred \$18.6 million or 49% of total expenses during the fiscal year. Public safety costs represented 47% of total governmental activities expenses.

Governmental Activities

The following table shows the cost of each of the City’s major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City’s taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2019, and 2018, are as follows:

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 5,771,800	\$ 3,535,603	\$ 5,290,473	\$ 3,559,228
Public safety	9,047,073	7,829,573	9,576,763	8,442,997
Highway and streets	2,989,962	701,309	3,272,362	812,462
Urban revelopment and housing	752,052	752,052	459,970	337,054
Community services	464,656	175,369	504,473	201,200
Interest on long-term debt	89,909	89,909	14,708	14,708
Total	<u>\$ 19,115,452</u>	<u>\$ 13,083,815</u>	<u>\$ 19,118,749</u>	<u>\$ 13,367,649</u>

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

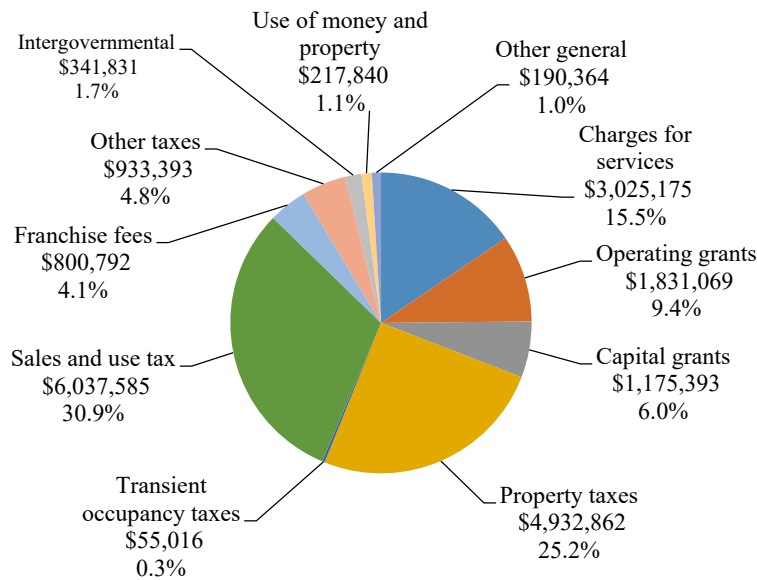
Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

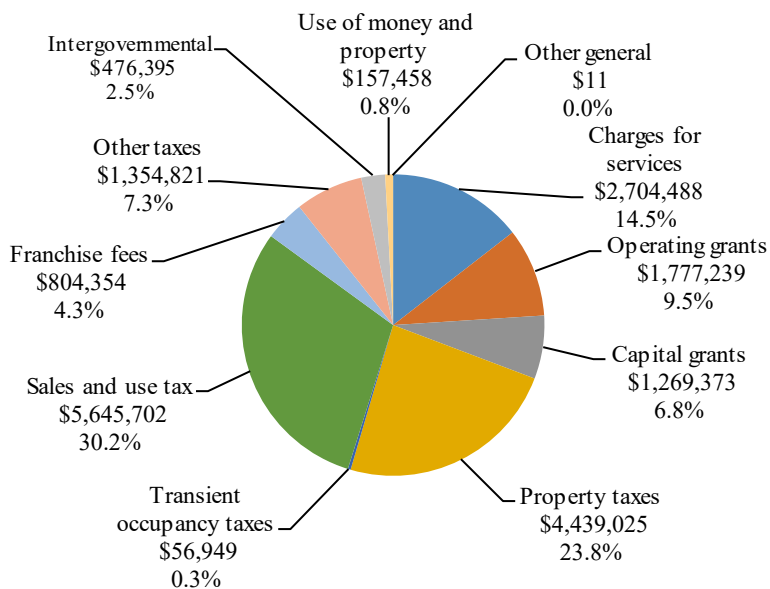
Governmental Activities, Continued

Revenues by source for the fiscal years ended June 30, 2019, and 2018, are as follows:

Revenues by Source - Governmental Activities 2019



Revenues by Source - Governmental Activities 2018



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

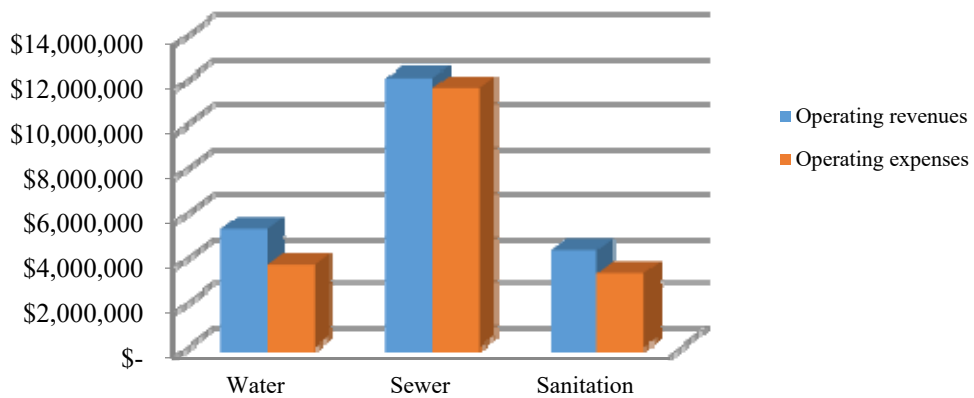
Management’s Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

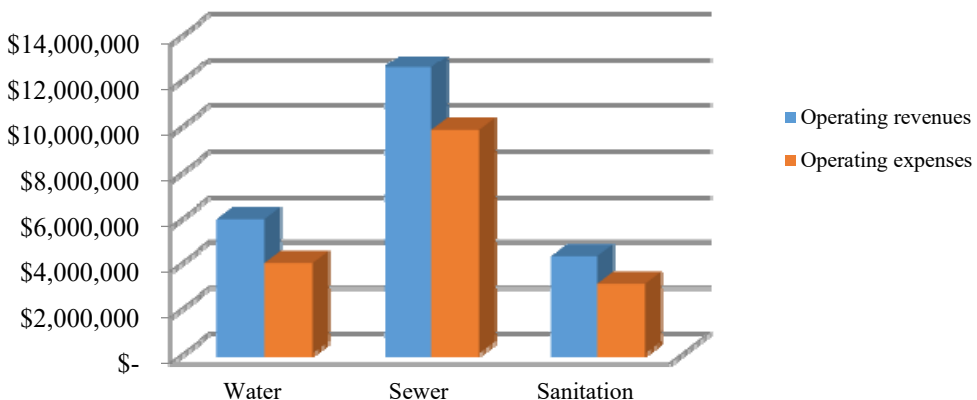
Business-type Activities

Business-type activities decreased the City’s net position by \$4.5 million. The City has three business-type activities: Water, Sewer, and Sanitation Operations. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2019 and 2018 are as follows:

**Operating Revenues and Expenses
 Business-type Activities
 2019**



**Operating Revenues and Expenses
 Business-type Activities
 2018**



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

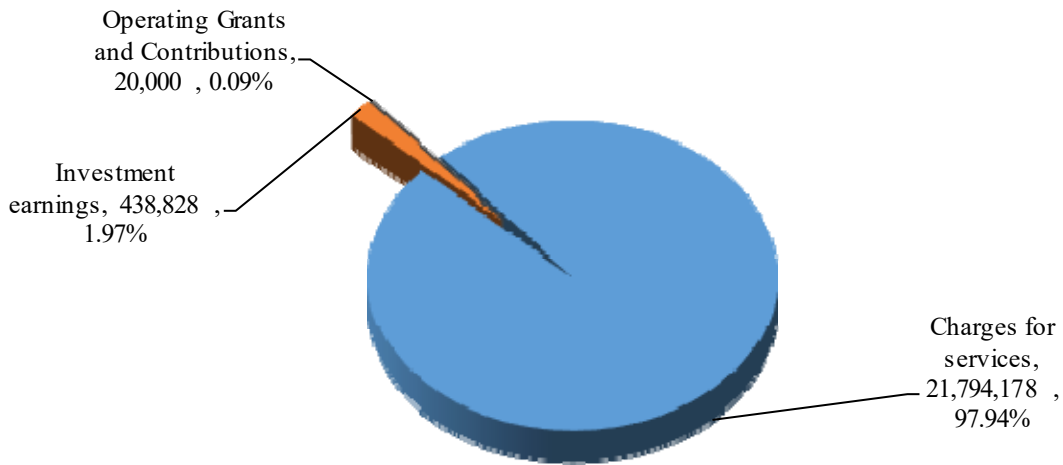
Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

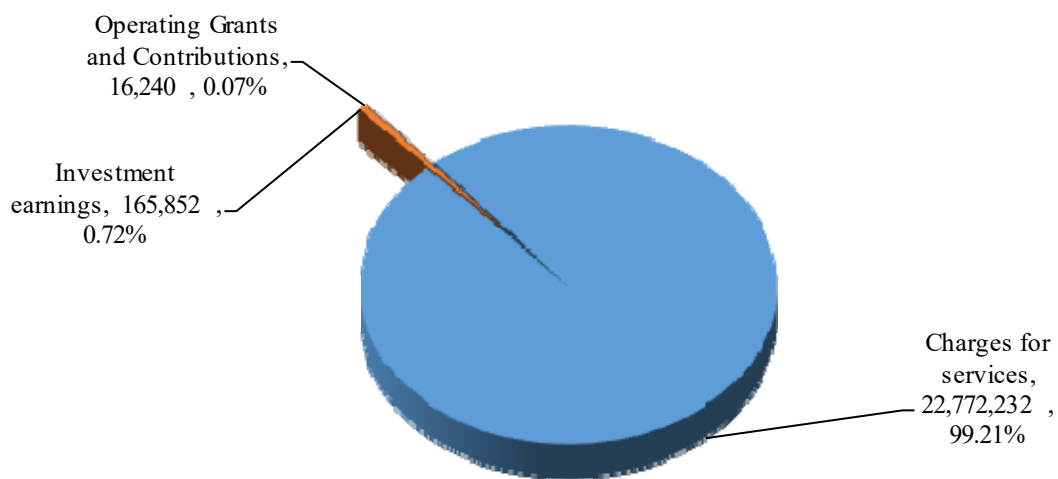
Business-type Activities, Continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2019, and 2018, are as follows:

Revenues by Source - Business-type Activities 2019



Revenues by Source - Business-type Activities 2018



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management's Discussion and Analysis, continued

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The City of Atwater uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

Governmental Funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2019, the City's governmental funds reported combined fund balances of \$16.0 million. This represents an increase of \$3.8 million or 5% over the prior fiscal year. The increase is due mainly to increased revenue from sales taxes, property taxes and charges for services and unspent appropriations and project carryovers.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2019, the General Fund had a fund balance of \$705,166. The General Fund balance improved by \$2.1 million from the prior fiscal year and is no longer in a deficit position. The City continues to make positive progress towards recovering from the economic recession.

Special Revenue Funds. The City's special revenue funds include the Measure H major fund, gas tax funds, grant funds, facility impact fee funds, maintenance districts and other nonmajor funds. As of June 30, 2019, the special revenue funds had a combined fund balance of \$15.3 million.

Capital Projects Funds. The City's capital projects funds consist of the general and performance bond nonmajor funds. As of June 30, 2019, the capital project funds had a combined fund balance of \$2,684.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statement. The City uses enterprise funds to account for its water, sewer and sanitation operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service funds to account for its building and equipment maintenances, as well as employee benefits fund. The City's proprietary funds net position decreased by \$4.5 million for enterprise funds and decreased by \$139,814 for internal service funds in the fiscal year ended June 30, 2019. For the enterprise funds, the decrease was due mainly reduced charge for services expenses in the water, sewer and sanitation funds. The decrease in the internal service funds net position was mainly the result of decrease in interdepartmental charges.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management's Discussion and Analysis, continued

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, Continued

General Fund Budgetary Highlights

General Fund actual revenues totaled \$14 million which was 102.9 percent of the amended budget estimate. General Fund expenditures totaled \$12 million or 85.1 percent of the approved amended budget. The General Fund fund balance increase by \$2.1 million to a balance of \$705,166. During the fiscal year ended June 30, 2019 the negative balance of \$1,452,296 eliminated.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounted to \$98.8 million. This investment in capital assets includes land, construction in progress, costs for buildings and improvements, infrastructure, roads, and equipment.

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 323,223	\$ 323,223	\$ 764,902	\$ 764,902	\$ 1,088,125	\$ 1,088,125
Construction in progress	536,684	582,488	663,964	437,533	1,200,648	1,020,021
Buildings and improvements	5,539,562	6,040,390	76,103,355	79,478,152	81,642,917	85,518,542
Infrastructure	779,384	801,555	-	-	779,384	801,555
Roads	9,383,141	10,416,112	-	-	9,383,141	10,416,112
Equipment	2,564,541	2,522,648	2,211,955	2,504,384	4,776,496	5,027,032
Total	\$ 19,126,535	\$ 20,686,416	\$ 79,744,176	\$ 83,184,971	\$ 98,870,711	\$ 103,871,387

The June 30, 2019 total balance reflects addition to construction in progress of \$336,459 and buildings and improvements, infrastructure, roads, and equipment of \$1 million. Total depreciation for the year amounted to \$6 million.

More detail of the capital assets and current activity can be found in the notes to the financial statements on page 54 for significant accounting policies and Note 4 on pages 65 and 66 for other capital asset information.

DEBT ADMINISTRATION

At June 30, 2019, the City had \$75.5 million in debt outstanding consisting of compensated absences, capital lease obligations and revenue bonds.

	2019		
	Governmental Activities	Business-type Activities	Total
Compensated absences	\$ 659,766	\$ 91,229	\$ 750,995
Capital lease obligation	406,686	-	406,686
2017A Wastewater Revenue Refunding Bonds	-	53,970,000	53,970,000
2018A Wastewater Revenue Refunding Bonds	-	15,715,000	15,715,000
Unamortized bond premium	-	5,304,382	5,304,382
Unamortized underwriting discount	-	(614,214)	(614,214)
Total	\$ 1,066,452	\$ 74,466,397	\$ 75,532,849

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

Management's Discussion and Analysis, continued

DEBT ADMINISTRATION, Continued

During the current fiscal year, the City's net debt decreased by \$1.8 million or 2.4%. The net decrease was due to scheduled principal payments and unamortized premium retirements. Additional information regarding each of the City's debt issues as well as debt service requirements is discussed in greater detail in Note 6 to the financial statements on page 67.

NEXT YEARS BUDGET AND THE ECONOMY

The budget for Fiscal Year 2019-2020 budget was developed based on the City's multi-year fiscal solvency recovery program. The City's total Fiscal Year 2019-2020 adopted budget approves appropriations at \$50.3 million. The budget provides funding for staffing of 81.5 positions, allocates funds for retirement and OPEB obligations and eliminates furloughs which were established in 2011.

After eight (8) years of operating at a deficit, the City's General Fund has a positive balance and Fiscal Year 2019-2020 budget is projected to increase the fund balance by \$1.7 million. The budget fulfills the goal of reducing the General Fund debt to the Sewer Fund as well as allocating funds for General Fund reserves.

The City of Atwater is located in central California in Merced County. While this area was severely impacted by the economic recession, the City has seen a recent increase in economic activity with increases in property and sales tax revenue and an increased interest in development activity. The local job market remains slow with unemployment in Atwater at 8 percent and the County-wide unemployment rate of 8.3 percent (December 2018 figures). Over the past several years, the City implemented a number of difficult cost saving and revenue measures which has stabilized the City's financial situation.

The citizens of the City of Atwater, in 2013, approved a sales tax measure, Measure H, which is providing much needed funding for enhanced public safety costs.

REQUESTS FOR INFORMATION

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the City of Atwater Finance Department, 750 Bellevue Road, Atwater, CA 95301, or visit the City's web page at www.atwater.org.

BASIC FINANCIAL STATEMENTS



City of Atwater, California
Statement of Net Position
June 30, 2019

ASSETS	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and investments	\$ 15,596,400	\$ 25,728,379	\$ 41,324,779
Restricted cash and investments	-	1,110,628	1,110,628
Receivables:			
Accounts	2,957,538	1,425,313	4,382,851
Internal balances	(2,527,414)	2,527,414	-
Prepaid items	24,503	156,952	181,455
Total current assets	<u>16,051,027</u>	<u>30,948,686</u>	<u>46,999,713</u>
Noncurrent assets:			
Advances to Fiduciary Activities/Successor Agency	259,265	-	259,265
Investment in land held for resale	3,855,930	-	3,855,930
Capital assets:			
Nondepreciable	859,907	1,428,866	2,288,773
Depreciable	18,266,628	78,315,310	96,581,938
Total noncurrent assets	<u>23,241,730</u>	<u>79,744,176</u>	<u>102,985,906</u>
Total assets	<u>39,292,757</u>	<u>110,692,862</u>	<u>149,985,619</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	8,268,186	-	8,268,186
OPEB	623,706	-	623,706
Total assets and deferred outflows	<u>\$ 48,184,649</u>	<u>\$ 110,692,862</u>	<u>\$ 158,877,511</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,567,273	\$ 783,090	\$ 2,350,363
Interest payable	-	567,347	567,347
Deposits payable	358,170	433,025	791,195
Compensated absences - current portion	45,729	13,829	59,558
Other liabilities	225,047	-	225,047
Due within one year	77,139	1,292,606	1,369,745
Total current liabilities	<u>2,273,358</u>	<u>3,089,897</u>	<u>5,363,255</u>
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	614,037	77,400	691,437
Due after one year	406,686	73,082,562	73,489,248
Net pension obligation	26,546,855	-	26,546,855
Net OPEB obligation	23,860,420	-	23,860,420
Total noncurrent liabilities	<u>51,427,998</u>	<u>73,159,962</u>	<u>124,587,960</u>
Total liabilities	<u>53,701,356</u>	<u>76,249,859</u>	<u>129,951,215</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	216,803	-	216,803
Pension plan	2,487,183	-	2,487,183
OPEB	2,951,860	-	2,951,860
Total deferred inflows of resources	<u>5,655,846</u>	<u>-</u>	<u>5,655,846</u>
NET POSITION			
Net investment in capital assets	19,126,535	6,661,614	25,788,149
Restricted	6,508,484	1,110,628	7,619,112
Unrestricted (deficit)	(36,807,572)	26,670,761	(10,136,811)
Total net position	<u>(11,172,553)</u>	<u>34,443,003</u>	<u>23,270,450</u>
Total liabilities, deferred inflows and net position	<u>\$ 48,184,649</u>	<u>\$ 110,692,862</u>	<u>\$ 158,877,511</u>

The accompanying notes are an integral part of these basic financial statements.

