

CITY OF ATWATER, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018



Prepared by:

Finance Department

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City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

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May 9, 2019

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's Annual Financial Report for the fiscal year ended June 30, 2018. 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, 2018, 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, 2018, 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 8 miles west-northwest of Merced. The City has a current population of 29,397. 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 waste collection 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 principal general fund revenue sources are property tax and sales tax which account for almost 46 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,



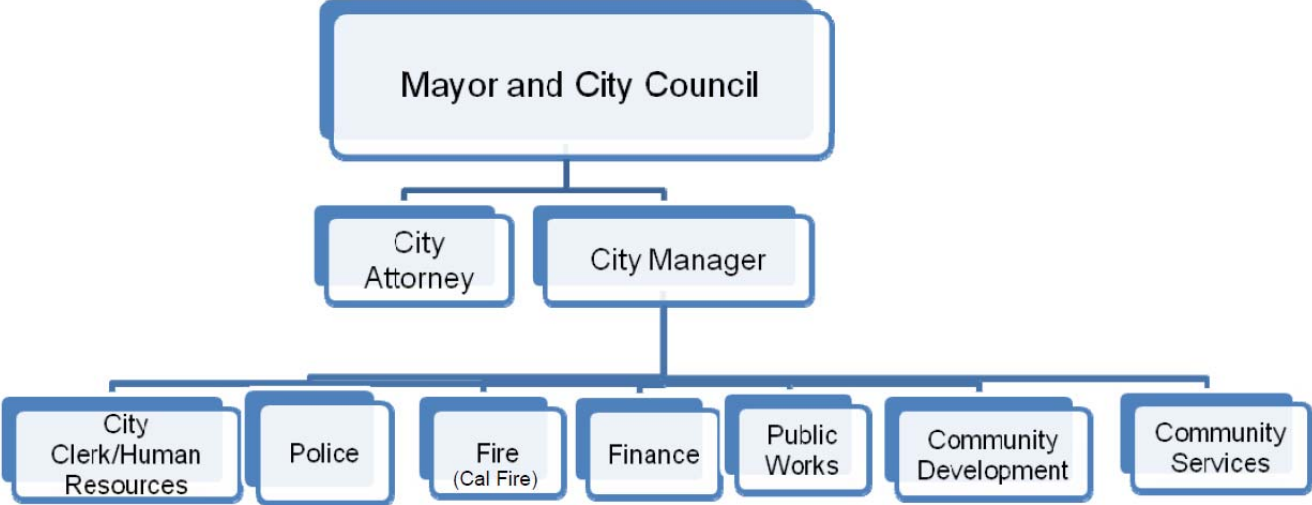
Lori Waterman
City Manager

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

Organization Chart

City of Atwater

Organizational Chart



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

List of Officials

CITY COUNCIL

- James Price, Mayor
- James Vineyard, Mayor Pro Tem
- Brian Raymond, Council Member
- Paul Creighton, Council Member
- Cindy Vierra, Council Member

CITY OFFICIALS

- Lori Waterman, City Manager/Interim Community Development Director
- Don Hyler III, City Clerk
- Jim Heller, City Treasurer
- Churchwell White LLP, City Attorney
- Brian Shaw, Interim Public Works Director
- Jeanna Del Real, Human Resources Director
- Lakhwinder Deol, Finance Director
- Armando Echevarria, Interim 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, 2018, 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, 2018, 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, Pensions on pages 96-97, the Schedules of the City's Proportionate Share of the Net Pension Liability on pages 98-99, the Schedule of Changes in the Net OPEB Liability and Ratios on page 100, and the Net OPEB Liability Schedule of Contributions on page 101, 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.

Implementation of New Accounting Standards

As disclosed in the Note 1 to the financial statements, the City implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," during the fiscal year 2018. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2019 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.

May 9, 2019

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

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, 2018. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- ◆ The City's total net position decreased by about \$11.5 million over the course of this year's operations after conducting all City operations and programs. This decrease was mainly due to the implementation of new OPEB standards. The assets of the City exceeded its liabilities by \$27.2 million at the end of the 2018 fiscal year. The City's Long-term liabilities increased by \$17.5 million due to pension obligation and OPEB obligation changes.
- ◆ The City ended the fiscal year with a \$21.3 million unrestricted net position reported in the business-type activities. The total net position of business-type activities increased by \$5.7 million compared to the 2017 fiscal year.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by almost \$4 million compared to the 2017 fiscal year. Most of the increase resulted from increases in sales tax revenue and enterprise fund charges for services.
- ◆ The City's total net capital asset balance for governmental activities was \$20.7 million and \$83.2 million for business-type activities.