City of Atwater, California
Statement of Activities
For the year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,771,800	\$ 2,180,344	\$ 55,853	\$ -
Public safety	9,047,073	174,899	1,042,601	-
Highways and Streets	2,989,962	479,183	634,077	1,175,393
Urban redevelopment and housing	752,052	-	-	-
Community services	464,656	190,749	98,538	-
Interest and fiscal charges	89,909	-	-	-
Total governmental activities	<u>19,115,452</u>	<u>3,025,175</u>	<u>1,831,069</u>	<u>1,175,393</u>
Business-type activities:				
Water	3,722,365	5,295,897	10,000	-
Sewer	11,647,888	12,099,109	10,000	-
Sanitation	3,328,932	4,399,172	-	-
Total business-type activities	<u>18,699,185</u>	<u>21,794,178</u>	<u>20,000</u>	<u>-</u>
Total primary government	<u>\$ 37,814,637</u>	<u>\$ 24,819,353</u>	<u>\$ 1,851,069</u>	<u>\$ 1,175,393</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Transient occupancy tax

Sales taxes

Franchise fees

Other taxes

Intergovernmental

Use of money and property

Other general revenues

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position:

Beginning of year

Adjustments

Beginning, as adjusted

End of year

The accompanying notes are an integral part of these basic financial statements.

Changes in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (3,535,603)	\$ -	\$ (3,535,603)
(7,829,573)	-	(7,829,573)
(701,309)	-	(701,309)
(752,052)	-	(752,052)
(175,369)	-	(175,369)
(89,909)	-	(89,909)
<u>(13,083,815)</u>	<u>-</u>	<u>(13,083,815)</u>
-	1,583,532	1,583,532
-	461,221	461,221
-	1,070,240	1,070,240
-	3,114,993	3,114,993
<u>\$ (13,083,815)</u>	<u>\$ 3,114,993</u>	<u>\$ (9,968,822)</u>
4,932,862	-	4,932,862
55,016	-	55,016
6,037,585	-	6,037,585
800,792	-	800,792
933,393	-	933,393
341,831	-	341,831
217,840	438,828	656,668
190,364	-	190,364
<u>13,509,683</u>	<u>438,828</u>	<u>13,948,511</u>
<u>152,373</u>	<u>(152,373)</u>	<u>-</u>
<u>13,662,056</u>	<u>286,455</u>	<u>13,948,511</u>
578,241	3,401,448	3,979,689
(11,750,794)	39,168,643	27,417,849
-	(8,127,088)	(8,127,088)
<u>(11,750,794)</u>	<u>31,041,555</u>	<u>19,290,761</u>
<u>\$ (11,172,553)</u>	<u>\$ 34,443,003</u>	<u>\$ 23,270,450</u>

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

Fund	Description
Governmental Funds:	Governmental funds are used for taxes and grants.
General	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
Measure H Special Revenue Fund	Accounts for Measure H, a voter approved sales tax measure, to provide enhanced public safety costs.

City of Atwater, California

Balance Sheet

Governmental Funds

June 30, 2019

	Major Funds		Nonmajor	Totals
	General Fund	Measure H Special Revenue	Governmental Funds	
ASSETS				
Cash and investments	\$ 2,758,751	\$ 946,841	\$ 10,001,794	\$ 13,707,386
Receivables:				
Taxes	494,811	-	56,109	550,920
Interest	9,602	5,787	50,998	66,387
Intergovernmental	-	-	649,661	649,661
Other receivable	1,003,446	356,279	313,056	1,672,781
Prepaid items	21,243	-	-	21,243
Due from other funds	227,446	-	-	227,446
Advance to Successor Agency Private Purpose Trust	-	-	259,265	259,265
Investment in land held for resale	-	-	3,855,930	3,855,930
Total assets	\$ 4,515,299	\$ 1,308,907	\$ 15,186,813	\$ 21,011,019
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,241,019	\$ 104,469	\$ 97,676	\$ 1,443,164
Due to other funds	2,097,563	-	657,297	2,754,860
Deposits payable	246,504	-	111,666	358,170
Other liabilities	225,047	-	-	225,047
Total liabilities	3,810,133	104,469	866,639	4,781,241
Deferred inflows of resources:				
Unavailable revenue	-	-	216,803	216,803
Total deferred inflows of resources:	-	-	216,803	216,803
Total Liabilities and deferred inflows	3,810,133	104,469	1,083,442	4,998,044
Fund balances (Deficit):				
Nonspendable				
Prepaid items	21,243	-	-	21,243
Investment in land held for resale	-	-	3,855,930	3,855,930
Restricted	-	-	6,508,484	6,508,484
Assigned	-	1,204,438	4,007,655	5,212,093
Unassigned (deficit)	683,923	-	(268,698)	415,225
Total fund balances (deficit)	705,166	1,204,438	14,103,371	16,012,975
balances	\$ 4,515,299	\$ 1,308,907	\$ 15,186,813	\$ 21,011,019

The accompanying notes are an integral part of these basic financial statements.

City of Atwater, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balances reported on the governmental funds balance sheet \$ 16,012,975

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance 18,294,390

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences	\$ (643,280)	
Capital leases	(483,825)	
Net Pension obligation	(26,546,855)	
Net OPEB obligation	<u>(23,860,420)</u>	(51,534,380)

Pension and OPEB obligations result in deferred inflows and outflows of resources derived from the actuarial value of contributions, assets and liabilities

Deferred outflows - Pension	8,268,186	
Deferred inflows - Pension	(2,487,183)	
Deferred outflows - OPEB	623,706	
Deferred inflows - OPEB	<u>(2,951,860)</u>	3,452,849

Internal services funds are used by management to charge the costs of certain activities, such as information technology, to individual funds. The assets and liabilities of the internal service funds are:

Current assets	1,910,063	
Noncurrent assets	832,145	
Accounts payable and accrued liabilities	(125,262)	
Noncurrent liabilities	<u>(15,333)</u>	<u>2,601,613</u>

Net Position of governmental activities \$ (11,172,553)

The accompanying notes are an integral part of these basic financial statements.

City of Atwater, California

Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

Governmental Activities

June 30, 2019

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	\$ 13,707,386	\$ -	\$ -	\$ 1,889,014	\$ 15,596,400
Receivables:					
Taxes	550,920	-	-	-	550,920
Interest	66,387	-	-	8,435	74,822
Intergovernmental	649,661	-	-	-	649,661
Other receivable	1,672,781	-	-	9,354	1,682,135
Due from other funds	227,446	(227,446)	-	-	-
Internal balances	-	(2,527,414)	-	-	(2,527,414)
Prepaid items	21,243	-	-	3,260	24,503
Total current assets	16,895,824	(2,754,860)	-	1,910,063	16,051,027
Noncurrent assets:					
Advances to Fiduciary Activities/Successor Agency	259,265	-	-	-	259,265
Investment in land held for resale	3,855,930	-	-	-	3,855,930
Capital assets, net	-	-	18,294,390	832,145	19,126,535
Total noncurrent assets	4,115,195	-	18,294,390	832,145	23,241,730
Total assets	21,011,019	(2,754,860)	18,294,390	2,742,208	39,292,757
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	-	8,268,186	-	8,268,186
OPEB	-	-	623,706	-	623,706
Total assets and deferred outflows of resources	\$ 21,011,019	\$ (2,754,860)	\$ 27,186,282	\$ 2,742,208	\$ 48,184,649
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,443,164	\$ -	\$ -	\$ 124,109	\$ 1,567,273
Due to other funds	2,754,860	(2,754,860)	-	-	-
Deposits payable	358,170	-	-	-	358,170
Due within one year - capital leases	-	-	77,139	-	77,139
Compensated absences - current portion	-	-	44,576	1,153	45,729
Other liabilities	225,047	-	-	-	225,047
Total current liabilities	4,781,241	(2,754,860)	121,715	125,262	2,273,358
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	598,704	15,333	614,037
Due after one year - capital leases	-	-	406,686	-	406,686
Net Pension obligation	-	-	26,546,855	-	26,546,855
Net OPEB obligation	-	-	23,860,420	-	23,860,420
Total noncurrent liabilities	-	-	51,412,665	15,333	51,427,998
Total liabilities	4,781,241	(2,754,860)	51,534,380	140,595	53,701,356
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	216,803	-	-	-	216,803
Pension	-	-	2,487,183	-	2,487,183
OPEB	-	-	2,951,860	-	2,951,860
Total liabilities and deferred inflows	4,998,044	(2,754,860)	56,973,423	140,595	59,357,202
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	3,877,173	(3,877,173)	-	-	-
Restricted	6,508,484	(6,508,484)	-	-	-
Assigned	5,212,093	(5,212,093)	-	-	-
Unassigned (deficit)	415,225	(415,225)	-	-	-
Net position:					
Net investment in capital assets	-	-	18,294,390	832,145	19,126,535
Restricted	-	-	6,508,484	-	6,508,484
Unrestricted	-	16,012,975	(54,590,015)	1,769,468	(36,807,572)
Total fund balances/net position	16,012,975	-	(29,787,141)	2,601,613	(11,172,553)
Total liabilities, deferred inflows and net position	\$ 21,011,019	\$ (2,754,860)	\$ 27,186,282	\$ 2,742,208	\$ 48,184,649

The accompanying notes are an integral part of these basic financial statements.

City of Atwater, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2019

	Major Funds		Other	Totals
	General Fund	Measure H Special Revenue	Governmental Funds	
REVENUES:				
Taxes and assessments	\$ 6,485,018	\$ 1,993,057	\$ 1,520,266	\$ 9,998,341
Licenses and permits	325,839	-	-	325,839
Fines and forfeitures	63,184	-	-	63,184
Intergovernmental	3,683,547	20,000	1,791,983	5,495,530
Use of money and property	240,755	16,331	158,237	415,323
Charges for services	2,689,724	-	-	2,689,724
Reimbursements	525,267	-	808	526,075
Other revenues	21,031	-	6,273	27,304
Total revenues	14,034,365	2,029,388	3,477,567	19,541,320
EXPENDITURES:				
Current:				
General government	3,270,691	-	12,751	3,283,442
Public safety	7,332,663	1,525,832	-	8,858,495
Highways and Streets	961,246	-	844,722	1,805,968
Urban redevelopment and housing	-	-	762,052	762,052
Community services	464,656	-	-	464,656
Capital outlay	-	-	564,608	564,608
Debt service:				
Principal	-	73,208	-	73,208
Interest and fiscal charges	-	14,708	-	14,708
Total expenditures	12,029,256	1,613,748	2,184,133	15,827,137
REVENUES OVER (UNDER) EXPENDITURES	2,005,109	415,640	1,293,434	3,714,183
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	10,000	10,000
Transfers from Successor Agency	-	-	-	-
Transfers in	152,353	-	20	152,373
Transfers out	-	-	-	-
Total other financing sources (uses)	152,353	-	10,020	162,373
Net change in fund balances	2,157,462	415,640	1,303,454	3,876,556
FUND BALANCES (Deficit):				
Beginning of year	(1,452,296)	788,798	12,799,917	12,136,419
End of year	\$ 705,166	\$ 1,204,438	\$ 14,103,371	\$ 16,012,975

The accompanying notes are an integral part of these basic financial statements.

City of Atwater, California

Reconciliation of Fund Basis Statements to Government-wide Statement of Activities

For the year ended June 30, 2019

Functions/Programs	Fund Based Totals	Compensated			Capital			Government- wide Totals
		Absences/ Debt Service	Internal Service	Depreciation	(Additions)/ Retirements	OPEB Obligation	GASB 68 Pension	
Governmental activities:								
General government	\$ 3,283,442	\$ (74,546)	\$ 139,814	\$ 639,994	\$ -	\$ 633,574	\$ 1,149,522	\$ 5,771,800
Public safety	8,858,495	-	-	188,578	-	-	-	9,047,073
Highways and Streets	1,805,968	-	-	1,390,567	(206,573)	-	-	2,989,962
Urban redevelopment and housing	752,052	-	-	-	-	-	-	752,052
Parks and recreation	464,656	-	-	-	-	-	-	464,656
Capital outlay	564,608	-	-	-	(564,608)	-	-	-
Debt service/Interest	87,916	1,993	-	-	-	-	-	89,909
Total governmental activities	\$ 15,817,137	\$ (72,553)	\$ 139,814	\$ 2,219,139	\$ (771,181)	\$ 633,574	\$ 1,149,522	\$ 19,115,452

The accompanying notes are an integral part of these basic financial statements.

City of Atwater, California

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2019

Net change in fund balances - total governmental funds \$ 3,876,556

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the

Capital asset purchases capitalized	\$ 771,181	
Depreciation expense	<u>(2,219,139)</u>	(1,447,958)

Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the Statement of Activities.

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Debt principal payments		(1,993)
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Some expenses 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:

Change in compensated absences	<u>74,546</u>	74,546
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Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Position:

Net Pension obligation		(1,149,522)
Net OPEB obligation		(633,574)

Internal services funds are used by management to charge the costs of certain activities, such as building maintenance, to individual funds. The change in Net Position of the Internal Service Funds of (\$139,814) are included in the governmental activities in the government-wide Statement of Net Position..

	<u>(139,814)</u>	<u>(139,814)</u>
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Change in Net Position of governmental activities

	<u>\$ 578,241</u>
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The accompanying notes are an integral part of these basic financial statements.

City of Atwater, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund and Measure H Special Revenue Fund For the year ended June 30, 2019

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 6,100,484	\$ 6,100,484	\$ 6,485,018	\$ 384,534
Licenses and permits	307,500	307,500	325,839	18,339
Fines and forfeitures	33,500	33,500	63,184	29,684
Intergovernmental	3,346,375	3,346,375	3,683,547	337,172
Use of money and property	231,675	231,675	240,755	9,080
Charges for services	2,906,528	2,906,528	2,689,724	(216,804)
Reimbursements	518,600	518,600	525,267	6,667
Other revenues	200,500	200,500	21,031	(179,469)
Total revenues	13,645,162	13,645,162	14,034,365	389,203
EXPENDITURES:				
Current:				
General government	3,594,169	3,594,169	3,270,691	323,478
Public safety	8,374,478	8,374,478	7,332,663	1,041,815
Highways and Streets	960,069	960,069	961,246	(1,177)
Community services	482,347	482,347	464,656	17,691
Capital outlay	718,719	718,719	-	718,719
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	14,129,782	14,129,782	12,029,256	2,100,526
REVENUES OVER (UNDER) EXPENDITURES	(484,620)	(484,620)	2,005,109	2,489,729
OTHER FINANCING SOURCES (USES):				
Transfers in	152,375	152,375	152,353	(22)
Transfers out	(174,033)	(174,033)	-	174,033
Total other financing sources (uses)	(21,658)	(21,658)	152,353	174,011
Net change in fund balances	(506,278)	(506,278)	2,157,462	2,663,740
FUND BALANCES (Deficit):				
Beginning of year	(1,452,296)	(1,452,296)	(1,452,296)	-
End of year	\$ (1,958,574)	\$ (1,958,574)	\$ 705,166	\$ 2,663,740

The accompanying notes are an integral part of these basic financial statements.

Measure H Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
Original	Final		
\$ 1,933,456	\$ 1,933,456	\$ 1,993,057	\$ 59,601
-	-	-	-
-	-	-	-
-	-	-	-
2,000	2,000	16,331	14,331
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,935,456</u>	<u>1,935,456</u>	<u>2,009,388</u>	<u>73,932</u>
-	-	-	-
1,822,497	1,822,497	1,525,832	296,665
-	-	-	-
-	-	-	-
-	-	-	-
87,916	87,916	73,208	14,708
-	-	14,708	(14,708)
<u>1,910,413</u>	<u>1,910,413</u>	<u>1,613,748</u>	<u>296,665</u>
25,043	25,043	395,640	370,597
-	-	-	-
-	-	-	-
-	-	-	-
<u>25,043</u>	<u>25,043</u>	<u>395,640</u>	<u>370,597</u>
788,798	788,798	788,798	-
<u>\$ 813,841</u>	<u>\$ 813,841</u>	<u>\$ 1,184,438</u>	<u>\$ 370,597</u>

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ENTERPRISE FUNDS

Fund	Description
Major Funds:	
Water Fund	Accounts for the operation and maintenance of the City's water treatment and distribution system.
Sewer Fund	Accounts for the operation and maintenance of the City's wastewater treatment plant and collection facilities.
Sanitation Fund	Accounts for all activities associated with the operation and maintenance of providing solid waste services.

City of Atwater, California
Statement of Net Position
Proprietary Funds
June 30, 2019

ASSETS	<u>Water</u>	<u>Sewer</u>
Current assets:		
Cash and investments	\$ 7,857,921	\$ 15,225,210
Restricted cash and investments	-	1,110,628
Receivables:		
Accounts	379,627	624,328
Interest	40,139	73,035
Due from other funds	-	4,263,356
Prepaid expenses	-	156,952
Total current assets	<u>8,277,687</u>	<u>21,453,509</u>
Noncurrent assets:		
Capital assets, net	4,413,829	75,079,246
Total noncurrent assets	<u>4,413,829</u>	<u>75,079,246</u>
Total Assets	<u>\$ 12,691,516</u>	<u>\$ 96,532,755</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 242,023	\$ 268,877
Accrued payroll	12,797	25,334
Due to other funds	86,844	-
Interest payable	-	567,347
Deposits payable	376,087	56,938
Compensated absences - current portion	4,295	8,976
Due within one year	-	1,292,606
Total current liabilities	<u>722,046</u>	<u>2,220,078</u>
Noncurrent liabilities:		
Compensated absences	20,837	56,563
Due after one year	-	73,082,562
Total noncurrent liabilities	<u>20,837</u>	<u>73,139,125</u>
Total liabilities	<u>742,883</u>	<u>75,359,203</u>
Net Position:		
Net investment in capital assets	4,413,829	1,996,684
Restricted	-	1,110,628
Unrestricted (Deficit)	7,534,804	18,066,240
Total net position	<u>11,948,633</u>	<u>21,173,552</u>
Total liabilities and net position	<u>\$ 12,691,516</u>	<u>\$ 96,532,755</u>

The accompanying notes are an integral part of these basic financial statements.