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, 2018

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, 2018

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, 2018, 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, 2018

Management's Discussion and Analysis, continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2018, 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, 2018

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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,158,903 (net position) as of June 30, 2018. The Summary of Net position as of June 30, 2018 and 2017 follows:

	Summary of Net Position					
	2018			2017		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 11,597,446	\$ 33,531,721	\$ 45,129,167	\$ 9,715,561	\$ 25,227,912	\$ 34,943,473
Noncurrent assets	24,801,611	83,184,971	107,986,582	26,588,495	86,838,824	113,427,319
Deferred outflows of resources	9,625,930	-	9,625,930	7,966,543	-	7,966,543
Total assets and deferred outflows of resources	<u>46,024,987</u>	<u>116,716,692</u>	<u>162,741,679</u>	<u>44,270,599</u>	<u>112,066,736</u>	<u>156,337,335</u>
Current and other liabilities	1,864,308	2,664,099	4,528,407	2,798,494	3,475,287	6,273,781
Long-term liabilities	52,284,571	74,883,950	127,168,521	34,353,400	75,358,897	109,712,297
Deferred inflows of resources	3,626,902	-	3,626,902	1,708,472	-	1,708,472
Total liabilities and deferred inflows of resources	<u>57,775,781</u>	<u>77,548,049</u>	<u>135,323,830</u>	<u>38,860,366</u>	<u>78,834,184</u>	<u>117,694,550</u>
Net position:						
Net investment in capital assets	20,686,416	8,376,434	29,062,850	22,473,300	11,553,243	34,026,543
Restricted	5,682,967	9,209,071	14,892,038	4,654,997	5,845,523	10,500,520
Unrestricted (deficit)	<u>(38,120,177)</u>	<u>21,583,138</u>	<u>(16,537,039)</u>	<u>(21,718,064)</u>	<u>15,833,786</u>	<u>(5,884,278)</u>
Total net position	<u>\$ (11,750,794)</u>	<u>\$ 39,168,643</u>	<u>\$ 27,417,849</u>	<u>\$ 5,410,233</u>	<u>\$ 33,232,552</u>	<u>\$ 38,642,785</u>

Overall, total net position decreased by approximately \$11.5 million mainly due to the implementation of new OPEB standards. The total net position of governmental activities decreased by approximately \$17.1 million and total net position for business-type activities increased by approximately \$5.7 million.

Restricted net position increased by approximately \$4.4 million and unrestricted net position decreased by approximately \$10.9 million.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$41,640,139 for the fiscal year ended June 30, 2018. Significant revenues for the City for fiscal year 2017-18 were derived from charges for services (61%), grants and contributions (4%), property taxes and assessments (11%) 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 increased by \$2,062,625 or 8.8% due mainly to increased operating revenue in the water, sewer and sanitation enterprise funds.
2. **Property Taxes and Assessments.** Property tax revenue increased by \$277,108 or 6.7%. This is due primarily to higher property values.
3. **Sales and Use Tax.** Sales tax revenue increased by \$864,646 or 18%. This results from a continued improvement in the local economy.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2018, and 2017, follows:

	Changes in Net Position					
	2018			2017		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,704,488	\$ 22,772,232	\$ 25,476,720	\$ 2,419,905	\$ 20,994,190	\$ 23,414,095
Grants and contributions:						
Operating	1,777,239	16,240	1,793,479	2,598,832	121,690	2,720,522
Capital	1,269,373	-	1,269,373	234,991	-	234,991
General revenues:						
Property taxes and assessments	4,439,025	-	4,439,025	4,161,917	-	4,161,917
Transient occupancy taxes	56,949	-	56,949	61,626	-	61,626
Sales and use tax	5,645,702	-	5,645,702	4,781,056	-	4,781,056
Franchise taxes	804,354	-	804,354	769,960	-	769,960
Other taxes	1,354,821	-	1,354,821	1,067,401	-	1,067,401
Intergovernmental	476,395	-	476,395	277,518	-	277,518
Use of money and property	157,458	165,852	323,310	41,106	105,309	146,415
Other	11	-	11	11,237	-	11,237
Total revenues	18,685,815	22,954,324	41,640,139	16,425,549	21,221,189	37,646,738
Expenses:						
Governmental activities:						
General government	5,290,473	-	5,290,473	4,092,002	-	4,092,002
Public safety	9,576,763	-	9,576,763	4,859,799	-	4,859,799
Highways and streets	3,272,362	-	3,272,362	2,754,777	-	2,754,777
Urban redevelopment and housing	459,970	-	459,970	497,674	-	497,674
Community services	504,473	-	504,473	456,469	-	456,469
Interest and fiscal charges	14,708	-	14,708	48,839	-	48,839
Business-type activities:						
Water	-	3,971,155	3,971,155	-	3,537,697	3,537,697
Sewer	-	10,081,365	10,081,365	-	9,471,224	9,471,224
Sanitation	-	3,072,286	3,072,286	-	2,967,832	2,967,832
Total expenses	19,118,749	17,124,806	36,243,555	12,709,560	15,976,753	28,686,313
Change in net position before transfers	(432,934)	5,829,518	5,396,584	3,715,989	5,244,436	8,960,425
Transfer from Successor Agency	53,934	-	53,934	43,671	-	43,671
Transfers	152,373	(152,373)	-	152,375	(152,375)	-
Change in net position	(226,627)	5,677,145	5,450,518	3,912,035	5,092,061	9,004,096
Net position:						
Beginning of year	5,410,233	33,232,552	38,642,785	1,498,198	28,140,491	29,638,689
Adjustment	(16,934,400)	-	(16,934,400)	-	-	-
Beginning, as adjusted	(11,524,167)	33,232,552	21,708,385	1,498,198	28,140,491	29,638,689
End of year	\$ (11,750,794)	\$ 38,909,697	\$ 27,158,903	\$ 5,410,233	\$ 33,232,552	\$ 38,642,785

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

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 \$36,243,555. Governmental activity expenses totaled \$19,118,749 or 53% of total expenses. Business-type activities incurred \$17,124,806 or 47% of total expenses during the fiscal year. Public safety costs represented 50% 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, 2018, and 2016, are as follows:

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 5,290,473	\$ 3,559,228	\$ 4,092,002	\$ 2,690,669
Public safety	9,576,763	8,442,997	4,859,799	3,240,644
Highway and streets	3,272,362	812,462	2,754,777	848,981
Urban revelopment and housing	459,970	337,054	497,674	497,674
Community services	504,473	201,200	456,469	129,025
Interest on long-term debt	14,708	14,708	48,839	48,839
Total	<u>\$ 19,118,749</u>	<u>\$ 13,367,649</u>	<u>\$ 12,709,560</u>	<u>\$ 7,455,832</u>

FY 2017 included an accounting adjustment related to GASB 68 public safety pension obligations which caused a decrease in total costs of services.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

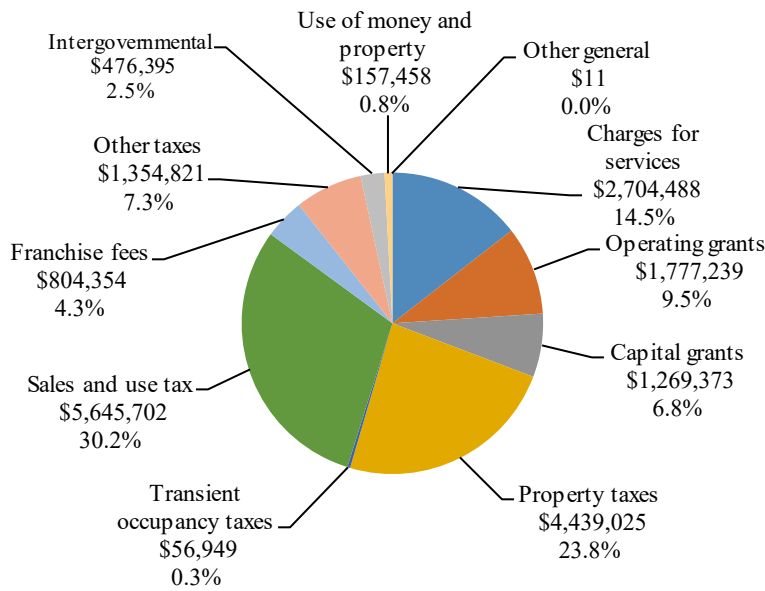
Management’s Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

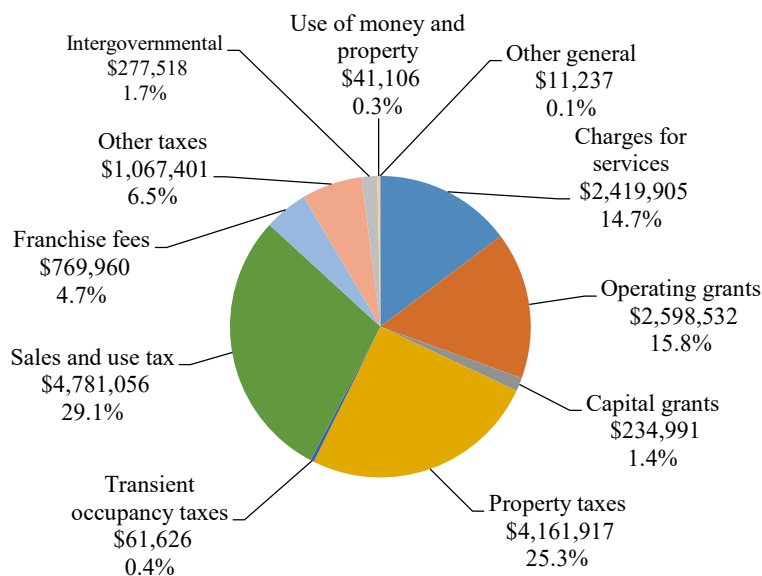
Governmental Activities, Continued

Revenues by source for the fiscal years ended June 30, 2018, and 2017, are as follows:

Revenues by Source - Governmental Activities 2018



Revenues by Source - Governmental Activities 2017



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

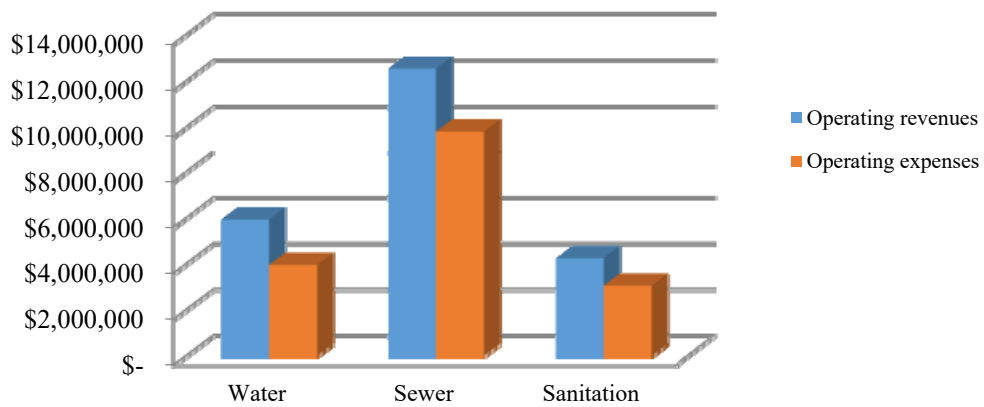
Management’s Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