<u>Sanitation</u>	<u>Totals</u>	<u>Governmental</u>
		<u>Activities</u>
		<u>Internal</u>
		<u>Service Funds</u>
\$ 2,645,248	\$ 25,728,379	\$ 1,889,014
	1,110,628	-
295,758	1,299,713	9,354
12,426	125,600	8,435
-	4,263,356	-
-	156,952	3,260
<u>2,953,432</u>	<u>32,684,628</u>	<u>1,910,063</u>
251,101	79,744,176	832,145
<u>251,101</u>	<u>79,744,176</u>	<u>832,145</u>
<u>\$ 3,204,533</u>	<u>\$ 112,428,804</u>	<u>\$ 2,742,208</u>
\$ 231,846	\$ 742,746	\$ 114,354
2,213	40,344	9,755
1,649,098	1,735,942	-
-	567,347	-
-	433,025	-
558	13,829	1,153
-	1,292,606	-
<u>1,883,715</u>	<u>4,825,839</u>	<u>125,262</u>
-	77,400	15,333
-	73,082,562	-
-	73,159,962	15,333
<u>1,883,715</u>	<u>77,985,801</u>	<u>140,595</u>
251,101	6,661,614	832,145
-	1,110,628	-
1,069,717	26,670,761	1,769,468
<u>1,320,818</u>	<u>34,443,003</u>	<u>2,601,613</u>
<u>\$ 3,204,533</u>	<u>\$ 112,428,804</u>	<u>\$ 2,742,208</u>

City of Atwater, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2019

	<u>Water</u>	<u>Sewer</u>
OPERATING REVENUES:		
Charges for service	\$ 5,072,815	\$ 11,604,937
Interdepartmental charges	-	-
Other operating revenue	223,082	494,172
Total operating revenues	<u>5,295,897</u>	<u>12,099,109</u>
OPERATING EXPENSES:		
Salaries and benefits	457,308	988,815
Contractual services	712,954	2,109,237
Materials and supplies	95,077	235,410
Repairs and maintenance	-	-
Utilities	907,954	749,795
Insurance	-	-
Taxes and fees	-	-
Other operating costs	1,034,754	1,051,430
Depreciation	513,846	3,262,992
Total operating expenses	<u>3,721,893</u>	<u>8,397,679</u>
OPERATING INCOME (LOSS)	<u>1,574,004</u>	<u>3,701,430</u>
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental revenues (expenses)	10,000	10,000
Interest revenue	124,485	284,191
Interest expense	(472)	(3,250,209)
Total non-operating revenues, net	<u>134,013</u>	<u>(2,956,018)</u>
NET INCOME BEFORE TRANSFERS	1,708,017	745,412
Transfers in	-	-
Transfers out	(152,373)	-
Total transfers	<u>(152,373)</u>	<u>-</u>
Special item:		
OPEB obligation valuation adjustment	-	-
CHANGE IN NET POSITION	1,555,644	745,412
NET POSITION (DEFICIT):		
Beginning of year, as previously reported	10,392,989	28,555,228
Restatement	-	(8,127,088)
Beginning of year	<u>10,392,989</u>	<u>20,428,140</u>
End of year	<u>\$ 11,948,633</u>	<u>\$ 21,173,552</u>

The accompanying notes are an integral part of these basic financial statements.

Sanitation	Totals	Governmental
		Activities
		Internal
		Service Funds
\$ 4,399,172	\$ 21,076,924	\$ -
-	-	2,107,242
-	717,254	283,562
<u>4,399,172</u>	<u>21,794,178</u>	<u>2,390,804</u>
78,362	1,524,485	247,060
2,650,103	5,472,294	451,431
869	331,356	846
-	-	440,345
-	1,657,749	-
-	-	1,047,452
-	-	101,146
589,857	2,676,041	158,175
9,741	3,786,579	111,922
<u>3,328,932</u>	<u>15,448,504</u>	<u>2,558,377</u>
<u>1,070,240</u>	<u>6,345,674</u>	<u>(167,573)</u>
-	20,000	-
30,152	438,828	27,759
-	(3,250,681)	-
<u>30,152</u>	<u>(2,791,853)</u>	<u>27,759</u>
1,100,392	3,553,821	(139,814)
-	-	-
-	(152,373)	-
-	(152,373)	-
<u>1,100,392</u>	<u>3,401,448</u>	<u>(139,814)</u>
220,426	39,168,643	-
-	(8,127,088)	-
<u>220,426</u>	<u>31,041,555</u>	<u>2,741,427</u>
<u>\$ 1,320,818</u>	<u>\$ 34,443,003</u>	<u>\$ 2,601,613</u>

City of Atwater, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2019

	<u>Water</u>	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/users for services provided	\$ 5,808,618	\$ 12,202,501
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(2,772,412)	(4,209,332)
Cash payments to employees for services	(515,761)	(935,068)
Net cash provided by operating activities	<u>2,520,445</u>	<u>7,058,101</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received (paid)	(239,218)	1,161,782
Intergovernmental activities	10,000	-
Net cash used by noncapital financing activities	<u>(229,218)</u>	<u>1,161,782</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	-	-
Acquisition and construction of capital assets	(224,131)	(37,653)
Proceeds from issuance of long-term debt	-	-
Principal paid on long term debt	-	(1,725,975)
Interest paid on long term debt	(472)	(3,076,476)
Bond issuance costs	-	-
Net cash (used) by capital and related financing activities	<u>(224,603)</u>	<u>(4,840,104)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	104,586	324,942
Net cash provided by investing activities	<u>104,586</u>	<u>324,942</u>
Net increase (decrease) in cash and cash equivalents	2,171,210	3,704,721
CASH AND CASH EQUIVALENTS:		
Beginning of year	5,686,711	12,631,117
End of year	<u>\$ 7,857,921</u>	<u>\$ 16,335,838</u>
Presentation in Statement of Net Position:		
Cash and investments	\$ 7,857,921	\$ 15,225,210
Restricted cash and investments	-	1,110,628
	<u>\$ 7,857,921</u>	<u>\$ 16,335,838</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 1,574,004	\$ 3,701,430
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	513,846	3,262,992
(Increase) decrease in current assets:		
Accounts receivable	512,721	103,392
Prepaid expenses	-	(156,952)
Increase (decrease) in liabilities:		
Accounts payable	(29,076)	93,492
Accrued payroll	(12,314)	7,718
Deposits payable	7,403	-
Compensated absences	(46,139)	46,029
Net cash provided by operating activities	<u>\$ 2,520,445</u>	<u>\$ 7,058,101</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2019.

The accompanying notes are an integral part of these basic financial statements.

Sanitation	Totals	Governmental Activities	
		Internal Service Funds	
\$ 4,356,342	\$ 22,367,461	\$ -	-
-	-	2,388,538	-
(3,079,133)	(10,060,877)	(2,130,911)	-
(77,711)	(1,528,540)	(245,469)	-
<u>1,199,498</u>	<u>10,778,044</u>	<u>12,158</u>	-
(549,700)	372,864	-	-
-	10,000	-	-
<u>(549,700)</u>	<u>382,864</u>	<u>-</u>	<u>-</u>
	-		
(84,000)	(345,784)	1	-
	-		
-	(1,725,975)	-	-
-	(3,076,948)	-	-
	-		
<u>(84,000)</u>	<u>(5,148,707)</u>	<u>1</u>	<u>-</u>
23,412	452,940	24,070	-
<u>23,412</u>	<u>452,940</u>	<u>24,070</u>	<u>-</u>
589,210	6,465,141	36,229	-
<u>2,056,038</u>	<u>20,373,866</u>	<u>1,852,785</u>	<u>-</u>
<u>\$ 2,645,248</u>	<u>\$ 26,839,007</u>	<u>\$ 1,889,014</u>	<u>-</u>
\$ 2,645,248	\$ 25,728,379	\$ 1,889,014	-
-	1,110,628	-	-
<u>\$ 2,645,248</u>	<u>\$ 26,839,007</u>	<u>\$ 1,889,014</u>	<u>-</u>
\$ 1,070,240	\$ 6,345,674	\$ (167,573)	-
9,741	3,786,579	111,922	-
(42,830)	573,283	(2,266)	-
-	(156,952)	52,135	-
161,696	226,112	16,349	-
199	(4,397)	1,288	-
-	7,403	-	-
<u>452</u>	<u>342</u>	<u>303</u>	<u>-</u>
<u>\$ 1,199,498</u>	<u>\$ 10,778,044</u>	<u>\$ 12,158</u>	<u>-</u>

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FIDUCIARY ACTIVITIES

Fund	Description
Private Purpose Trust Funds are used for resources held for other individuals and entities in a manner similar to private enterprise.	
Private Purpose Trust Fund	
Successor Agency - Former Atwater Community Development Agency	Accounts for funds collected and disbursed for the dissolution of the former Atwater Development Agency related to Administration and Retirement of enforceable obligations
Agency Funds	
Agency Funds account for assets held by the City in a purely custodial capacity.	
Section 125 Medical	Accounts for activity related to the City's Section 125 Medical Program administered by a third party.
Section 125 Dependent Care	Accounts for activity related to the City's Section 125 Dependent Care Program administered by a third party.
Community Facility District #1	Accounts for activity related to the CFD#1 debt issuance for which the City is not obligated to repay.

City of Atwater, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2019

	Successor Agency Former Atwater Community Development Agency	Agency Funds
Current assets:		
Cash and investments	\$ 531,061	\$ 98,785
Cash and investments with trustee/fiscal agent	2,876	-
Accounts receivable	132	-
Interest receivable	2,490	479
Loans/notes receivable	111,437	-
Prepaid items	277	-
Total current assets	<u>648,273</u>	<u>99,264</u>
Property, plant and equipment	1,155,151	-
Less accumulated depreciation	<u>(273,475)</u>	<u>-</u>
Property, plant, and equipment, net	<u>881,676</u>	<u>-</u>
Total assets	<u>\$ 1,529,949</u>	<u>\$ 99,264</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,403	\$ -
Deferred revenue		
Due to others	-	99,264
Due within one year	863,000	-
Total current liabilities	<u>864,403</u>	<u>99,264</u>
Long-term liabilities:		
Advance from governmental funds/activities	259,265	-
Due after one year	5,662,000	-
Total long-term liabilities	<u>5,921,265</u>	<u>-</u>
Total liabilities	<u>6,785,668</u>	<u>\$ 99,264</u>
Net Position (Deficit):		
Net investment in capital assets	(5,643,324)	
Net position held in trust for Redevelopment Dissolution	387,605	
Total Net Position (deficit)	<u>(5,255,719)</u>	
Total liabilities and net position	<u>\$ 1,529,949</u>	

The accompanying notes are an integral part of these basic financial statements.

City of Atwater, California
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the year ended June 30, 2019

	<u>Successor Agency</u>
	Former Atwater Community Development Agency
	<u>Agency</u>
ADDITIONS:	
Property taxes	\$ 1,155,277
Investment income	18,931
Other additions	1,584
Total operating revenues	<u>1,175,792</u>
DEDUCTIONS:	
Urban redevelopment and housing	217,000
Interest expense	193,534
Total operating expenses	<u>410,534</u>
CHANGE IN FIDUCIARY NET POSITION	<u>765,258</u>
NET POSITION (DEFICIT):	
Beginning of year	<u>(6,020,977)</u>
End of year	<u>\$ (5,255,719)</u>

The accompanying notes are an integral part of these basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2019

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City of Atwater, California
Notes to Basic Financial Statements
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Atwater (City) was incorporated in 1922, under the laws and regulations of the State of California (State). The City operates under a City Council/Manager form of government and provides the following services: public safety (Police), highways and streets, solid waste, storm water utility, public improvements, planning and zoning, and general administration.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements to its activities.

Financial Reporting Entity

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include sales taxes, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component units, if applicable as indicated below, may be obtained by writing to the City of Atwater, Finance Department, 750 Bellevue Road, Atwater, CA 95301.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions restricted to the operating or capital requirements of a specific function or segment. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The City reports the following major funds:

GOVERNMENTAL FUNDS:

- General Fund
- Measure H Special Revenue

PROPRIETARY FUNDS:

- Water Enterprise Fund
- Sewer Enterprise Fund
- Sanitation Enterprise Fund

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

Descriptions of these funds are included on the divider page preceding the Governmental and Enterprise Funds Balance Sheets.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

Capital Project Funds

The Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

Internal Service Funds

Internal Service Funds are used to account for financial transactions related to the City's Insurance, Building Maintenance and Information Technology activities. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds account for resources held for other individuals or entities in a manner similar to private enterprise.

Agency Funds

Agency Funds account for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not presented in the government-wide financial statements.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net position and the Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net position, which serves as an indicator of financial position.

In the fund financial statements, the “current financial resources” measurement focus is used for governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The enterprise funds and private purpose trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. Enterprise fund and private purpose trust funds equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting, Continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means the amount is collectible within the current period or soon enough thereafter to pay current liabilities. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end, with the exception of grant revenues and Transportation Development Act (TDA) revenues. Grant revenues are considered to be available if collected within 180 days and TDA revenues are considered to be available if collected within 90 days of the end of the current fiscal period.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The enterprise funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Assets, Liabilities, and Equity

Cash Deposits and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net position. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, utility user taxes, intergovernmental subventions, interest earnings, and expense reimbursements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, utility user tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements. The City’s experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are offset with a reservation of fund balance for long-term assets to indicate they do not constitute current resources available for appropriation.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

Government-Wide Statements

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. No depreciation is recorded in the year of acquisition or in the year of disposition.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5 – 40 years	Landscaping	30 years
Roadway improvements	40 years	Signage	25 years
Sidewalks, curbs, and gutters	40 years	Leasehold improvements	5 years
Storm drain pipes/structures	40 years	Machinery and equipment	3 – 5 years
Traffic signal devices	5 – 40 years	Vehicles	3 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Compensated Absences

Employees accrue vacation, sick, holiday, and compensatory time off benefits. City employees have vested interests in the amount of accrued time off, with the exception of sick time, and are paid on termination. Also, annually an employee may elect to be compensated for 40 to 120 hours of unused annual leave depending upon their length of service. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements and is currently payable. The City had no employee resignations or retirements for which compensated absences should be accrued in governmental funds at year-end. The general fund is typically used to liquidate compensated absences.

Pensions

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

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date June 30, 2018
Measurement Date June 30, 2018
Measurement Period July 1, 2017 to June 30, 2018

Equity Classification

Government-Wide Statements

Equity is classified as net position and is displayed in three components:

- a. *Net investment in capital assets* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or bylaws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

Nonspendable Fund Balance –

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

Committed Fund Balance –

- Self-imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.
- Council resolution is required to be taken to establish, modify or rescind a fund balance commitment

Assigned Fund Balance –

- Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.
- Assigned amounts for a specific purpose are as authorized by the City's City Treasurer through its fund balance policy.

Unassigned Fund Balance –

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenues, Expenditures, and Expenses

Property Tax

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 Merced (County) for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by voters on June 6, 1978) properties are assessed at 100% of full value. From this base of 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 proceeding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends 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.

The County levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the “alternate method of property tax distribution”, known as the Teeter Plan, by the City and the County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, but not yet paid. The County remits tax monies to the City in three installments as follows:

50 percent remitted in December
45 percent remitted in April
5 percent remitted in June

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Budgetary Accounting

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Manager is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2019. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

2. CASH AND INVESTMENTS

At June 30, 2019, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

Cash, cash equivalents and investments pooled	Maturities (in years)			Deposits	Fair Market Value
	<1	1 to 3	3 to 5		
<u>Pooled cash, at fair value</u>					
Cash in bank	\$ -	\$ -	\$ -	\$ 6,170,001	6,170,001
Petty cash	-	-	-	450	450
Total pooled items	-	-	-	6,170,451	6,170,451
<u>Pooled investments, at fair market value</u>					
Central San Joaquin Valley Risk Management Authority (CSJVRMA) investment pool	1,092,467	-	-	-	1,092,467
State of California Local Agency Investment Fund	35,805,211	-	-	-	35,805,211
Total pooled investments	36,897,678	-	-	-	36,897,678
Total cash, cash equivalents and investments pooled	<u>\$ 36,897,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,170,451</u>	<u>\$ 43,068,129</u>
Amounts reported in:					
Governmental activities					\$ 15,596,400
Business-type activities					25,728,379
Business-type activities - Restricted					1,110,628
Fiduciary activities					629,846
Fiduciary activities - Restricted					2,876
Total					<u>\$ 43,068,129</u>

<u>Investment Type</u>	<u>Fair Value</u>
CSJVRMA investment pool	1,092,467
LAIF	35,805,211
Total fair value	<u>\$ 36,897,678</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. 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) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code of the City’s investment policy. During the year ended June 30, 2019, the City’s permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bankers' Acceptances	180 days	40%	None
Certificates of Deposits	180 days	20%	None
Negotiable Certificates of Deposit	180 days	30%	None
Commercial Paper	180 days	15%	None
State of California Local Agency Investment Fund (State Pool)	N/A	Unlimited	\$50 Million per entity
Medium Term Notes	5 years	30%	None
Money Market Funds	N/A	Unlimited	None
Passbook Savings and Money Market Accounts (Insured)	None	Unlimited	None
U.S. Treasury Obligations	None	Unlimited	None
U.S. Government Agency Issues	None	Unlimited	None
Repurchase Agreements	30 days	10%	None
Mortgage pass-through and asset backed securities	5 years	20%	None

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

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund (State Pool)	N/A	None	None
Certificates of Deposit with Banks and Savings and Loans	None	None	None
Municipal Obligations	None	None	None

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

Credit risk – As of June 30, 2019, the City’s investments in money market funds were rated AAA by Standard & Poor’s and Fitch Ratings, and Aaa by Moody’s Investors Service. The State of California Local Agency Investment Fund is not rated.