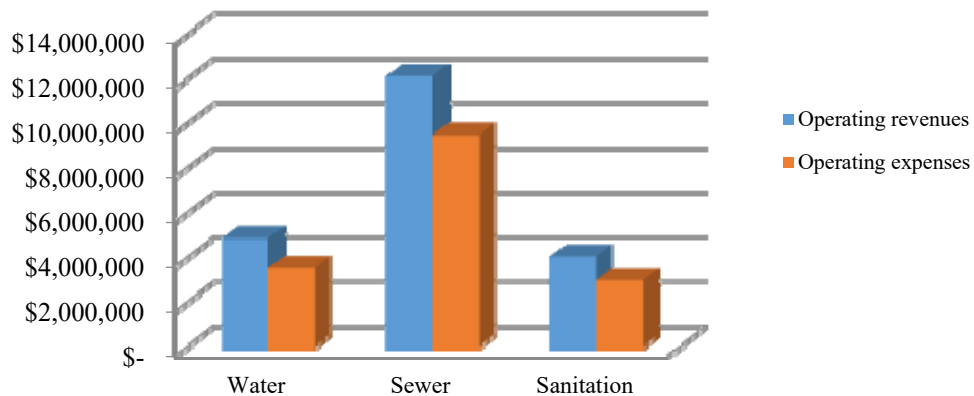
Business-type Activities

Business-type activities increased the City’s net position by \$5,677,145. 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, 2018 and 2017 are as follows:

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



**Operating Revenues and Expenses
 Business-type Activities
 2017**



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

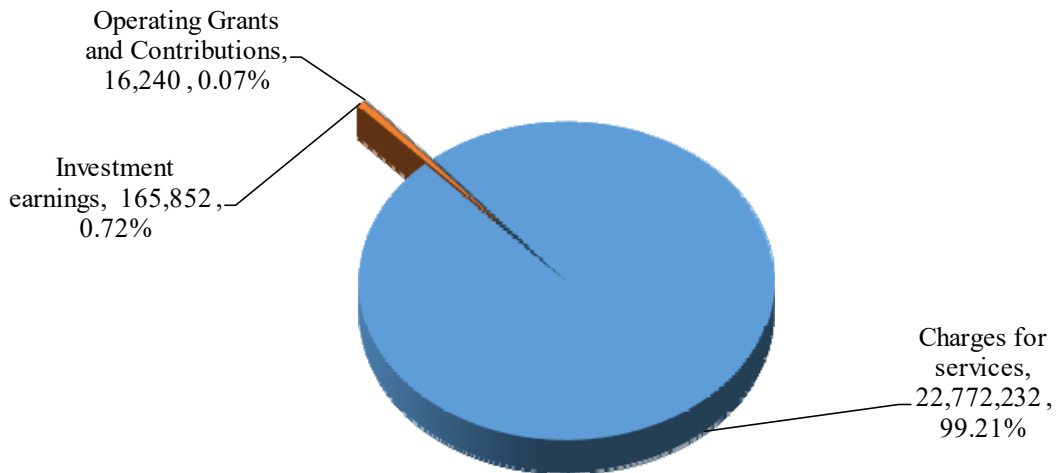
Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

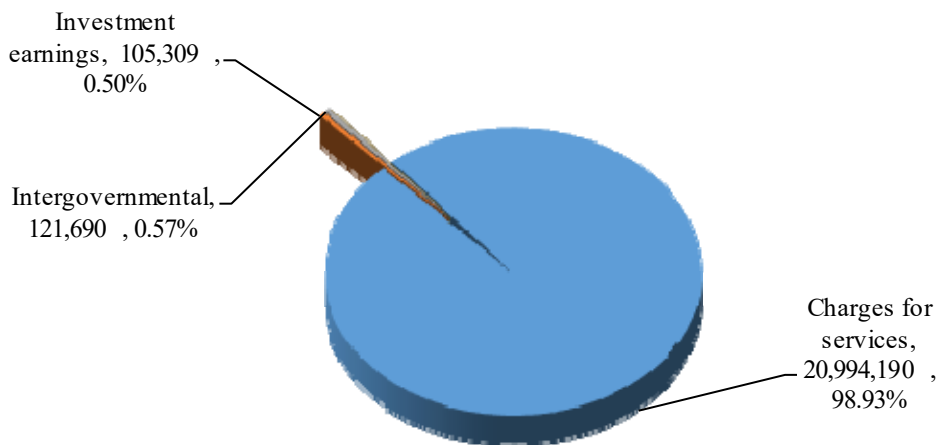
Business-type Activities, Continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2018, and 2017, are as follows:

Revenues by Source - Business-type Activities 2018



Revenues by Source - Business-type Activities 2017



City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL 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, 2018, the City's governmental funds reported combined fund balances of \$12,136,419. This represents an increase of \$2,987,853 or 33% from the prior fiscal year. The increase is due mainly to increased revenue from sales taxes and charges for services.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2018, the General Fund had a negative fund balance of \$1,452,296. This deficit fund balance improved by \$903,616 from the prior fiscal year as the City continued to slowly recover 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, 2018, the special revenue funds had a combined fund balance of \$13,588,715.

Capital Projects Funds. The City's capital projects funds consist of the general and performance bond nonmajor funds. As of June 30, 2018, the capital project funds had a combined fund balance of \$4,180.

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 increased by \$5,677,145 for enterprise funds and decreased by \$24,031 for internal service funds in the fiscal year ended June 30, 2018. For the enterprise funds, the increase was due mainly to increased revenue 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, 2018

Management’s Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

General Fund Budgetary Highlights

General Fund actual revenues totaled \$12.9 million which was 101.5 percent of the amended budget estimate. General Fund expenditures totaled \$13.3 million or 96.4 percent of the approved amended budget. The General Fund fund balance deficit decreased by \$903,616 during the fiscal year ended June 30, 2018 from a negative \$2,355,912 to a negative \$1,452,296.

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounted to \$103,871,387. 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 323,223	\$ 323,223	\$ 764,902	\$ 764,902	\$ 1,088,125	\$ 1,088,125
Construction in progress	582,488	462,714	437,533	317,479	1,020,021	780,193
Buildings and improvements	6,040,390	6,587,896	79,478,152	82,910,192	85,518,542	89,498,088
Infrastructure	801,555	823,725	-	-	801,555	823,725
Roads	10,416,112	11,787,230	-	-	10,416,112	11,787,230
Equipment	2,522,648	2,488,512	2,504,384	2,846,251	5,027,032	5,334,763
Total	\$ 20,686,416	\$ 22,473,300	\$ 83,184,971	\$ 86,838,824	\$ 103,871,387	\$ 109,312,124

The June 30, 2018 balance reflects a reduction of \$5,440,737 from the prior year. This reduction is mainly the result of depreciation in buildings and improvements, infrastructure, roads and equipment.

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.

City of Atwater, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Economic Outlook

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 adopted budget for Fiscal Year 2017-18 is a balanced budget with sufficient revenues anticipated to be available to fund the current level of reduced operating costs. The City Council has taken action to provide for the future stability of the City's water and sanitation systems by approving an orderly series of rate adjustments to ensure that funding is available to continue to provide quality utility service to the citizens and business of this community. 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

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City of Atwater, California
Statement of Net Position
June 30, 2018

ASSETS	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and investments	\$ 12,312,607	\$ 19,338,793	\$ 31,651,400
Restricted cash and investments	-	9,209,071	9,209,071
Receivables:			
Accounts	2,237,376	1,931,206	4,168,582
Internal balances	(3,052,651)	3,052,651	-
Prepaid items	100,114	-	100,114
Total current assets	<u>11,597,446</u>	<u>33,531,721</u>	<u>45,129,167</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	905,711	1,202,435	2,108,146
Depreciable	19,780,705	81,982,536	101,763,241
Total noncurrent assets	<u>24,801,611</u>	<u>83,184,971</u>	<u>107,986,582</u>
Total assets	<u>36,399,057</u>	<u>116,716,692</u>	<u>153,115,749</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	9,019,930	-	9,019,930
OPEB	606,000	-	606,000
Total assets and deferred outflows	<u>\$ 46,024,987</u>	<u>\$ 116,716,692</u>	<u>\$ 162,741,679</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,413,044	\$ 561,375	\$ 1,974,419
Interest payable	-	393,614	393,614
Deposits payable	177,571	425,622	603,193
Compensated absences - current portion	47,574	15,474	63,048
Other liabilities	150,972	-	150,972
Due within one year	75,147	1,268,014	1,343,161
Total current liabilities	<u>1,864,308</u>	<u>2,664,099</u>	<u>4,528,407</u>
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	686,435	75,413	761,848
Due after one year	406,685	74,808,537	75,215,222
Net pension obligation	27,538,451	-	27,538,451
Net OPEB obligation	23,653,000	-	23,653,000
Total noncurrent liabilities	<u>52,284,571</u>	<u>74,883,950</u>	<u>127,168,521</u>
Total liabilities	<u>54,148,879</u>	<u>77,548,049</u>	<u>131,696,928</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	21,093	-	21,093
Pension plan	1,097,809	-	1,097,809
OPEB	2,508,000	-	2,508,000
Total deferred inflows of resources	<u>3,626,902</u>	<u>-</u>	<u>3,626,902</u>
NET POSITION			
Net investment in capital assets	20,686,416	8,376,434	29,062,850
Restricted	5,682,967	9,209,071	14,892,038
Unrestricted (deficit)	(38,120,177)	21,583,138	(16,537,039)
Total net position	<u>(11,750,794)</u>	<u>39,168,643</u>	<u>27,417,849</u>
Total liabilities, deferred inflows and net position	<u>\$ 46,024,987</u>	<u>\$ 116,716,692</u>	<u>\$ 162,741,679</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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,290,473	\$ 1,679,685	\$ 51,560	\$ -
Public safety	9,576,763	240,871	892,895	-
Highways and Streets	3,272,362	572,288	618,239	1,269,373
Urban redevelopment and housing	459,970	-	122,916	-
Community services	504,473	211,644	91,629	-
Interest and fiscal charges	14,708	-	-	-
Total governmental activities	<u>19,118,749</u>	<u>2,704,488</u>	<u>1,777,239</u>	<u>1,269,373</u>
Business-type activities:				
Water	3,971,155	5,955,000	16,240	-
Sewer	9,822,419	12,542,476	-	-
Sanitation	3,072,286	4,274,756	-	-
Total business-type activities	<u>16,865,860</u>	<u>22,772,232</u>	<u>16,240</u>	<u>-</u>
Total primary government	<u>\$ 35,984,609</u>	<u>\$ 25,476,720</u>	<u>\$ 1,793,479</u>	<u>\$ 1,269,373</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