Concentration of credit risk – The City’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government’s total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City’s Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 2.67% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

Custodial credit risk – deposits. For deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's Investment Policy addresses custodial credit risk, which follows the Government Code.

At June 30, 2019, the carrying amount of the City's deposits was \$6,170,451 and the balances in financial institutions were \$6,170,451. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$5,920,451 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2019, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

Custodial credit risk – investments. For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

Investment in LAIF

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2019 was \$24,584,685,280 of which the City had a balance of \$35,805,211. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2019 has a portfolio with market valuation of \$105,739,565,000. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2019:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accounts receivable	\$ -	\$ 1,299,713	\$ -	\$ 1,299,713
Taxes and assessments receivable	550,920	-	-	550,920
Interest receivable	74,822	125,600	2,490	202,912
Intergovernmental	649,661	-	-	649,661
Other	1,682,135	-	-	1,682,135
Loans/Notes receivable	-	-	111,437	111,437
Total accounts receivable	<u>\$ 2,957,538</u>	<u>\$ 1,425,313</u>	<u>\$ 113,927</u>	<u>\$ 4,496,778</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	14.07%	Financial	4.46%
Individuals/Business	45.23%	Other	36.24%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

4. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2019
Governmental activities					
Nondepreciable assets:					
Land	\$ 323,223	\$ -	\$ -	\$ -	\$ 323,223
Construction in Progress	582,488	110,025	-	(155,829)	536,684
Total nondepreciable assets	905,711	110,025	-	(155,829)	859,907
Depreciable assets:					
Buildings and improvements	15,066,829	36,000	-	-	15,102,829
Infrastructure	1,164,766	-	-	-	1,164,766
Roads	51,498,077	169,352	-	155,829	51,823,258
Equipment	7,579,881	343,883	-	(2)	7,923,762
Total depreciable assets	75,309,553	549,235	-	155,827	76,014,615
Total	76,215,264	659,260	-	(2)	76,874,522
Accumulated depreciation:					
Buildings and improvements	(9,026,439)	(536,828)	-	-	(9,563,267)
Infrastructure	(363,211)	(22,171)	-	-	(385,382)
Roads	(41,081,965)	(1,358,152)	-	-	(42,440,117)
Equipment	(5,057,233)	(301,988)	-	-	(5,359,221)
Total accumulated depreciation	(55,528,848)	(2,219,139)	-	-	(57,747,987)
Net depreciable assets	19,780,705	(1,669,904)	-	155,827	18,266,628
Total net capital assets	\$ 20,686,416	\$ (1,559,879)	\$ -	\$ (2)	\$ 19,126,535

Depreciation expense for capital assets was charged to functions as follows:

General government	\$ 639,994
Public safety	188,578
Highways and streets	1,390,567
Total	\$ 2,219,139

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

4. CAPITAL ASSETS, Continued

Business-type capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2019
<u>Business-type activities</u>					
Nondepreciable assets:					
Land	\$ 764,902	\$ -	\$ -	\$ -	\$ 764,902
Construction in Progress	437,533	226,434	-	(3)	663,964
Total nondepreciable assets	<u>1,202,435</u>	<u>226,434</u>	<u>-</u>	<u>(3)</u>	<u>1,428,866</u>
Depreciable assets:					
Buildings and improvements	109,935,546	-	-	1	109,935,547
Equipment	10,327,814	119,350	-	-	10,447,164
Total depreciable assets	<u>120,263,360</u>	<u>119,350</u>	<u>-</u>	<u>1</u>	<u>120,382,711</u>
Total	<u>121,465,795</u>	<u>345,784</u>	<u>-</u>	<u>(2)</u>	<u>121,811,577</u>
Accumulated depreciation:					
Buildings and improvements	(30,457,394)	(3,379,765)	-	4,967	(33,832,192)
Equipment	(7,823,430)	(406,814)	-	(4,965)	(8,235,209)
Total accumulated depreciation	<u>(38,280,824)</u>	<u>(3,786,579)</u>	<u>-</u>	<u>2</u>	<u>(42,067,401)</u>
Net depreciable assets	<u>81,982,536</u>	<u>(3,667,229)</u>	<u>-</u>	<u>3</u>	<u>78,315,310</u>
Total net capital assets	<u>\$ 83,184,971</u>	<u>\$ (3,440,795)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,744,176</u>

Depreciation expense for capital assets was charged to functions as follows:

Water	\$ 513,846
Sewer	3,262,991
Sanitation	9,742
	<u>\$ 3,786,579</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2019:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 1,338,442	\$ 742,746	\$ 1,403	\$ 2,082,591
Accrued payroll and related liabilities	228,831	40,344	-	269,175
Total	<u>\$ 1,567,273</u>	<u>\$ 783,090</u>	<u>\$ 1,403</u>	<u>\$ 2,351,766</u>

These amounts resulted in the following concentrations in payables:

Vendors	88.6%
Employees	11.4%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
<u>Governmental Activities:</u>					
Compensated absences	\$ 734,009	\$ -	\$ (74,243)	\$ 659,766	\$ 45,759
Capital lease obligations	481,832	-	(75,146)	406,686	77,139
Total governmental activities	<u>\$ 1,215,841</u>	<u>\$ -</u>	<u>\$ (149,389)</u>	<u>\$ 1,066,452</u>	<u>\$ 122,898</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

6. LONG-TERM LIABILITIES, Continued

The following is a summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
<i>Business-type Activities:</i>					
2017A Wastewater Revenue Refunding Bonds	\$ 54,805,000	\$ -	\$ (835,000)	\$ 53,970,000	\$ 880,000
Unamortized bond premium	5,434,971	-	(200,676)	5,234,295	201,320
Unamortized underwriting discount	(491,337)	-	18,193	(473,144)	(18,198)
2018A Wastewater Revenue Refunding Bonds	16,255,000	-	(540,000)	15,715,000	595,000
Unamortized bond premium	143,804	-	(73,717)	70,087	3,689
Unamortized underwriting discount	(146,295)	-	5,225	(141,070)	(7,425)
Capital lease obligation	75,408	-	(75,408)	-	-
Compensated absences	90,887	342	-	91,229	13,829
Total business-type activities	<u>\$ 76,167,438</u>	<u>\$ 342</u>	<u>\$ (1,701,383)</u>	<u>\$ 74,466,397</u>	<u>\$ 1,668,215</u>
				\$ 74,375,168	\$ 1,654,386

Governmental Activities:

Capital Lease Obligations

The City of Atwater has entered into two separate lease agreements as lessee for financing the acquisition of five patrol vehicles valued at \$194,276 and ladder fire truck valued at \$783,751. The interest rates on the leases are 1.98% and 2.65%, respectively. The patrol vehicles have a 5 year estimated useful life and the ladder truck has a 15-year estimated useful life. Title reverts to the City after payment of the minimum lease payments, and, therefore, have been recorded at the present value of future minimum lease payments.

Year Ending June 30,	<u>Governmental Activities</u>	
	<u>Capital Lease</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 77,139	\$ 10,777
2021	79,183	8,733
2022	81,281	6,635
2023	83,435	4,481
2024	85,648	2,270
Total	<u>\$ 406,686</u>	<u>\$ 32,896</u>
Due within one year	\$ 77,139	\$ 10,777
Due after one year	329,547	22,119
Total	<u>\$ 406,686</u>	<u>\$ 32,896</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

6. LONG-TERM LIABILITIES, Continued

Business-type Activities

2017A Wastewater Revenue Refunding Bonds (Sewer)

In August 2017, the City issued the 2017A Wastewater Revenue Refunding Bonds in the amount of \$56,600,000 to defease the 2008 Wastewater Revenue Refunding Bonds and the 2010 Wastewater Revenue Bonds by placing funds in separate escrow accounts to prepay the obligations. Each payment includes interest at an annual rate between 3.125% to 5.000%. Interest on the bonds is payable on May 1 and November 1 of each year. Principal of the bonds is payable on May 1 of each year beginning May 1, 2018. The bonds fully mature on May 1, 2045. An original issue premium of \$5,618,924 and an underwriting discount of \$509,400 was included in the sales of the bonds.

2018A Wastewater Revenue Refunding Bonds (Sewer)

In April 2018, the City issued the 2018A Wastewater Revenue Refunding Bonds in the amount of \$16,255,000 to defease the 2011 Wastewater Revenue Bonds by placing funds in an escrow account to prepay the obligation. Each payment includes interest at an annual rate between 2.75% to 4.00%. Interest on the bonds is payable on May 1 and November 1 of each year. Principal of the bonds is payable on May 1 of each year beginning May 1, 2019, Interest payments began on November 1, 2018. The bonds fully mature on May 1, 2038. An original issue premium of \$2,064,063 and an underwriting discount of \$146,295 was included in the sales of the bonds.

Capital Lease Obligation

The City of Atwater has entered into a lease agreement as lessee for financing the acquisition of a Vac-Con Sewer and Storm Drain Cleaner valued at \$365,560. The interest rate on the lease is 2.40%. The cleaner has a 5 year estimated useful life. Title reverts to the City after payment of the minimum lease payments, and, therefore, has been recorded in the Sewer Fund at the present value of future minimum lease payments.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

6. LONG-TERM LIABILITIES, Continued

Future debt service for business-type activities at June 30, 2019 is as follows for all debt except compensated absences:

Year Ending June 30,	Business-type Activities					
	2017A Wastewater Revenue		2018A Wastewater Revenue		Totals	
	Refunding Bonds		Refunding Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 880,000	\$ 2,434,588	\$ 595,000	\$ 542,069	\$ 1,475,000	\$ 2,976,657
2021	925,000	2,390,588	615,000	524,219	1,540,000	2,914,807
2022	965,000	2,344,338	635,000	505,769	1,600,000	2,850,107
2023	1,020,000	2,296,088	660,000	480,369	1,680,000	2,776,457
2024	1,065,000	2,245,088	690,000	453,969	1,755,000	2,699,057
2025-2029	6,180,000	10,372,188	3,845,000	1,862,169	10,025,000	12,234,357
2030-2034	7,815,000	8,756,438	4,495,000	1,211,863	12,310,000	9,968,301
2035-2039	10,850,000	7,048,850	4,180,000	385,019	15,030,000	7,433,869
2040-2044	19,770,000	3,523,000	-	-	19,770,000	3,523,000
2045-2049	4,500,000	157,500	-	-	4,500,000	157,500
Total	\$ 53,970,000	\$ 41,568,666	\$ 15,715,000	\$ 5,965,446	\$ 69,685,000	\$ 47,534,112
Due within one year	\$ 880,000	\$ 2,434,588	\$ 595,000	\$ 542,069	\$ 1,475,000	\$ 2,976,657
Due after one year	53,090,000	39,134,078	15,120,000	5,423,377	68,210,000	44,557,455
Total	\$ 53,970,000	\$ 41,568,666	\$ 15,715,000	\$ 5,965,446	\$ 69,685,000	\$ 47,534,112

Year Ending June 30,	2017A Wastewater Revenue		2018A Wastewater Revenue	
	Refunding Bonds		Refunding Bonds	
	Premium	Discount	Premium	Discount
2020	\$ 201,320	\$ (18,198)	\$ 3,689	\$ (7,425)
2021	201,320	(18,198)	3,689	(7,425)
2022	201,320	(18,198)	3,689	(7,425)
2023	201,320	(18,198)	3,689	(7,425)
2024	201,320	(18,198)	3,689	(7,425)
2025-2029	1,006,595	(90,990)	18,445	(37,125)
2030-2034	1,006,595	(90,990)	18,445	(37,125)
2035-2039	1,006,595	(90,990)	14,752	(29,705)
2040-2044	1,006,595	(90,990)	-	-
2045-2049	201,315	(18,194)	-	-
Total	\$ 5,234,295	\$ (473,144)	\$ 70,087	\$ (141,080)
Due within one year	\$ 201,320	\$ (18,198)	\$ 3,689	\$ (7,425)
Due after one year	5,032,975	(454,946)	66,398	(133,655)
Total	\$ 5,234,295	\$ (473,144)	\$ 70,087	\$ (141,080)

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

7. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Net investment in capital assets	\$ 19,126,535	\$ 6,661,614	\$ (5,643,324)	\$ 20,144,825
Restricted	6,508,484	1,110,628	-	7,619,112
Unrestricted (deficit)	<u>(36,807,572)</u>	<u>26,670,761</u>	<u>387,605</u>	<u>(9,749,206)</u>
Total	<u>\$ (11,172,553)</u>	<u>\$ 34,443,003</u>	<u>\$ (5,255,719)</u>	<u>\$ 18,014,731</u>

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

Prior Period Restatement

Due to a correction of the City debt refinancing gain or loss, net position was adjusted at June 30, 2019. The following is a reconciliation of the total net position as previously reported at July 1, 2018 to the restated net position.

	Business-type Activities
Net Position at June 30, 2018	\$ 39,168,643
Adjustment:	
Debt refinancing	<u>(8,127,088)</u>
Total Adjustments	<u>(8,127,088)</u>
Net Position at July 1, 2018	<u>\$ 31,041,555</u>

Fund Balance

Nonspendable and Restricted fund balance consisted of the following at June 30, 2019:

Nonspendable:	
Prepaid items	\$ 21,243
Investment in land held for resale	3,855,930
Total Nonspendable	<u>\$ 3,877,173</u>
Restricted:	
Governmental Funds:	
Gas Tax	\$ 606,489
Facility Impact Fee	5,430,455
HOME Investment Partnership Program	254,322
Neighborhood Stabilization	217,218
Total Restricted	<u>\$ 6,508,484</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

7. NET POSITION/ FUND BALANCES, Continued

The following describe the purpose of each nonspendable, restricted, and committed category used by the City:

Nonspendable

- **Prepaid items** - used to segregate that portion of fund balance to indicate that prepaid amounts do not represent available, spendable resources even though they are components of assets.
- **Investment in land held for resale** – includes properties held for the purpose of redevelopment either through resale or conversion to public use, which do not represent available, spendable resources even though they are components of assets.

Restricted

- **Gas Tax** – represents amounts restricted for street maintenance purposes as defined in Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.
- **Facility Impact Fee** – represents amounts restricted to capital projects through AB1600.
- **HOME Investment Partnership Program** – represents amounts restricted for the City’s HOME revolving loan program as this program is supported by specific grants requiring the restriction.
- **Neighborhood Stabilization** – represents restricted amounts received from Federal Grants for neighborhood revitalization programs.

Deficit fund balances consisted of the following:

	<u>As of June 30, 2019</u>
<u>Nonmajor Special Revenue Funds:</u>	
Local Transportation	-
Community Development Block Grants	12,441
Maintenance District Funds:	
Northwood Village	44,274
Wildwood Estates	9,221
Woodview Garland	8,830
Sierra Parks	32,127
Price Annexation	60,215
Airport Business Park	-
General Capital Projects	101,590
Total Governmental Funds	<u>\$ 268,698</u>
<u>Fiduciary Funds:</u>	
Successor Agency Private Purpose Trust	<u>\$ 5,255,719</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

7. NET POSITION/ FUND BALANCES, Continued

The above deficit fund balances have occurred due to the spending of funds prior to the receipt of revenues (cost reimbursements). The Fund balances will be restored in the near future as revenues are received.

8. INTERFUND TRANSACTIONS

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to and due from other funds consisted of the following as of June 30, 2019:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 227,446	\$ 2,097,563
Total Major Funds	<u>227,446</u>	<u>2,097,563</u>
Nonmajor Special Revenue Funds:		
Local Transportation	-	417,410
Community Development Block Grants	-	12,441
Total Non-major Special Revenue Funds	<u>-</u>	<u>429,851</u>
Capital Projects Funds		
General	-	227,446
Total Non-major Capital Projects Funds	<u>-</u>	<u>227,446</u>
Total Governmental Funds	<u>227,446</u>	<u>2,754,860</u>
<u>Proprietary Funds</u>		
Water	-	86,844
Sewer	4,263,356	-
Sanitation	-	1,649,098
Total Proprietary Funds	<u>4,263,356</u>	<u>1,735,942</u>
Total	<u>\$ 4,490,802</u>	<u>\$ 4,490,802</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

8. INTERFUND TRANSACTIONS, Continued

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers consisted of the following at June 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 152,353	\$ -
Total Major Funds	<u>152,353</u>	<u>-</u>
Non-major Funds:		
Capital Projects Funds:		
General	20	-
Total Non-major Funds	<u>20</u>	<u>-</u>
Total Governmental Funds	<u>152,373</u>	<u>-</u>
<u>Proprietary Funds</u>		
Water	-	152,373
Total Proprietary Funds	<u>-</u>	<u>152,373</u>
Total Transfers	<u>\$ 152,373</u>	<u>\$ 152,373</u>

The Water Fund transfer from proprietary funds to governmental funds was to fund programs paid for by General Fund resources.