Transfer from Successor Agency

Transfers

Total general revenues and transfers

Special item:

Gain (Loss) on refunding of debt

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.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Totals
\$ (3,559,228)	\$ -	\$ (3,559,228)
(8,442,997)	-	(8,442,997)
(812,462)	-	(812,462)
(337,054)	-	(337,054)
(201,200)	-	(201,200)
(14,708)	-	(14,708)
<u>(13,367,649)</u>	<u>-</u>	<u>(13,367,649)</u>
-	2,000,085	2,000,085
-	2,720,057	2,720,057
-	1,202,470	1,202,470
-	5,922,612	5,922,612
<u>\$ (13,367,649)</u>	<u>\$ 5,922,612</u>	<u>\$ (7,445,037)</u>
4,439,025	-	4,439,025
56,949	-	56,949
5,645,702	-	5,645,702
804,354	-	804,354
1,354,821	-	1,354,821
476,395	-	476,395
157,458	165,852	323,310
11	-	11
<u>12,934,715</u>	<u>165,852</u>	<u>13,100,567</u>
53,934	-	53,934
152,373	(152,373)	-
<u>13,141,022</u>	<u>13,479</u>	<u>13,154,501</u>
-	-	-
<u>(226,627)</u>	<u>5,936,091</u>	<u>5,709,464</u>
5,410,233	33,232,552	38,642,785
(16,934,400)	-	(16,934,400)
<u>(11,524,167)</u>	<u>33,232,552</u>	<u>21,708,385</u>
<u>\$ (11,750,794)</u>	<u>\$ 39,168,643</u>	<u>\$ 27,417,849</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, 2018

	Major Funds		Nonmajor	Totals
	General Fund	Measure H Special Revenue	Governmental Funds	
ASSETS				
Cash and investments	\$ 981,142	\$ 492,548	\$ 8,986,132	\$ 10,459,822
Receivables:				
Taxes	366,850	-	37,647	404,497
Interest	680	3,154	26,218	30,052
Intergovernmental	-	-	589,982	589,982
Other receivable	886,800	311,075	3,136	1,201,011
Prepaid items	44,719	-	-	44,719
Due from other funds	-	-	261,594	261,594
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	\$ 2,280,191	\$ 806,777	\$ 14,019,904	\$ 17,106,872
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,227,360	\$ 17,979	\$ 61,233	\$ 1,306,572
Due to other funds	2,288,250	-	1,025,995	3,314,245
Deposits payable	65,905	-	111,666	177,571
Other liabilities	150,972	-	-	150,972
Total liabilities	3,732,487	17,979	1,198,894	4,949,360
Deferred inflows of resources:				
Unavailable revenue	-	-	21,093	21,093
Total deferred inflows of resources:	-	-	21,093	21,093
Total Liabilities and deferred inflows	3,732,487	17,979	1,219,987	4,970,453
Fund balances (Deficit):				
Nonspendable				
Prepaid items	44,719	-	-	44,719
Investment in land held for resale	-	-	3,855,930	3,855,930
Restricted	-	-	5,682,967	5,682,967
Assigned	-	788,798	3,547,832	4,336,630
Unassigned (deficit)	(1,497,015)	-	(286,812)	(1,783,827)
Total fund balances (deficit)	(1,452,296)	788,798	12,799,917	12,136,419
balances	\$ 2,280,191	\$ 806,777	\$ 14,019,904	\$ 17,106,872

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, 2018

Total fund balances reported on the governmental funds balance sheet \$ 12,136,419

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 19,742,348

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	\$ (717,826)	
Capital leases	(481,832)	
Net Pension obligation	(27,538,451)	
Net OPEB obligation	<u>(23,653,000)</u>	(52,391,109)

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	9,019,930	
Deferred inflows - Pension	(1,097,809)	
Deferred outflows - OPEB	606,000	
Deferred inflows - OPEB	<u>(2,508,000)</u>	6,020,121

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	1,920,014	
Noncurrent assets	944,068	
Accounts payable and accrued liabilities	(107,525)	
Noncurrent liabilities	<u>(15,130)</u>	2,741,427

Net Position of governmental activities \$ (11,750,794)

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, 2018

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	\$ 10,459,822	\$ -	\$ -	\$ 1,852,785	\$ 12,312,607
Receivables:					
Taxes	404,497	-	-	-	404,497
Interest	30,052	-	-	4,746	34,798
Intergovernmental	589,982	-	-	-	589,982
Other receivable	1,201,011	-	-	7,088	1,208,099
Due from other funds	261,594	(261,594)	-	-	-
Internal balances	-	(3,052,651)	-	-	(3,052,651)
Prepaid items	44,719	-	-	55,395	100,114
Total current assets	12,991,677	(3,314,245)	-	1,920,014	11,597,446
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	-	-	19,742,348	944,068	20,686,416
Total noncurrent assets	4,115,195	-	19,742,348	944,068	24,801,611
Total assets	17,106,872	(3,314,245)	19,742,348	2,864,082	36,399,057
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	-	9,019,930	-	9,019,930
OPEB	-	-	606,000	-	606,000
Total assets and deferred outflows of resources	\$ 17,106,872	\$ (3,314,245)	\$ 29,368,278	\$ 2,864,082	\$ 46,024,987
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,306,572	\$ -	\$ -	\$ 106,472	\$ 1,413,044
Due to other funds	3,314,245	(3,314,245)	-	-	-
Deposits payable	177,571	-	-	-	177,571
Due within one year - capital leases	-	-	75,147	-	75,147
Compensated absences - current portion	-	-	46,521	1,053	47,574
Other liabilities	150,972	-	-	-	150,972
Total current liabilities	4,949,360	(3,314,245)	121,668	107,525	1,864,308
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	671,305	15,130	686,435
Due after one year - capital leases	-	-	406,685	-	406,685
Net Pension obligation	-	-	27,538,451	-	27,538,451
Net OPEB obligation	-	-	23,653,000	-	23,653,000
Total noncurrent liabilities	-	-	52,269,441	15,130	52,284,571
Total liabilities	4,949,360	(3,314,245)	52,391,109	122,655	54,148,879
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	21,093	-	-	-	21,093
Pension	-	-	1,097,809	-	1,097,809
OPEB	-	-	2,508,000	-	2,508,000
Total liabilities and deferred inflows	4,970,453	(3,314,245)	55,996,918	122,655	57,775,781
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	3,900,649	(3,900,649)	-	-	-
Restricted	5,682,967	(5,682,967)	-	-	-
Assigned	4,336,630	(4,336,630)	-	-	-
Unassigned (deficit)	(1,783,827)	1,783,827	-	-	-
Net position:					
Net investment in capital assets	-	-	19,742,348	944,068	20,686,416
Restricted	-	-	5,682,967	-	5,682,967
Unrestricted	-	12,136,419	(52,053,955)	1,797,359	(38,120,177)
Total fund balances/net position	12,136,419	-	(26,628,640)	2,741,427	(11,750,794)
Total liabilities, deferred inflows and net position	\$ 17,106,872	\$ (3,314,245)	\$ 29,368,278	\$ 2,864,082	\$ 46,024,987

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, 2018

	Major Funds		Other	Totals
	General Fund	Measure H Special Revenue	Governmental Funds	
REVENUES:				
Taxes and assessments	\$ 5,971,797	\$ 1,936,464	\$ 1,778,785	\$ 9,687,046
Licenses and permits	370,390	-	-	370,390
Fines and forfeitures	52,694	-	-	52,694
Intergovernmental	3,483,233	-	1,910,887	5,394,120
Use of money and property	277,157	6,942	128,266	412,365
Charges for services	2,115,142	-	-	2,115,142
Reimbursements	610,028	-	7,104	617,132
Other revenues	20,488	-	16,438	36,926
Total revenues	12,900,929	1,943,406	3,841,480	18,685,815
EXPENDITURES:				
Current:				
General government	3,177,211	-	135	3,177,346
Public safety	8,691,370	679,916	14,303	9,385,589
Highways and Streets	944,334	-	760,001	1,704,335
Urban redevelopment and housing	-	-	579,970	579,970
Community services	504,473	-	-	504,473
Capital outlay	-	-	584,640	584,640
Debt service:				
Principal	-	73,208	-	73,208
Interest and fiscal charges	-	14,708	-	14,708
Total expenditures	13,317,388	767,832	1,939,049	16,024,269
REVENUES OVER (UNDER) EXPENDITURES	(416,459)	1,175,574	1,902,431	2,661,546
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	120,000	-	-	120,000
Transfers from Successor Agency	53,934	-	-	53,934
Transfers in	1,250,495	-	130,629	1,381,124
Transfers out	(104,354)	(1,100,000)	(24,397)	(1,228,751)
Total other financing sources (uses)	1,320,075	(1,100,000)	106,232	326,307
Net change in fund balances	903,616	75,574	2,008,663	2,987,853
FUND BALANCES (Deficit):				
Beginning of year	(2,355,912)	713,224	10,791,254	9,148,566
End of year	\$ (1,452,296)	\$ 788,798	\$ 12,799,917	\$ 12,136,419

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, 2018

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	\$ 3,177,346	\$ (69,628)	\$ (91,818)	\$ 612,323	\$ -	\$ 867,000	\$ 795,250	\$ 5,290,473
Public safety	9,385,589	-	-	191,174	-	-	-	9,576,763
Highways and Streets	1,704,335	-	-	1,395,418	172,609	-	-	3,272,362
Urban redevelopment and housing	459,970	-	-	-	-	-	-	459,970
Parks and recreation	504,473	-	-	-	-	-	-	504,473
Capital outlay	584,640	-	-	-	(584,640)	-	-	-
Debt service/Interest	87,916	(73,208)	-	-	-	-	-	14,708
Total governmental activities	\$ 15,904,269	\$ (142,836)	\$ (91,818)	\$ 2,198,915	\$ (412,031)	\$ 867,000	\$ 795,250	\$ 19,118,749

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, 2018

Net change in fund balances - total governmental funds \$ 2,987,853

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	\$ 412,031	
Depreciation expense	<u>(2,198,915)</u>	(1,786,884)

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		73,208
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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>69,628</u>	69,628
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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		(795,250)
Net OPEB obligation		(867,000)

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 (\$24,031) are included in the governmental activities in the government-wide Statement of Net Position plus amounts due to the change in net investment in capital assets of \$115,849 reported above for capital assets.