9. RISK MANAGEMENT

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes. The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each worker's compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$50,000 and worker's compensation losses under \$100,000. The CSJVRMA participates in an excess pool which provides worker's compensation coverage from \$500,000 to \$4,500,000 and purchases excess insurance above the \$5,000,000 to the statutory limit.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RISK MANAGEMENT, Continued

The CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et. seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

At the termination of the joint venture agreement and after all claims has been settled, any excess or deficit will be divided among the cities in proportion to the aggregate amount of contribution made by each. The financial position results of operations of CSJVRMA are as follows for June 30, 2019, the most recent available:

Total assets	\$	128,442,162
Total liabilities		109,661,346
Total equities		18,780,816
Total revenues		53,005,963
Total expenses		52,250,549
Revenues over (under) expenses		755,414

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<u>Miscellaneous</u>	<u>Miscellaneous - Second Tier</u>	<u>PEPRA Miscellaneous</u>
	Prior to November 25, 2011	November 25, 2011 to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 60	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 60	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	14.793%	7.634%	6.842%
	<u>Safety</u>	<u>PEPRA Safety - Police</u>	
	Prior to January 1, 2013	On or after January 1, 2013	
Hire date			
Benefit formula	3% @ 50	2.7% @ 57	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50	50 - 57	
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%	
Required employee contribution rates	9%	13%	
Required employer contribution rates	22.741%	12.141%	

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

For the year ended June 30, 2019, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 1,287,315	\$ 1,816,376

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

As of June 30, 2019, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 12,251,875
Safety	14,294,980
Total Net Pension Liability	<u>\$ 26,546,855</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2018 and 2019 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2018	0.32300%	0.24778%
Proportion - June 30, 2019	0.32509%	0.24363%
Change - Increase (Decrease)	0.00209%	-0.00415%

For the year ended June 30, 2019, the City recognized pension expense of \$4,253,211. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Change in Assumptions	\$ 2,799,337	\$ 531,551
Differences between actual and expected experience	777,234	161,131
Differences between projected and actual investment	157,354	-
Differences between employers contributions and proportionate share of contributions	1,339,176	159,952
Change in employer's proportion	91,394	1,634,549
Pension contributions made subsequent to measurement date	3,103,691	-
Total	<u>8,268,186</u>	<u>2,487,183</u>

\$3,103,691 reported as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ 2,543,978
2021	1,358,718
2022	(1,016,171)
2023	(209,213)
2024	-
Thereafter	-

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions -The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Assumptions	
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funs
Post-retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent to correct for an adjustment to exclude administrative expense.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.55%	-0.90%
Total	100%		

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

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

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability as of			
June 30, 2018			
Miscellaneous	\$ 17,254,177	\$ 12,251,875	\$ 8,122,558
Safety	20,137,721	14,294,980	9,507,899
Total	<u>\$ 37,391,898</u>	<u>\$ 26,546,855</u>	<u>\$ 17,630,457</u>

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

11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The City of Atwater Retired Employees Healthcare Plan is a single-employer defined benefit healthcare plan administered by CalPERS. The City provides medical benefits to eligible retirees, their spouses and dependents. To earn this benefit, employees must have reached the age of fifty with five years of service to the City. The City provides coverage for surviving family members of an enrollee who dies while covered under the plan. Coverage for the enrolled family members then continues until any one of a specific set of circumstances occurs. The Retiree Health Plan does not issue a financial report.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2019, the City contributed \$623,706 the plan, the entire amount for current premiums. The City pays the full benefit cost of health care coverage premiums for retired members receiving benefits. The City does not pay for dental and vision insurance premiums for retiree. Those retirees wishing to be covered by dental and vision insurance benefits must pay 100% of the cost for the retirees and their dependents.

At June 30, 2019, the following employees were covered by the benefit terms:

Active employees	83
Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to, but not yet receiving benefits	24
Total Number of participants	166

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

11. OTHER POSTEMPLOYMENT BENEFITS, Continued

City Contribution to the Plan

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, the City’s cash contributions were \$623,706 cash benefit payments.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2017
Contribution Policy	No pre-funding
Discount Rate	3.87% at June 30, 2018 (Bond Buyer 20-bond Index)
	3.58% at June 30, 2017 (Bond Buyer 20-bond Index)
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-17
Salary Increases	Aggregate - 3.00% per annum Merit - Tables from CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Participation at Retirement	Actives & surviving spouse: Participating & Waived: -Percent of premium - 100% - PEMHCA minimum - 60% Retirees & surviving spouse: Participating - 100% Waived < 65 - 20% at 65 Waived ≥ 65 - 0%

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

11. OTHER POSTEMPLOYMENT BENEFITS, Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class Component	<u>Target Allocation CERBT Strategy 1</u>	<u>Expected Real Rate of Return</u>
Global Equity	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

11. OTHER POSTEMPLOYMENT BENEFITS, Continued

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2018*	\$ 23,653,000	\$ -	\$ 23,653,000
Changes for the year			
Service Cost	1,028,487	-	1,028,487
Interest	872,785	-	872,785
Difference between actual and expected experience	-	-	-
Assumption changes	(1,089,852)	-	(1,089,852)
Contributions - employer	-	604,000	(604,000)
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments	(604,000)	(604,000)	-
Administrative expenses	-	-	-
Net Changes	207,420	-	207,420
Balance at 6/30/2019**	\$ 23,860,420	\$ -	\$ 23,860,420

*Measurement date 6/30/2017

** Measurement date 6/30/2018

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The discount rate used for the fiscal year end 2019 is 3.87%. The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	2.87%	3.87%	4.87%
Net OPEB Liability	\$ 27,959,846	\$ 23,860,420	\$ 20,608,786

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

11. OTHER POSTEMPLOYMENT BENEFITS, Continued

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018 (Healthcare Cost Trend Rate was assumed to start at 7.5% and grade down to 4% for years 2076 and thereafter):

Change in Healthcare Cost Trend Rate	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 20,044,290	\$ 23,860,420	\$ 28,778,954

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.0 Years at June 30, 2017)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,257,280. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	2,951,860
Employer contributions made subsequent to the measurement date	<u>623,706</u>	<u>-</u>
Total	<u>\$ 623,706</u>	<u>\$ 2,951,860</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

11. OTHER POSTEMPLOYMENT BENEFITS, Continued

The \$623,706 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2020	\$ (645,992)
2021	(645,992)
2022	(645,992)
2023	(645,992)
2024	(645,992)
Thereafter	(51,900)

12. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Atwater 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 another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2015, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 112-10.

After enactment of the law 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 at the date of 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 the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

12. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Trust Activities:					
2017A & 2017 B Tax Allocation Refunding Bonds -	7,170,000	-	(645,000)	6,525,000	863,000
Total trust fund debt	<u>\$ 7,170,000</u>	<u>\$ -</u>	<u>\$ (645,000)</u>	<u>\$ 6,525,000</u>	<u>\$ 863,000</u>

2017 Tax Allocation Refunding Bonds – Series A and B

In September 2017, the Successor Agency to the Atwater Redevelopment Agency issued \$7,524,000 Tax Allocation Refunding Bonds, Series A, in the amount of \$5,999,000 and Series B in the amount of \$1,525,000. The were used to defease all of the outstanding 1998 A Bonds and the 2007, Series A and B Bonds. The final maturity date on the bonds is June 2026.

Future debt service for Fiduciary Activities at June 30, 2019, is as follows:

Year Ending June 30,	FiduciaryActivities	
	2017 Series A & B Tax Allocation Refunding Bonds	
	Principal	Interest
2020	\$ 863,000	\$ 172,185
2021	883,000	146,080
2022	908,000	123,298
2023	931,000	99,872
2024	956,000	75,852
2025-2026	1,984,000	77,116
Total	<u>\$ 6,525,000</u>	<u>\$ 694,403</u>
Due within one year	\$ 863,000	\$ 172,185
Due after one year	5,662,000	522,218
Total	<u>\$ 6,525,000</u>	<u>\$ 694,403</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

13. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants and Allocations

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

14. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 83, "*Certain Asset Retirement Obligations*." The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This statement had no effect on these financial statements.

The GASB has issued Statement No. 84, "*Fiduciary Activities*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2020.

The GASB has issued Statement No. 87, "*Leases*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

14. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*" The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement had no effect on these financial statements.

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

The GASB has issued Statement No. 90, "*Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2020.

The GASB has issued Statement No. 91, "*Conduit Debt Obligations.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

15. MANAGEMENT'S PLAN OF OPERATIONS

General Fund

Two major sources of revenue to the City's General Fund are property tax and sales tax. Both of these areas were significantly impacted by the economic downturn over the past several years. The effects of the housing downturn and financial market decline have reduced the City's General Fund revenue base. This situation was further impacted by State action which reduced local revenues such as motor vehicle license fees and eliminated redevelopment agencies statewide. Rising labor costs through collective bargaining agreements and accounting changes such as reporting Other Post-Employment Benefits (OPEB) have further contributed to the structural imbalance. To address this situation, the City Council has taken action to begin to move the General Fund toward a balanced budget position. The City has worked with employees to reduce current operating costs through early retirements, layoffs and salary and benefit reductions. Actions have also been taken to increase various fees to generate additional revenue. These actions have significantly reduced the magnitude of the operating shortfall. A balanced General Fund budget was adopted for the 2018-19 fiscal year.

Sanitation Fund

Sanitation service in the City of Atwater is provided through a service contract with an outside vendor. That ten-year agreement was executed in 2003 and rates had not been adjusted at that time. This resulted in a deficit in the Sanitation Fund. To address this issue, the City Council formed a Sanitation Fund Committee to review options for addressing this issue. The City Council approved a five-year plan for annual rate increases in fiscal year 2012-13. As of June 30, 2019, the Sanitation Fund no longer has a deficit fund balance.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Atwater, California
Required Supplementary Information - Schedule of Contributions
Miscellaneous Plan
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 1,287,315	\$ 1,174,464	\$ 1,116,119
Contributions in relation to the actuarially determined contributions	<u>1,287,315</u>	<u>1,174,464</u>	<u>799,855</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,264</u>
Covered-employee payroll	\$ 2,369,012	\$ 2,286,138	\$ 2,442,521
Contribution as a percentage of covered-employee payroll	54.34%	51.37%	32.75%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Additional years will be presented as they become available.

City of Atwater, California

Required Supplementary Information - Schedule of Contributions

Safety Plan

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 1,816,315	\$ 1,718,382	\$ 1,619,553
Contributions in relation to the actuarially determined contributions	<u>1,816,315</u>	<u>1,718,382</u>	<u>845,462</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,091</u>
Covered-employee payroll	\$ 1,932,261	\$ 2,066,299	\$ 2,202,581
Contribution as a percentage of covered-employee payroll	94.00%	83.16%	38.39%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Additional years will be presented as they become available.

City of Atwater, California

Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability

Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.32509%	0.32300%	0.33345%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 12,251,876	\$ 12,732,963	\$ 11,584,691
Plan's Covered-Employee Payroll	<u>\$ 2,369,012</u>	<u>\$ 2,286,138</u>	<u>\$ 2,442,521</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	19.34%	17.95%	21.08%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	66.87%	65.06%	75.87%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 941,913	\$ 897,081	\$ 799,855

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Additional years will be presented as they become available.

City of Atwater, California
Required Supplementary Information - Schedule of the City's Proportionate
Share of the Net Pension Liability
Safety Plan
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.24363%	0.24778%	0.66170%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 14,294,980	\$ 14,805,488	\$ 13,785,708
Plan's Covered-Employee Payroll	\$ 1,932,261	\$ 2,066,299	\$ 2,202,581
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	13.52%	13.96%	15.98%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	66.27%	64.44%	72.69%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 1,184,929	\$ 925,711	\$ 845,462

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Additional years will be presented as they become available.

City of Atwater, California
Required Supplementary Information - Schedule of
Changes in the Net OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30,

	2018	2017
Total OPEB Liability		
Service Cost	\$ 1,028,487	\$ 1,200,000
Interest on the total OPEB liability	872,785	746,000
Differences between expected and actual experience	-	-
Changes of benefit terms	-	-
Changes of assumptions	(1,089,852)	(2,981,000)
Benefit payments	(604,000)	(627,000)
Net change in total OPEB liability	207,420	(1,662,000)
Total OPEB liability - beginning	23,653,000	25,315,000
Total OPEB liability - ending (a)	\$ 23,860,420	\$ 23,653,000
Plan fiduciary net position		
Contributions - employer	\$ -	\$ -
Contributions - employee	-	-
Actual investment income	-	-
Administrative expense	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 23,860,420	\$ 23,653,000
Covered-employee payroll	N/A	\$ 5,940,000
Net OPEB liability as a percentage of covered-employee payr	N/A	398.20%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Additional years to be presented in the future.

City of Atwater, California

Required Supplementary Information - Net OPEB Liability Schedule of Contributions

June 30, 2019

Fiscal Year Ended June 30,	2019	2018
Actuarially Determined Contribution (ADC)	\$ 604,000	\$ 627,000
Contributions in relation to the ADC	604,000	627,000
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	N/A	\$ 5,940,000
Contributions as a percentage of covered-employee payroll	N/A	10.56%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Additional years to be presented in the future.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

Fund Type	Description
Special Revenue	These funds account for restricted revenues (for specified purposes).
City Capital Projects Fund	This fund accounts for construction or acquisition of governmental capital assets (capital outlay).
Performance Bond Capital Projects Fund	This fund accounts for financial resources for the acquisition of general obligation bonds.

City of Atwater, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Governmental Funds			
	Special Revenue Funds	Capital Projects Funds		Non-Major Funds Totals
		General	Performance Bond	
ASSETS				
Cash and investments	\$ 9,786,912	\$ -	\$ 214,882	\$ 10,001,794
Receivables:				
Taxes and assessments	56,109	-	-	56,109
Interest	49,940	-	1,058	50,998
Intergovernmental	649,661	-	-	649,661
Other receivable	-	313,056	-	313,056
Due from other funds	-	-	-	-
Advance to Successor Agency	259,265	-	-	259,265
Investment in land held for resale	3,855,930	-	-	3,855,930
Total assets	\$ 14,657,817	\$ 313,056	\$ 215,940	\$ 15,186,813
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 97,676	\$ -	\$ -	\$ 97,676
Due to other funds	429,851	227,446	-	657,297
Deposits Payable	-	-	111,666	111,666
Total liabilities:	527,527	227,446	111,666	866,639
Deferred inflows of resources:				
Unavailable revenue	29,603	187,200	-	216,803
Total deferred inflows of resources	29,603	187,200	-	216,803
Total liabilities and deferred inflows	557,130	414,646	111,666	1,083,442
Fund Balances:				
Nonspendable	3,855,930	-	-	3,855,930
Restricted	6,508,484	-	-	6,508,484
Assigned	3,903,381	-	104,274	4,007,655
Unassigned (deficit)	(167,108)	(101,590)	-	(268,698)
Total fund balances	14,100,687	(101,590)	104,274	14,103,371
Total liabilities, deferred inflows and fund balances	\$ 14,657,817	\$ 313,056	\$ 215,940	\$ 15,186,813

City of Atwater, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2019

	Governmental Funds			
	Special Revenue Funds	Capital Projects Funds		Non-Major Funds Totals
		General	Performance Bond	
REVENUES:				
Taxes and assessments	\$ 1,520,266	\$ -	\$ -	\$ 1,520,266
Intergovernmental	1,661,130	130,853	-	1,791,983
Use of money and property	154,865	-	3,372	158,237
Reimbursements	808	-	-	808
Other revenues	(535)	6,808	-	6,273
Total revenues	3,336,534	137,661	3,372	3,477,567
EXPENDITURES:				
Current:				
General government	12,751	-	-	12,751
Public safety	-	-	-	-
Highways and Streets	844,722	-	-	844,722
Urban redevelopment and housing	762,052	-	-	762,052
Capital outlay	422,059	142,549	-	564,608
Total expenditures	2,041,584	142,549	-	2,184,133
REVENUES OVER (UNDER) EXPENDITURES	1,294,950	(4,888)	3,372	1,293,434
OTHER FINANCING SOURCES (USES):				
Proceeds from the sale of capital assets	10,000	-	-	10,000
Transfers in	-	20	-	20
Transfers out	-	-	-	-
Total other financing sources (uses)	10,000	20	-	10,020
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	1,304,950	(4,868)	3,372	1,303,454
FUND BALANCES:				
Beginning of year	12,795,737	(96,722)	100,902	12,799,917
End of year	\$ 14,100,687	\$ (101,590)	\$ 104,274	\$ 14,103,371

NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Police Grants	Accounts for revenues and expenditures associated with community policing grants.
Gas Tax	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.
Local Transportation Fund	Accounts accounts for local transportation funds restricted to transit, street, pedestrian, and bike purposes.
Facility Impact Fee	These fees are received from developers to increase space and to improve City buildings to mitigate the growth of the City.
Community Developent Block Grants	Accounts for activities related to housing and the related Urban redevelopment and housing Block Grant funding.
CDBG Program Income	Accounts for activities related to housing and the related Urban redevelopment and housing Block Grant funding program income.
HOME Investment Partnership Program	Accounts for activities related to housing and the related Home Program funding.
Housing Authority	Accounts for activities related to housing and the related Home Program funding.
Measure V	Accounts for Measure V, a voter approved sales tax measure, to provide enhanced public safety costs.
Narcotics Program	Accounts for revenues and expenditures associated with the Narcotics Program.
Neighborhood Stabilization	Accounts for revenues and expenditures associated with the redevelopment of abandoned and foreclosed homes and residential property.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
Applegate Interchange	Accounts for revenues and expenditures associated with the Applegate Interchange.
Maintenance Districts:	Accounts for funds collected for the maintenance districts shown within the City limits for which the City is obligated to maintain.
	Northwood Village Camelia Estates
	Orchard Parks Estates Juniper Meadows
	Wildwood Estates Camelia Meadows
	Woodview Garland Stone Creek
	Shaffer Lakes West America West
	Woodhaven Bell Crossing
	Sierra Parks Atwater South
	Shaffer Lakes East Beluga Court
	Price Annexation Mello Ranch 2
	Sandlewood Square Meadow View
	Pajaro Dunes Aspenwood
	Redwood Estates Applegate Ranch
	Cottage Gardens Reserve
	Airport Business Park CFD Districts
	Silva Ranch
	Mello Ranch

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City of Atwater, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Police Grants	Gas Tax	Local Transportation	Facility Impact Fee
ASSETS				
Cash and investments	\$ 86,018	\$ 635,190	\$ 487,602	\$ 5,148,685
Receivables:				
Taxes and assessments				
Interest	1,525	3,167	2,307	24,985
Intergovernmental	-	1,106	28,526	265,442
Other receivable	-	-	-	-
Due from other funds	-	-	-	-
Advance to Successor Agency	-	-	-	-
Investment in land held for resale	-	-	-	-
Total assets	\$ 87,543	\$ 639,463	\$ 518,435	\$ 5,439,112
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 11,315	\$ 31,868	\$ -	\$ 8,657
Due to other funds	0	-	417,410	-
Total liabilities:	11,315	31,868	417,410	8,657
Deferred inflows of resources:				
Unavailable revenue	-	1,106	28,526	-
Total deferred inflows of resources	-	1,106	28,526	-
Total liabilities and deferred inflows	11,315	32,974	445,936	8,657
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	606,489	-	5,430,455
Assigned	76,228	-	72,499	-
Unassigned (deficit)	-	-	-	-
Total fund balances	76,228	606,489	72,499	5,430,455
Total liabilities deferred inflows and fund balances	\$ 87,543	\$ 639,463	\$ 518,435	\$ 5,439,112

Community Development Block Grants	CDBG Program Income	HOME Investment Partnership Program	Housing Authority	Measure V	Narcotics Program	Neighborhood Stabilization
\$ -	\$ 29,860	\$ 253,076	\$ 55,496	\$ 240,199	\$ 5,384	\$ 216,154
-	147	1,246	279	40,804 1,273	27	1,064
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	259,265	-	-	-
-	-	-	3,855,930	-	-	-
<u>\$ -</u>	<u>\$ 30,007</u>	<u>\$ 254,322</u>	<u>\$ 4,170,970</u>	<u>\$ 282,276</u>	<u>\$ 5,411</u>	<u>\$ 217,218</u>
\$ -	\$ -	\$ -	\$ -	25,846	\$ -	\$ -
12,441	-	-	-	-	-	-
<u>12,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,846</u>	<u>-</u>	<u>-</u>
-	(29)	-	-	-	-	-
-	(29)	-	-	-	-	-
<u>12,441</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>25,846</u>	<u>-</u>	<u>-</u>
-	-	-	3,855,930	-	-	-
-	-	254,322	-	-	-	217,218
-	30,036	-	315,040	256,430	5,411	-
(12,441)	-	-	-	-	-	-
<u>(12,441)</u>	<u>30,036</u>	<u>254,322</u>	<u>4,170,970</u>	<u>256,430</u>	<u>5,411</u>	<u>217,218</u>
<u>\$ -</u>	<u>\$ 30,007</u>	<u>\$ 254,322</u>	<u>\$ 4,170,970</u>	<u>\$ 282,276</u>	<u>\$ 5,411</u>	<u>\$ 217,218</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
June 30, 2019

	Applegate Interchange	Maintenance District Funds	Totals
ASSETS			
Cash and investments	\$ 743,533	\$ 1,885,715	\$ 9,786,912
Receivables:			
Taxes and assessments	-	15,305	56,109
Interest	3,659	10,261	49,940
Intergovernmental		354,587	649,661
Other receivable		-	-
Due from other funds	-	-	-
Advance to Successor Agency	-	-	259,265
Investment in land held for resale	-	-	3,855,930
Total assets	<u>\$ 747,192</u>	<u>\$ 2,265,868</u>	<u>\$ 14,657,817</u>
AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 19,990	\$ 97,676
Due to other funds		-	429,851
Total liabilities:	<u>-</u>	<u>19,990</u>	<u>527,527</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	29,603
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>29,603</u>
Total liabilities and deferred inflows	<u>-</u>	<u>19,990</u>	<u>557,130</u>
Fund Balances:			
Nonspendable	-	-	3,855,930
Restricted	-	-	6,508,484
Assigned	747,192	2,400,545	3,903,381
Unassigned (deficit)	-	(154,667)	(167,108)
Total fund balances	<u>747,192</u>	<u>2,245,878</u>	<u>14,100,687</u>
Total liabilities deferred inflows and fund balances	<u>\$ 747,192</u>	<u>\$ 2,265,868</u>	<u>\$ 14,657,817</u>

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City of Atwater, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2019

	Police Grants	Gas Tax	Local Transportation	Facility Impact Fee
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 695,023
Intergovernmental	10,890	612,508	107,950	575,196
Use of money and property	4,729	10,600	7,194	75,883
Reimbursements	-	-	-	808
Other revenues	-	(535)	-	-
Total revenues	<u>15,619</u>	<u>622,573</u>	<u>115,144</u>	<u>1,346,910</u>
EXPENDITURES:				
Current:				
General government	-	-	-	12,751
Public safety	-	-	-	-
Highways and Streets	-	844,722	-	-
Urban redevelopment and housing	-	-	-	-
Capital outlay	11,315	230,934	27,345	62,923
Total expenditures	<u>11,315</u>	<u>1,075,656</u>	<u>27,345</u>	<u>75,674</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,304</u>	<u>(453,083)</u>	<u>87,799</u>	<u>1,271,236</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from the sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	4,304	(453,083)	87,799	1,271,236
FUND BALANCES (DEFICITS):				
Beginning of year	71,924	1,059,572	(15,300)	4,159,219
End of year	<u>\$ 76,228</u>	<u>\$ 606,489</u>	<u>\$ 72,499</u>	<u>\$ 5,430,455</u>

Community Development Block Grants	CDBG Program Income	HOME Investment Partnership Program	Housing Authority	Measure V	Narcotics Program	Neighborhood Stabilization
\$ -	\$ -	\$ -	\$ -	\$ 160,104	\$ -	\$ -
-	-	-	-	-	-	-
-	469	3,972	826	3,450	85	3,392
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	469	3,972	826	163,554	85	3,392
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	4,250	-	-	-
-	-	-	-	77,426	-	-
-	-	-	4,250	77,426	-	-
-	469	3,972	(3,424)	86,128	85	3,392
-	-	-	10,000	-	-	-
-	-	-	-	0	-	-
-	-	-	-	-	-	-
-	-	-	10,000	-	-	-
-	469	3,972	6,576	86,128	85	3,392
(12,441)	29,567	250,350	4,164,394	170,302	5,326	213,826
<u>\$ (12,441)</u>	<u>\$ 30,036</u>	<u>\$ 254,322</u>	<u>\$ 4,170,970</u>	<u>\$ 256,430</u>	<u>\$ 5,411</u>	<u>\$ 217,218</u>

(continued)

City of Atwater, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds, continued
For the year ended June 30, 2019

	Applegate Interchange	Maintenance District Funds	Totals
REVENUES:			
Taxes and assessments	\$ 3,789	\$ 661,350	\$ 1,520,266
Intergovernmental	-	354,586	1,661,130
Use of money and property	11,656	32,609	154,865
Reimbursements	-	-	808
Other revenues	-	-	(535)
Total revenues	15,445	1,048,545	3,336,534
EXPENDITURES:			
Current:			
General government	-	-	12,751
Public safety	-	-	-
Highways and Streets	-	-	844,722
Urban redevelopment and housing	-	757,802	762,052
Capital outlay	-	12,116	422,059
Total expenditures	-	769,918	2,041,584
REVENUES OVER (UNDER) EXPENDITURES	15,445	278,627	1,294,950
OTHER FINANCING SOURCES (USES):			
Proceeds from the sale of capital assets	-	-	10,000
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	10,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	15,445	278,627	1,304,950
FUND BALANCES (DEFICITS):			
Beginning of year	731,747	1,967,251	12,795,737
End of year	\$ 747,192	\$ 2,245,878	\$ 14,100,687

(concluded)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Police Grants Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 25,394	\$ 25,394	\$ 10,890	\$ (14,504)
Use of money and property	-	-	4,729	4,729
Total revenues	25,394	25,394	15,619	(9,775)
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	25,394	25,394	11,315	14,079
Total expenditures	25,394	25,394	11,315	14,079
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	4,304	4,304
OTHER FINANCING SOURCES (USES):				
Transfers in	31,657	31,657	0	(31,657)
Total other financing sources (uses)	31,657	31,657	-	(31,657)
Net change in fund balances	31,657	31,657	4,304	(27,353)
FUND BALANCES (DEFICITS):				
Beginning of year	71,924	71,924	71,924	-
End of year	\$ 103,581	\$ 103,581	\$ 76,228	\$ (27,353)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Gas Tax Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 709,561	\$ 709,561	\$ 612,508	\$ (97,053)
Use of money and property	-	-	10,600	10,600
Other revenues	-	-	(535)	(535)
Total revenues	709,561	709,561	622,573	(86,988)
EXPENDITURES:				
Current:				
Highways and Streets	844,062	844,062	844,722	(660)
Capital outlay	231,622	231,622	230,934	688
Total expenditures	1,075,684	1,075,684	1,075,656	28
REVENUES OVER (UNDER) EXPENDITURES	(366,123)	(366,123)	(453,083)	(86,960)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(366,123)	(366,123)	(453,083)	(86,960)
FUND BALANCES:				
Beginning of year	1,059,572	1,059,572	1,059,572	-
End of year	\$ 693,449	\$ 693,449	\$ 606,489	\$ (86,960)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Local Transportation Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 107,950	\$ 107,950
Use of money and property	-	-	7,194	7,194
Other revenues	-	-	-	-
Total revenues	-	-	115,144	115,144
EXPENDITURES:				
Current:				
Highways and Streets	-	-	-	-
Capital outlay	-	-	27,345	(27,345)
Total expenditures	-	-	27,345	(27,345)
REVENUES OVER (UNDER) EXPENDITURES	-	-	87,799	87,799
Net change in fund balances	-	-	87,799	87,799
FUND BALANCES (DEFICITS):				
Beginning of year	(15,300)	(15,300)	(15,300)	-
End of year	\$ (15,300)	\$ (15,300)	\$ 72,499	\$ 87,799

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Facility Impact Fee Revolving Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 22,000	\$ 910,000	\$ 695,023	\$ (214,977)
Intergovernmental	515,424	515,424	575,196	59,772
Use of money and property	4,250	6,500	75,883	69,383
Reimbursements	-	6,000	808	(5,192)
Total revenues	541,674	1,437,924	1,346,910	(91,014)
EXPENDITURES:				
Current:				
General government	-	-	12,751	(12,751)
Capital outlay	343,000	538,000	62,923	475,077
Total expenditures	343,000	538,000	75,674	462,326
REVENUES OVER (UNDER) EXPENDITURES	198,674	899,924	1,271,236	371,312
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	198,674	899,924	1,271,236	371,312
FUND BALANCES:				
Beginning of year	4,159,219	4,159,219	4,159,219	-
End of year	\$ 4,357,893	\$ 5,059,143	\$ 5,430,455	\$ 371,312

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Community Development Block Grants Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES (DEFICITS):				
Beginning of year	(12,441)	(12,441)	(12,441)	-
End of year	<u>\$ (12,441)</u>	<u>\$ (12,441)</u>	<u>\$ (12,441)</u>	<u>\$ -</u>

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

CDBG Program Income Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 469	\$ 469
Total revenues	-	-	469	469
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	469	469
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	469	469
FUND BALANCES (DEFICITS):				
Beginning of year	29,567	29,567	29,567	-
End of year	\$ 29,567	\$ 29,567	\$ 30,036	\$ 469

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

HOME Investment Partnership Program Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 3,972	\$ 3,972
Total revenues	-	-	3,972	3,972
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	3,972	3,972
OTHER FINANCING SOURCES (USES):				
Transfers in			0	
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	3,972	3,972
FUND BALANCES:				
Beginning of year	250,350	250,350	250,350	-
End of year	\$ 250,350	\$ 250,350	\$ 254,322	\$ 3,972

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Housing Authority Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 826	\$ 826
Total revenues	-	-	826	826
EXPENDITURES:				
Current:				
Community development	-	-	4,250	(4,250)
Total expenditures	-	-	4,250	(4,250)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(3,424)	(3,424)
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of long-term debt	-	-	10,000	10,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	10,000	10,000
Net change in fund balances	-	-	6,576	6,576
FUND BALANCES:				
Beginning of year	4,164,394	4,164,394	4,164,394	-
End of year	\$ 4,164,394	\$ 4,164,394	\$ 4,170,970	\$ 6,576

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Measure V Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 125,000	\$ 125,000	\$ 160,104	\$ 35,104
Use of money and property	-	-	3,450	3,450
Total revenues	125,000	125,000	163,554	38,554
EXPENDITURES:				
Capital outlay	-	-	77,426	(77,426)
Total expenditures	-	-	77,426	(77,426)
REVENUES OVER (UNDER) EXPENDITURES	125,000	125,000	86,128	(38,872)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	0	0	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	125,000	125,000	86,128	(38,872)
FUND BALANCES (DEFICITS):				
Beginning of year	170,302	170,302	170,302	-
End of year	<u>\$ 295,302</u>	<u>\$ 295,302</u>	<u>\$ 256,430</u>	<u>\$ (38,872)</u>

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Narcotics Program Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	85	85
Total revenues	-	-	85	85
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	85	85
Net change in fund balances	-	-	85	85
FUND BALANCES:				
Beginning of year	5,326	5,326	5,326	-
End of year	\$ 5,326	\$ 5,326	\$ 5,411	\$ 85

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Neighborhood Stabilization Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	300	300	3,392	3,092
Total revenues	300	300	3,392	3,092
EXPENDITURES:				
Current:				
Urban redevelopment and housing	213,000	213,000	-	213,000
Total expenditures	213,000	213,000	-	213,000
REVENUES OVER (UNDER)				
EXPENDITURES	(212,700)	(212,700)	3,392	216,092
Net change in fund balances	(212,700)	(212,700)	3,392	216,092
FUND BALANCES:				
Beginning of year	213,826	213,826	213,826	-
End of year	\$ 1,126	\$ 1,126	\$ 217,218	\$ 216,092

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Applegate Interchange Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 3,789	\$ 3,789
Use of money and property	1,000	1,000	11,656	10,656
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>15,445</u>	<u>14,445</u>
EXPENDITURES:				
Current:				
Highways and Streets	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>1,000</u>	<u>1,000</u>	<u>15,445</u>	<u>14,445</u>
Net change in fund balances	1,000	1,000	15,445	14,445
FUND BALANCES:				
Beginning of year	<u>731,747</u>	<u>731,747</u>	<u>731,747</u>	-
End of year	<u>\$ 732,747</u>	<u>\$ 732,747</u>	<u>\$ 747,192</u>	<u>\$ 14,445</u>

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City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2019

	Northwood Village	Orchard Parks Estates	Wildwood Estates	Woodview Garland
ASSETS				
Cash and investments	\$ (44,129)	\$ 102,290	\$ (9,322)	\$ (8,829)
Receivables:				
Taxes and assessments	127	-	170	15
Interest	-	505	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ (44,002)</u>	<u>\$ 102,795</u>	<u>\$ (9,152)</u>	<u>\$ (8,814)</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 272	\$ 127	\$ 69	\$ 16
Due to other funds	-	-	-	-
Total liabilities	<u>272</u>	<u>127</u>	<u>69</u>	<u>16</u>
Fund Balances (Deficits):				
Assigned	-	102,668	-	-
Unassigned (deficit)	(44,274)	-	(9,221)	(8,830)
Total fund balances	<u>(44,274)</u>	<u>102,668</u>	<u>(9,221)</u>	<u>(8,830)</u>
Total liabilities and fund balances	<u>\$ (44,002)</u>	<u>\$ 102,795</u>	<u>\$ (9,152)</u>	<u>\$ (8,814)</u>

Shaffer Lakes West	Woodhaven	Sierra Parks	Shaffer Lakes East	Price Annexation	Sandlewood Square	Sub- Totals
\$ 22,000	\$ 19,324	\$ (32,584)	\$ 91,263	\$ (60,480)	\$ 5,213	\$ 84,746
96	-	550	173	1,760	264	3,155
108	96	-	450	10	65	1,234
-	-	-	-	-	-	-
<u>\$ 22,204</u>	<u>\$ 19,420</u>	<u>\$ (32,034)</u>	<u>\$ 91,886</u>	<u>\$ (58,710)</u>	<u>\$ 5,542</u>	<u>\$ 89,135</u>
\$ 47	\$ 20	93	\$ 194	\$ 1,505	\$ 71	\$ 2,414
-	-	-	-	-	-	-
<u>47</u>	<u>20</u>	<u>93</u>	<u>194</u>	<u>1,505</u>	<u>71</u>	<u>2,414</u>
22,157	19,400	-	91,692	-	5,471	241,388
-	-	(32,127)	-	(60,215)	-	(154,667)
<u>22,157</u>	<u>19,400</u>	<u>(32,127)</u>	<u>91,692</u>	<u>(60,215)</u>	<u>5,471</u>	<u>86,721</u>
<u>\$ 22,204</u>	<u>\$ 19,420</u>	<u>\$ (32,034)</u>	<u>\$ 91,886</u>	<u>\$ (58,710)</u>	<u>\$ 5,542</u>	<u>\$ 89,135</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2019

	Pajaro Dunes	Redwood Estates	Cottage Gardens	Airport Business Park
ASSETS				
Cash and investments	\$ 42,163	\$ 67,208	\$ 356,380	\$ 268
Receivables:				
Taxes and assessments	63	96	-	784
Interest	229	339	1,787	-
Intergovernmental	-	-	354,586	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 42,455</u>	<u>\$ 67,643</u>	<u>\$ 712,753</u>	<u>\$ 1,052</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 45	\$ 263	\$ 179	\$ 106
Due to other funds	-	-	-	-
Total liabilities	<u>45</u>	<u>263</u>	<u>179</u>	<u>106</u>
Fund Balances:				
Assigned	42,410	67,380	712,574	946
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>42,410</u>	<u>67,380</u>	<u>712,574</u>	<u>946</u>
Total liabilities and fund balances	<u>\$ 42,455</u>	<u>\$ 67,643</u>	<u>\$ 712,753</u>	<u>\$ 1,052</u>

Silva Ranch	Mello Ranch	Camelia Estates	Juniper Meadows	Camelia Meadows	Sub- Totals
\$ 111,979	\$ 109,872	\$ 24,900	\$ 6,290	\$ 43,484	\$ 762,544
-	-	-	-	-	943
561	555	123	60	220	3,874
-	-	-	1	-	354,587
-	-	-	-	-	-
<u>\$ 112,540</u>	<u>\$ 110,427</u>	<u>\$ 25,023</u>	<u>\$ 6,351</u>	<u>\$ 43,704</u>	<u>\$ 1,121,948</u>
\$ 268	\$ 742	\$ 61	\$ 28	\$ 220	\$ 1,912
-	-	-	-	-	-
<u>268</u>	<u>742</u>	<u>61</u>	<u>28</u>	<u>220</u>	<u>1,912</u>
112,272	109,685	24,962	6,323	43,484	1,120,036
-	-	-	-	-	-
<u>112,272</u>	<u>109,685</u>	<u>24,962</u>	<u>6,323</u>	<u>43,484</u>	<u>1,120,036</u>
<u>\$ 112,540</u>	<u>\$ 110,427</u>	<u>\$ 25,023</u>	<u>\$ 6,351</u>	<u>\$ 43,704</u>	<u>\$ 1,121,948</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2019