115,849	
<u>(24,031)</u>	91,818

Change in Net Position of governmental activities

\$ (226,627)

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, 2018

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 7,075,436	\$ 5,783,485	\$ 5,971,797	\$ 188,312
Licenses and permits	173,300	308,225	370,390	62,165
Fines and forfeitures	48,000	48,000	52,694	4,694
Intergovernmental	458,250	3,192,376	3,483,233	290,857
Use of money and property	242,914	221,675	277,157	55,482
Charges for services	1,842,648	2,438,110	2,115,142	(322,968)
Reimbursements	816,000	593,198	610,028	16,830
Other revenues	94,000	123,500	20,488	(103,012)
Total revenues	10,750,548	12,708,569	12,900,929	192,360
EXPENDITURES:				
Current:				
General government	2,047,154	3,287,486	3,177,211	110,275
Public safety	7,640,165	8,846,534	8,691,370	155,164
Highways and Streets	1,270,173	1,131,573	944,334	187,239
Community services	623,626	543,868	504,473	39,395
Capital outlay	9,882	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	11,591,000	13,809,461	13,317,388	492,073
REVENUES OVER (UNDER) EXPENDITURES	(840,452)	(1,100,892)	(416,459)	684,433
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	120,000	120,000
Transfers from Successor Agency	-	-	53,934	53,934
Transfers in	902,375	1,256,157	1,250,495	(5,662)
Transfers out	(50,000)	(297,622)	(104,354)	193,268
Total other financing sources (uses)	852,375	958,535	1,320,075	361,540
Net change in fund balances	11,923	(142,357)	903,616	1,045,973
FUND BALANCES (Deficit):				
Beginning of year	(2,355,912)	(2,355,912)	(2,355,912)	-
End of year	<u>\$ (2,343,989)</u>	<u>\$ (2,498,269)</u>	<u>\$ (1,452,296)</u>	<u>\$ 1,045,973</u>

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

Measure H Special Revenue Fund

Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)
\$ 1,250,000	\$ 1,807,326	\$ 1,936,464	\$ 129,138
-	-	-	-
-	-	-	-
-	-	-	-
-	-	6,942	6,942
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,250,000</u>	<u>1,807,326</u>	<u>1,943,406</u>	<u>136,080</u>
-	-	-	-
449,242	851,902	679,916	171,986
-	-	-	-
-	-	-	-
-	-	-	-
130,000	87,916	73,208	14,708
-	-	14,708	(14,708)
<u>579,242</u>	<u>939,818</u>	<u>767,832</u>	<u>171,986</u>
<u>670,758</u>	<u>867,508</u>	<u>1,175,574</u>	<u>308,066</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>(731,657)</u>	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>-</u>
<u>(731,657)</u>	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>-</u>
(60,899)	(232,492)	75,574	308,066
<u>713,224</u>	<u>713,224</u>	<u>713,224</u>	<u>-</u>
<u>\$ 652,325</u>	<u>\$ 480,732</u>	<u>\$ 788,798</u>	<u>\$ 308,066</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, 2018

ASSETS	<u>Water</u>	<u>Sewer</u>
Current assets:		
Cash and investments	\$ 5,686,711	\$ 11,596,044
Restricted cash and investments	-	9,209,071
Receivables:		
Accounts	892,348	727,720
Interest	20,240	32,284
Due from other funds	-	5,425,138
Prepaid expenses	-	-
Total current assets	<u>6,599,299</u>	<u>26,990,257</u>
Noncurrent assets:		
Capital assets, net	4,703,544	78,304,585
Total noncurrent assets	<u>4,703,544</u>	<u>78,304,585</u>
Total Assets	<u>\$ 11,302,843</u>	<u>\$ 105,294,842</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 271,099	\$ 175,385
Accrued payroll	25,111	17,616
Due to other funds	173,689	-
Interest payable	-	393,614
Deposits payable	368,684	56,938
Compensated absences - current portion	8,931	6,437
Due within one year	-	1,268,014
Total current liabilities	<u>847,514</u>	<u>1,918,004</u>
Noncurrent liabilities:		
Compensated absences	62,340	13,073
Due after one year	-	74,808,537
Total noncurrent liabilities	<u>62,340</u>	<u>74,821,610</u>
Total liabilities	<u>909,854</u>	<u>76,739,614</u>
Net Position:		
Net investment in capital assets	4,703,544	3,496,048
Restricted	-	9,209,071
Unrestricted (Deficit)	5,689,445	15,850,109
Total net position	<u>10,392,989</u>	<u>28,555,228</u>
Total liabilities and net position	<u>\$ 11,302,843</u>	<u>\$ 105,294,842</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>
\$ 2,056,038	\$ 19,338,793	\$ 1,852,785
	9,209,071	-
252,928	1,872,996	7,088
5,686	58,210	4,746
-	5,425,138	-
-	-	55,395
<u>2,314,652</u>	<u>35,904,208</u>	<u>1,920,014</u>
176,842	83,184,971	944,068
<u>176,842</u>	<u>83,184,971</u>	<u>944,068</u>
<u>\$ 2,491,494</u>	<u>\$ 119,089,179</u>	<u>\$ 2,864,082</u>
\$ 70,150	\$ 516,634	\$ 98,005
2,014	44,741	8,467
2,198,798	2,372,487	-
-	393,614	-
-	425,622	-
106	15,474	1,053
-	1,268,014	-
<u>