	Stone Creek	America West	Bell Crossing	Atwater South
ASSETS				
Cash and investments	\$ 186,810	\$ 62,517	\$ 8,436	\$ 169,496
Receivables:				
Taxes and assessments	-	-	1	-
Interest	935	313	56	859
Due from other funds	-	-	-	-
Total assets	<u>\$ 187,745</u>	<u>\$ 62,830</u>	<u>\$ 8,493</u>	<u>\$ 170,355</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 553	\$ 275	\$ 667	\$ 696
Due to other funds	-	-	-	-
Total liabilities	<u>553</u>	<u>275</u>	<u>667</u>	<u>696</u>
Fund Balances:				
Assigned	187,192	62,555	7,826	169,659
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>187,192</u>	<u>62,555</u>	<u>7,826</u>	<u>169,659</u>
Total liabilities and fund balances	<u>\$ 187,745</u>	<u>\$ 62,830</u>	<u>\$ 8,493</u>	<u>\$ 170,355</u>

Beluga Court	Mello Ranch 2	Meadow View	Aspenwood	Applegate Ranch	Reserve	Sub-Totals
\$ 5,472	\$ 215,217	\$ 138,727	\$ 98,317	\$ 23,736	\$ 12,910	\$ 921,638
-	-	-	2,763	7	-	2,771
27	1,077	692	489	117	64	4,629
-	-	-	-	-	-	-
<u>\$ 5,499</u>	<u>\$ 216,294</u>	<u>\$ 139,419</u>	<u>\$ 101,569</u>	<u>\$ 23,860</u>	<u>\$ 12,974</u>	<u>\$ 929,038</u>
\$ 1	\$ 779	\$ 676	\$ 367	\$ 436	\$ 8	\$ 4,458
-	-	-	-	-	-	-
<u>1</u>	<u>779</u>	<u>676</u>	<u>367</u>	<u>436</u>	<u>8</u>	<u>4,458</u>
5,498	215,515	138,743	101,202	23,424	12,966	924,580
-	-	-	-	-	-	-
<u>5,498</u>	<u>215,515</u>	<u>138,743</u>	<u>101,202</u>	<u>23,424</u>	<u>12,966</u>	<u>924,580</u>
<u>\$ 5,499</u>	<u>\$ 216,294</u>	<u>\$ 139,419</u>	<u>\$ 101,569</u>	<u>\$ 23,860</u>	<u>\$ 12,974</u>	<u>\$ 929,038</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2019

	<u>CFD Districts</u>	<u>Sub-Totals</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 116,787	\$ 116,787	\$ 1,885,715
Receivables:			
Taxes and assessments	8,436	8,436	15,305
Interest	524	524	10,261
Intergovernmental	-	-	354,587
Due from other funds	-	-	-
Total assets	<u>\$ 125,747</u>	<u>\$ 125,747</u>	<u>\$ 2,265,868</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 11,206	\$ 11,206	\$ 19,990
Due to other funds	-	-	-
Total liabilities	<u>11,206</u>	<u>11,206</u>	<u>19,990</u>
Fund Balances:			
Assigned	114,541	114,541	2,400,545
Unassigned (deficit)	-	-	(154,667)
Total fund balances	<u>114,541</u>	<u>114,541</u>	<u>2,245,878</u>
Total liabilities and fund balances	<u>\$ 125,747</u>	<u>\$ 125,747</u>	<u>\$ 2,265,868</u>

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City of Atwater, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Maintenance District Special Revenue Funds

For the year ended June 30, 2019

	Northwood Village	Orchard Parks Estates	Wildwood Estates	Woodview Garland
REVENUES:				
Taxes and assessments	\$ 4,543	\$ -	\$ 3,364	\$ 333
Use of money and property	-	1,633	-	-
Total revenues	4,543	1,633	3,364	333
EXPENDITURES:				
Current:				
Urban redevelopment and housing	6,259	7,045	1,365	546
Capital outlay	-	-	-	-
Total expenditures	6,259	7,045	1,365	546
REVENUES OVER (UNDER) EXPENDITURES	(1,716)	(5,412)	1,999	(213)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(1,716)	(5,412)	1,999	(213)
FUND BALANCES (DEFICITS):				
Beginning of year	(42,558)	108,080	(11,220)	(8,617)
End of year	\$ (44,274)	\$ 102,668	\$ (9,221)	\$ (8,830)

Shaffer Lakes West	Woodhaven	Sierra Parks	Shaffer Lakes East	Price Annexation	Sandlewood Square	Sub- Totals
\$ 2,288	\$ -	\$ 2,343	\$ 5,090	\$ 53,632	\$ 6,653	\$ 78,246
346	311	-	1,458	24	209	3,981
<u>2,634</u>	<u>311</u>	<u>2,343</u>	<u>6,548</u>	<u>53,656</u>	<u>6,862</u>	<u>82,227</u>
3,146	1,634	2,496	13,356	48,632	8,466	92,945
				53	6	59
<u>3,146</u>	<u>1,634</u>	<u>2,496</u>	<u>13,356</u>	<u>48,685</u>	<u>8,472</u>	<u>93,004</u>
(512)	(1,323)	(153)	(6,808)	4,971	(1,610)	(10,777)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(512)	(1,323)	(153)	(6,808)	4,971	(1,610)	(10,777)
22,669	20,723	(31,974)	98,500	(65,186)	7,081	97,498
<u>\$ 22,157</u>	<u>\$ 19,400</u>	<u>\$ (32,127)</u>	<u>\$ 91,692</u>	<u>\$ (60,215)</u>	<u>\$ 5,471</u>	<u>\$ 86,721</u>

(continued)

City of Atwater, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Maintenance District Special Revenue Funds
For the year ended June 30, 2019

	Pajaro Dunes	Redwood Estates	Cottage Gardens	Airport Business Park
REVENUES:				
Taxes and assessments	\$ 3,448	\$ 2,802	\$ 403	\$ 5,232
Intergovernmental	-	-	354,586	-
Use of money and property	737	1,084	5,697	-
Total revenues	4,185	3,886	360,686	5,232
EXPENDITURES:				
Current:				
Urban redevelopment and housing	3,702	8,888	4,732	1,492
Capital outlay	3	6	11,980	-
Total expenditures	3,705	8,894	16,712	1,492
REVENUES OVER (UNDER) EXPENDITURES	480	(5,008)	343,974	3,740
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	480	(5,008)	343,974	3,740
FUND BALANCES (DEFICITS):				
Beginning of year	41,930	72,388	368,600	(2,794)
End of year	\$ 42,410	\$ 67,380	\$ 712,574	\$ 946

Silva Ranch	Mello Ranch	Camelia Estates	Juniper Meadows	Camelia Meadows	Sub- Totals
\$ -	\$ -	\$ -	\$ 2,283	\$ -	\$ 14,168
-	-	-	-	-	354,586
1,802	1,805	399	193	709	12,426
1,802	1,805	399	2,476	709	381,180
12,372	25,017	2,258	1,088	7,205	66,754
8	9	-	-	2	12,008
12,380	25,026	2,258	1,088	7,207	78,762
(10,578)	(23,221)	(1,859)	1,388	(6,498)	302,418
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(10,578)	(23,221)	(1,859)	1,388	(6,498)	302,418
122,850	132,906	26,821	4,935	49,982	817,618
\$ 112,272	\$ 109,685	\$ 24,962	\$ 6,323	\$ 43,484	\$ 1,120,036

(continued)

City of Atwater, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Maintenance District Special Revenue Funds
For the year ended June 30, 2019

	Stone Creek	America West	Bell Crossing	Atwater South
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 9,890	\$ -
Use of money and property	3,013	1,012	185	2,782
Total revenues	<u>3,013</u>	<u>1,012</u>	<u>10,075</u>	<u>2,782</u>
EXPENDITURES:				
Current:				
Urban redevelopment and housing	21,868	7,151	23,696	30,794
Capital outlay	11	1	11	9
Total expenditures	<u>21,879</u>	<u>7,152</u>	<u>23,707</u>	<u>30,803</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(18,866)</u>	<u>(6,140)</u>	<u>(13,632)</u>	<u>(28,021)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(18,866)	(6,140)	(13,632)	(28,021)
FUND BALANCES (DEFICITS):				
Beginning of year	206,058	68,695	21,458	197,680
End of year	<u>\$ 187,192</u>	<u>\$ 62,555</u>	<u>\$ 7,826</u>	<u>\$ 169,659</u>

Beluga Court	Mello Ranch 2	Meadow View	Aspenwood	Applegate Ranch	Reserve	Sub- Totals
\$ 66	\$ -	\$ -	\$ 8,019	\$ 6,730	\$ -	\$ 24,705
87	3,482	2,254	1,560	378	204	14,957
153	3,482	2,254	9,579	7,108	204	39,662
224	26,380	19,463	10,530	11,691	248	152,045
-	7	7	2	1	-	49
224	26,387	19,470	10,532	11,692	248	152,094
(71)	(22,905)	(17,216)	(953)	(4,584)	(44)	(112,432)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(71)	(22,905)	(17,216)	(953)	(4,584)	(44)	(112,432)
5,569	238,420	155,959	102,155	28,008	13,010	1,037,012
\$ 5,498	\$ 215,515	\$ 138,743	\$ 101,202	\$ 23,424	\$ 12,966	\$ 924,580

(continued)

City of Atwater, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Maintenance District Special Revenue Funds
For the year ended June 30, 2019

	CFD Districts	Sub- Totals	Totals
REVENUES:			
Taxes and assessments	\$ 544,231	\$ 544,231	\$ 661,350
Intergovernmental	-	-	354,586
Use of money and property	1,245	1,245	32,609
Total revenues	<u>545,476</u>	<u>545,476</u>	<u>1,048,545</u>
EXPENDITURES:			
Current:			
Urban redevelopment and housing	446,058	446,058	757,802
Capital outlay	-	-	12,116
Total expenditures	<u>446,058</u>	<u>446,058</u>	<u>769,918</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>99,418</u>	<u>99,418</u>	<u>278,627</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>99,418</u>	<u>99,418</u>	<u>278,627</u>
FUND BALANCES (DEFICITS):			
Beginning of year	15,123	15,123	1,967,251
End of year	<u>\$ 114,541</u>	<u>\$ 114,541</u>	<u>\$ 2,245,878</u>

(concluded)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Northwood Village - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 4,543	\$ 4,543
Total revenues	-	-	4,543	4,543
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	6,259	(6,259)
Total expenditures	-	-	6,259	(6,259)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(1,716)	(1,716)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	0	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,716)	(1,716)
FUND BALANCES (DEFICITS):				
Beginning of year	(42,558)	(42,558)	(42,558)	-
End of year	<u>\$ (42,558)</u>	<u>\$ (42,558)</u>	<u>\$ (44,274)</u>	<u>\$ (1,716)</u>

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Orchard Parks Estates - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,633	1,633
Total revenues	-	-	1,633	1,633
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	7,045	(7,045)
Total expenditures	-	-	7,045	(7,045)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(5,412)	(5,412)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	0	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(5,412)	(5,412)
FUND BALANCES:				
Beginning of year	108,080	108,080	108,080	-
End of year	\$ 108,080	\$ 108,080	\$ 102,668	\$ (5,412)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Wildwood Estates - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 3,364	\$ 3,364
Total revenues	-	-	3,364	3,364
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,365	(1,365)
Total expenditures	-	-	1,365	(1,365)
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,999	1,999
Transfers in	-	-	0	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	1,999	1,999
FUND BALANCES (DEFICITS):				
Beginning of year	(11,220)	(11,220)	(11,220)	-
End of year	\$ (11,220)	\$ (11,220)	\$ (9,221)	\$ 1,999

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Woodview Garland - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 333	\$ 333
Total revenues	-	-	333	333
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	546	(546)
Total expenditures	-	-	552	(552)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(219)	(219)
Transfers in			0	-
Transfers out				-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(219)	(219)
FUND BALANCES (DEFICITS):				
Beginning of year	(8,617)	(8,617)	(8,617)	-
End of year	\$ (8,617)	\$ (8,617)	\$ (8,836)	\$ (219)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Shaffer Lakes West - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2,288	\$ 2,288
Use of money and property	-	-	346	346
Total revenues	-	-	2,634	2,634
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	3,146	(3,146)
Total expenditures	-	-	3,146	(3,146)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(512)	(512)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	0	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(512)	(512)
FUND BALANCES:				
Beginning of year	22,669	22,669	22,669	-
End of year	\$ 22,669	\$ 22,669	\$ 22,157	\$ (512)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Woodhaven - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	311	311
Total revenues	-	-	311	311
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,634	(1,634)
Total expenditures	-	-	1,634	(1,634)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(1,323)	(1,323)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,323)	(1,323)
FUND BALANCES:				
Beginning of year	20,723	20,723	20,723	-
End of year	\$ 20,723	\$ 20,723	\$ 19,400	\$ (1,323)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Sierra Parks - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2,343	\$ 2,343
Total revenues	-	-	2,343	2,343
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	2,496	(2,496)
Total expenditures	-	-	2,496	(2,496)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(153)	(153)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(153)	(153)
FUND BALANCES (DEFICITS):				
Beginning of year	(31,974)	(31,974)	(31,974)	-
End of year	\$ (31,974)	\$ (31,974)	\$ (32,127)	\$ (153)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Shaffer Lakes East - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 5,090	\$ 5,090
Use of money and property	-	-	1,458	1,458
Total revenues	-	-	6,548	6,548
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	13,356	(13,356)
Total expenditures	-	-	13,356	(13,356)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(6,808)	(6,808)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(6,808)	(6,808)
FUND BALANCES:				
Beginning of year	98,500	98,500	98,500	-
End of year	\$ 98,500	\$ 98,500	\$ 91,692	\$ (6,808)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Price Annexation - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 53,632	\$ 53,632
Use of money and property	-	-	24	24
Total revenues	-	-	53,656	53,656
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	48,632	(48,632)
Capital outlay	-	-	53	(53)
Total expenditures	-	-	48,685	(48,685)
REVENUES OVER (UNDER) EXPENDITURES	-	-	4,971	4,971
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	4,971	4,971
FUND BALANCES (DEFICITS):				
Beginning of year	(65,186)	(65,186)	(65,186)	-
End of year	\$ (65,186)	\$ (65,186)	\$ (60,215)	\$ 4,971

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Sandalwood Square - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 6,653	\$ 6,653
Use of money and property	-	-	209	209
Total revenues	-	-	6,862	6,862
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	8,466	(8,466)
Capital outlay	-	-	6	(6)
Total expenditures	-	-	8,472	(8,472)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,610)	(1,610)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,610)	(1,610)
FUND BALANCES:				
Beginning of year	7,081	7,081	7,081	-
End of year	\$ 7,081	\$ 7,081	\$ 5,471	\$ (1,610)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Pajaro Dunes - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 3,448	\$ 3,448
Use of money and property	-	-	737	737
Total revenues	-	-	4,185	4,185
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	3,702	(3,702)
Capital outlay	-	-	3	(3)
Total expenditures	-	-	3,705	(3,705)
REVENUES OVER (UNDER) EXPENDITURES	-	-	480	480
OTHER FINANCING SOURCES (USES):				
Transfers in			0	-
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	480	480
FUND BALANCES:				
Beginning of year	41,930	41,930	41,930	-
End of year	\$ 41,930	\$ 41,930	\$ 42,410	\$ 480

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Redwood Estates - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2,802	\$ 2,802
Use of money and property	-	-	1,084	1,084
Total revenues	-	-	3,886	3,886
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	8,888	(8,888)
Capital outlay	-	-	6	(6)
Total expenditures	-	-	8,894	(8,894)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(5,008)	(5,008)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(5,008)	(5,008)
FUND BALANCES:				
Beginning of year	72,388	72,388	72,388	-
End of year	\$ 72,388	\$ 72,388	\$ 67,380	\$ (5,008)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Cottage Gardens - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 403	\$ 403
Intergovernmental			354,586	\$ 354,586
Use of money and property	-	-	5,697	5,697
Total revenues	-	-	360,686	360,686
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	4,732	(4,732)
Capital outlay			11,980	(11,980)
Total expenditures	-	-	16,712	(16,712)
REVENUES OVER (UNDER) EXPENDITURES	-	-	343,974	343,974
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	343,974	343,974
FUND BALANCES:				
Beginning of year	368,600	368,600	368,600	-
End of year	\$ 368,600	\$ 368,600	\$ 712,574	\$ 343,974

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Airport Business Park - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 5,232	\$ 5,232
Total revenues	-	-	5,232	5,232
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,492	(1,492)
Total expenditures	-	-	1,492	(1,492)
REVENUES OVER (UNDER) EXPENDITURES	-	-	3,740	3,740
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	3,740	3,740
FUND BALANCES (DEFICITS):				
Beginning of year	(2,794)	(2,794)	(2,794)	-
End of year	\$ (2,794)	\$ (2,794)	\$ 946	\$ 3,740

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Silva Ranch - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,802	\$ 1,802
Total revenues	-	-	1,802	1,802
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	12,372	(12,372)
Capital outlay			8	(8)
Total expenditures	-	-	12,380	(12,380)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(10,578)	(10,578)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(10,578)	(10,578)
FUND BALANCES:				
Beginning of year	122,850	122,850	122,850	-
End of year	\$ 122,850	\$ 122,850	\$ 112,272	\$ (10,578)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Mello Ranch - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,805	1,805
Total revenues	-	-	1,805	1,805
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	25,017	(25,017)
Capital outlay	-	-	9	(9)
Total expenditures	-	-	25,026	(25,026)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(23,221)	(23,221)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(23,221)	(23,221)
FUND BALANCES:				
Beginning of year	132,906	132,906	132,906	-
End of year	\$ 132,906	\$ 132,906	\$ 109,685	\$ (23,221)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Camelia Estates - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	399	399
Total revenues	-	-	399	399
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	2,258	(2,258)
Total expenditures	-	-	2,258	(2,258)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,859)	(1,859)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,859)	(1,859)
FUND BALANCES:				
Beginning of year	26,821	26,821	26,821	-
End of year	\$ 26,821	\$ 26,821	\$ 24,962	\$ (1,859)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Juniper Meadows - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2,283	\$ 2,283
Use of money and property	-	-	193	193
Total revenues	-	-	2,476	2,476
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,088	(1,088)
Capital outlay	-	-	-	-
Total expenditures	-	-	1,088	(1,088)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	1,388	1,388
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	1,388	1,388
FUND BALANCES:				
Beginning of year	4,935	4,935	4,935	-
End of year	\$ 4,935	\$ 4,935	\$ 6,323	\$ 1,388

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Camelia Meadows - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	709	709
Total revenues	-	-	709	709
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	7,205	(7,205)
Capital outlay	-	-	2	(2)
Total expenditures	-	-	7,207	(7,207)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(6,498)	(6,498)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(6,498)	(6,498)
FUND BALANCES (DEFICIT):				
Beginning of year	49,982	49,982	49,982	-
End of year	\$ 49,982	\$ 49,982	\$ 43,484	\$ (6,498)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Stone Creek - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	3,013	3,013
Total revenues	-	-	3,013	3,013
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	21,868	(21,868)
Capital outlay	-	-	11	(11)
Total expenditures	-	-	21,879	(21,879)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(18,866)	(18,866)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(18,866)	(18,866)
FUND BALANCES:				
Beginning of year	206,058	206,058	206,058	-
End of year	\$ 206,058	\$ 206,058	\$ 187,192	\$ (18,866)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

America West - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,012	1,012
Total revenues	-	-	1,012	1,012
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	7,151	(7,151)
Capital outlay	-	-	1	(1)
Total expenditures	-	-	7,152	(7,152)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(6,140)	(6,140)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(6,140)	(6,140)
FUND BALANCES (DEFICITS):				
Beginning of year	68,695	68,695	68,695	-
End of year	\$ 68,695	\$ 68,695	\$ 62,555	\$ (6,140)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Bell Crossing - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 9,890	\$ 9,890
Use of money and property	-	-	185	185
Total revenues	-	-	10,075	10,075
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	23,696	(23,696)
Capital outlay	-	-	11	(11)
Total expenditures	-	-	23,707	(23,707)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(13,632)	(13,632)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(13,632)	(13,632)
FUND BALANCES:				
Beginning of year	21,458	21,458	21,458	-
End of year	\$ 21,458	\$ 21,458	\$ 7,826	\$ (13,632)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Atwater South - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	2,782	2,782
Total revenues	-	-	2,782	2,782
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	30,794	(30,794)
Capital outlay	-	-	9	(9)
Total expenditures	-	-	30,803	(30,803)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(28,021)	(28,021)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(28,021)	(28,021)
FUND BALANCES:				
Beginning of year	197,680	197,680	197,680	-
End of year	\$ 197,680	\$ 197,680	\$ 169,659	\$ (28,021)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Beluga Court - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 66	\$ 66
Use of money and property	-	-	87	87
Total revenues	-	-	153	153
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	224	(224)
Capital outlay				-
Total expenditures	-	-	224	(224)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(71)	(71)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(71)	(71)
FUND BALANCES:				
Beginning of year	5,569	5,569	5,569	-
End of year	\$ 5,569	\$ 5,569	\$ 5,498	\$ (71)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Mello Ranch 2 - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	3,482	3,482
Total revenues	-	-	3,482	3,482
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	26,380	(26,380)
Capital outlay	-	-	7	(7)
Total expenditures	-	-	26,387	(26,387)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(22,905)	(22,905)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(22,905)	(22,905)
FUND BALANCES:				
Beginning of year	238,420	238,420	238,420	-
End of year	\$ 238,420	\$ 238,420	\$ 215,515	\$ (22,905)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Meadow View - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	2,254	2,254
Total revenues	-	-	2,254	2,254
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	19,463	(19,463)
Capital outlay	-	-	7	(7)
Total expenditures	-	-	19,470	(19,470)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(17,216)	(17,216)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(17,216)	(17,216)
FUND BALANCES:				
Beginning of year	155,959	155,959	155,959	-
End of year	\$ 155,959	\$ 155,959	\$ 138,743	\$ (17,216)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Aspenwood - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 8,019	\$ 8,019
Use of money and property	-	-	1,560	1,560
Total revenues	-	-	9,579	9,579
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	10,530	(10,530)
Capital outlay			2	(2)
Total expenditures	-	-	10,532	(10,532)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(953)	(953)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(953)	(953)
FUND BALANCES:				
Beginning of year	102,155	102,155	102,155	-
End of year	\$ 102,155	\$ 102,155	\$ 101,202	\$ (953)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Applegate Ranch - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 6,730	\$ 6,730
Use of money and property	-	-	378	378
Total revenues	-	-	7,108	7,108
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	11,691	(11,691)
Capital outlay	-	-	1	(1)
Total expenditures	-	-	11,692	(11,692)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(4,584)	(4,584)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(4,584)	(4,584)
FUND BALANCES:				
Beginning of year	28,008	28,008	28,008	-
End of year	\$ 28,008	\$ 28,008	\$ 23,424	\$ (4,584)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Reserve - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	204	204
Total revenues	-	-	204	204
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	248	(248)
Total expenditures	-	-	248	(248)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(44)	(44)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(44)	(44)
FUND BALANCES (DEFICITS):				
Beginning of year	13,010	13,010	13,010	-
End of year	\$ 13,010	\$ 13,010	\$ 12,966	\$ (44)

City of Atwater, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

CFD Districts - Maintenance District Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 465,920	\$ 465,920	\$ 544,231	\$ 78,311
Use of money and property	-	-	1,245	1,245
Total revenues	465,920	465,920	545,476	79,556
EXPENDITURES:				
Current:				
Urban redevelopment and housing	463,356	463,356	446,058	17,298
Total expenditures	463,356	463,356	446,058	17,298
REVENUES OVER (UNDER) EXPENDITURES	2,564	2,564	99,418	96,854
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	2,564	2,564	99,418	96,854
FUND BALANCES (DEFICITS):				
Beginning of year	15,123	15,123	15,123	-
End of year	\$ 17,687	\$ 17,687	\$ 114,541	\$ 96,854

INTERNAL SERVICE FUNDS

Fund Type	Description
Building Maintenance	Accounts for the activities of building maintenance, custodial service, and building modification projects on a City-wide basis.
Employee Benefits	Accounts for all activities for employee benefits that are provided by the City.
Risk Management Fund	Accounts for all activities of the City's self-insurance programs, the costs of which are distributed among designated user departments.
Information Technology Fund	Accounts for all activities of the City's computer networks, the costs of which are distributed among user departments using equitable formulas.

City of Atwater, California
Combining Statement of Net Position
Internal Service Funds
For the year ended June 30, 2019

ASSETS	<u>Building Maintenance</u>	<u>Employee Benefits</u>	<u>Risk Management</u>
Current assets:			
Cash and investments	\$ 284,227	\$ 851,403	\$ 570,427
Receivables:			
Accounts	6,158	2,429	-
Interest	1,430	3,839	2,394
Due from other funds	-	-	-
Prepaid expenses	-	3,260	-
Total current assets	<u>291,815</u>	<u>860,931</u>	<u>572,821</u>
Noncurrent assets:			
Capital assets, net	535,608	-	74,111
Total noncurrent assets	<u>535,608</u>	<u>-</u>	<u>74,111</u>
Total assets	<u>\$ 827,423</u>	<u>\$ 860,931</u>	<u>\$ 646,932</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 39,767	11,243	\$ 28,227
Accrued liabilities	7,942	1,813	-
Unearned revenue	-	-	-
Compensated absences - current portion	1,153	-	-
Due within one year - capital lease payable	-	-	-
Total current liabilities	<u>48,862</u>	<u>13,056</u>	<u>28,227</u>
Noncurrent liabilities:			
Compensated absences	15,333	-	-
Total liabilities	<u>64,195</u>	<u>13,056</u>	<u>28,227</u>
Net Position:			
Net investment in capital assets	535,608	-	74,111
Unrestricted	227,620	847,875	544,594
Total net position	<u>763,228</u>	<u>847,875</u>	<u>618,705</u>
Total liabilities and net position	<u>\$ 827,423</u>	<u>\$ 860,931</u>	<u>\$ 646,932</u>

Information Technology	Totals
\$ 182,957	\$ 1,889,014
767	9,354
772	8,435
-	-
-	3,260
<u>184,496</u>	<u>1,910,063</u>
222,426	832,145
<u>222,426</u>	<u>832,145</u>
<u>\$ 406,922</u>	<u>\$ 2,742,208</u>

\$ 35,117	\$ 114,354
-	9,755
-	-
-	1,153
-	-
<u>35,117</u>	<u>125,262</u>
-	15,333
<u>35,117</u>	<u>140,595</u>
222,426	832,145
<u>149,379</u>	<u>1,769,468</u>
<u>371,805</u>	<u>2,601,613</u>
<u>\$ 406,922</u>	<u>\$ 2,742,208</u>

City of Atwater, California
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2019

	Building Maintenance	Employee Benefits	Risk Management
OPERATING REVENUES:			
Interdepartmental charges	\$ 470,296	\$ 711,642	\$ 577,893
Other	0	42,942	240,620
Total operating revenues	470,296	754,584	818,513
OPERATING EXPENSES:			
Salaries and benefits	247,060	-	-
Contractual services	65,522	16,950	141,696
Materials and supplies	846	-	-
Repairs and maintenance	440,345	-	-
Insurance	-	626,257	421,195
Utilities	101,146	-	-
Other operating costs	-	-	10,534
Depreciation	49,095	-	3,270
Total operating expenses	904,014	643,207	576,695
OPERATING INCOME (LOSS)	(433,718)	111,377	241,818
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	5,847	12,879	6,531
Total non-operating revenues (expenses)	5,847	12,879	6,531
NET INCOME (LOSS) BEFORE TRANSFERS	(427,871)	124,256	248,349
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	-	-	-
Change in net position	(427,871)	124,256	248,349
NET POSITION:			
Beginning of year	1,191,099	723,619	370,356
End of year	<u>\$ 763,228</u>	<u>\$ 847,875</u>	<u>\$ 618,705</u>

Information Technology	Totals
\$ 347,411	\$ 2,107,242
-	283,562
<u>347,411</u>	<u>2,390,804</u>
-	247,060
227,263	451,431
-	846
-	440,345
-	1,047,452
-	101,146
147,641	158,175
59,557	111,922
<u>434,461</u>	<u>2,558,377</u>
<u>(87,050)</u>	<u>(167,573)</u>
2,502	27,759
<u>2,502</u>	<u>27,759</u>
(84,548)	(139,814)
-	-
-	-
<u>-</u>	<u>-</u>
(84,548)	(139,814)
456,353	2,741,427
<u>\$ 371,805</u>	<u>\$ 2,601,613</u>

City of Atwater, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2019

	Building Maintenance	Employee Benefits	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interfund services provided	\$ 470,720	\$ 752,661	\$ 818,513
Cash paid to suppliers for goods and services	(610,755)	(644,652)	(584,662)
Cash paid to employees for services	(245,653)	184	-
Net cash provided (used) by operating activities	(385,688)	108,193	233,851
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
(Acquisition)/Disposal of capital assets	-	-	1
Net cash (used) by capital and related financing activities	-	-	1
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	6,337	10,959	4,735
Net cash provided by investing activities	6,337	10,959	4,735
Net increase (decrease) in cash and cash equivalents	(379,351)	119,152	238,587
CASH AND CASH EQUIVALENTS:			
Beginning of year	663,578	732,251	331,840
End of year	\$ 284,227	\$ 851,403	\$ 570,427
Reconciliation of income from operations to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (433,718)	\$ 111,377	\$ 241,818
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	49,095	-	3,270
(Increase) decrease in current assets:			
Accounts receivable	424	(1,923)	-
Prepaid expenses	-	(3,260)	3,750
Increase (decrease) in liabilities:			
Accounts payable	(2,896)	1,815	(14,987)
Accrued liabilities	1,104	184	-
Compensated absences	303	-	-
Net cash provided by operating activities	\$ (385,688)	\$ 108,193	\$ 233,851

Information Technology		Totals	
\$	346,644	\$	2,388,538
	(290,842)		(2,130,911)
	-		(245,469)
	<u>55,802</u>		<u>12,158</u>
	-		1
	-		1
	2,039		24,070
	<u>2,039</u>		<u>24,070</u>
	57,841		36,229
	125,116		1,852,785
\$	<u>182,957</u>	\$	<u>1,889,014</u>
\$	(87,050)	\$	(167,573)
	59,557		111,922
	(767)		(2,266)
	51,645		52,135
	32,417		16,349
	-		1,288
	-		303
\$	<u>55,802</u>	\$	<u>12,158</u>

City of Atwater, California
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

	<u>Sec 125 Medical</u>	<u>Sec 125 Dep Care</u>	<u>Community Facilities District #1</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 1,588	\$ 407	\$ 96,790	\$ 98,785
Receivables:				
Interest	-	-	479	479
Assessments	-	-	-	-
Due from other funds	-	-	407	407
Total assets	<u>\$ 1,588</u>	<u>\$ 407</u>	<u>\$ 97,676</u>	<u>\$ 99,671</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	407	-	407
Due to others	1,588	-	97,676	99,264
Total liabilities	<u>\$ 1,588</u>	<u>\$ 407</u>	<u>\$ 97,676</u>	<u>\$ 99,671</u>

City of Atwater, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
SECTION 125 MEDICAL				
ASSETS				
Cash and investments	\$ 240	\$ 1,588	\$ (240)	\$ 1,588
Due from other funds	-	-	-	-
Total assets	<u>\$ 240</u>	<u>\$ 1,588</u>	<u>\$ (240)</u>	<u>\$ 1,588</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to (from) others	240	1,588	(240)	1,588
Total liabilities	<u>\$ 240</u>	<u>\$ 1,588</u>	<u>\$ (240)</u>	<u>\$ 1,588</u>
SECTION 125 DEPENDENT CARE				
ASSETS				
Cash and investments	\$ -	\$ 407	\$ -	\$ 407
Total assets	<u>\$ -</u>	<u>\$ 407</u>	<u>\$ -</u>	<u>\$ 407</u>
LIABILITIES				
Due to other funds	\$ -	\$ 407	\$ -	\$ 407
Due to (from) others	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ 407</u>	<u>\$ -</u>	<u>\$ 407</u>
COMMUNITY FACILITIES DISTRICT #1				
ASSETS				
Cash and investments	\$ 73,985	\$ 96,790	\$ (73,985)	\$ 96,790
Cash and investments held by trustees	-	-	-	-
Receivables:				
Interest	25	479	(25)	479
Assessments	2,373	-	(2,373)	-
Due from other funds	407	407	(407)	407
Total assets	<u>\$ 76,790</u>	<u>\$ 97,676</u>	<u>\$ (76,790)</u>	<u>\$ 97,676</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	76,790	97,676	(76,790)	97,676
Total liabilities	<u>\$ 76,790</u>	<u>\$ 97,676</u>	<u>\$ (76,790)</u>	<u>\$ 97,676</u>

(continued)

City of Atwater, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2019

TOTAL OF ALL AGENCY FUNDS	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Cash and investments	\$ 74,225	\$ 98,785	\$ (74,225)	\$ 98,785
Cash and investments held by trustees	-	-	-	-
Receivables:				
Interest	25	479	(25)	479
Assessments	2,373	-	(2,373)	-
Due from other funds	407	407	(407)	407
Total assets	<u>\$ 77,030</u>	<u>\$ 99,671</u>	<u>\$ (77,030)</u>	<u>\$ 99,671</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	407	-	407
Due to (from) others	77,030	99,264	(77,030)	99,264
Total liabilities	<u>\$ 77,030</u>	<u>\$ 99,671</u>	<u>\$ (77,030)</u>	<u>\$ 99,671</u>

(concluded)

SUPPLEMENTAL SCHEDULE

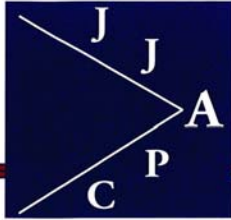
City of Atwater, California
Schedule of Debt Service Coverage
June 30, 2019 and 2018

The City has covenanted in the Installment Sale Agreement, to the extent permitted by law, to fix, prescribe and collect rates and charges for the Wastewater System, respectively, which will be at least sufficient to yield "Net Revenues" equal to 120% of debt service (including the Installment Payments and debt service on other Parity Debt) coming due and payable during such Fiscal Year.

	2019	2018
Service charges	\$ 11,532,410	\$ 11,775,192
Connection fees	72,527	527,256
Total service charges	<u>11,604,937</u>	<u>12,302,448</u>
Investment income	284,191	104,834
Other income	105	3,336
Total miscellaneous revenue	<u>284,296</u>	<u>108,170</u>
Total Revenue	<u>\$ 11,889,233</u>	<u>\$ 12,410,618</u>
Personnel costs	988,815	577,022
Supplies (1)	114,215	82,912
Professional Services (2)	1,600,594	1,614,393
Wastewater Treatment Plant Mgmt. Service (3)	1,904,105	1,922,091
Other Charges (1), (4)	326,209	389,256
Total Operations and Maintenance	<u>4,933,938</u>	<u>4,585,674</u>
Net Revenue Available For Debt Service	<u>\$ 6,955,295</u>	<u>\$ 7,824,944</u>
Debt service:		
2008 Wastewater Bond	\$ -	\$ 1,347,856
2010 Wastewater Bond	-	3,244,030
2011 Wastewater Bond	-	683,100
2017A Wastewater Revenue Refunding Bonds	3,372,519	-
2018A Wastewater Revenue Refunding Bonds	1,252,690	-
Total debt service	<u>\$ 4,625,209</u>	<u>\$ 5,274,986</u>
Net Revenue After Debt Service		
Calculated coverage	<u>1.50</u>	<u>1.48</u>
Meets covenant restrictions	Yes	Yes

Notes:

- (1) Includes Entries for Both Sewer Enterprise Fund and Wastewater Treatment Plant. Capital Expenses are funded by transfers from the Sewer Enterprise Capital Fund
- (2) Includes Communications, Utilities, Memberships, Subscriptions, Travel, Conference, Meetings, Training, Rents, Leases and Miscellaneous
- (3) Paid to Private Operator
- (4) Includes Equipment, Streets, Water, Parks and Building Maintenance



JJACPA, Inc.

A Professional Accounting Services Corp.

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

Independent Auditor's Report

To the Honorable Mayor and City Council
of the City of Atwater
Atwater, IC California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Atwater (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2018-01 that we consider to be significant deficiencies

Compliance and Other Matters

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

Purpose of this Report

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

March 17, 2020

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA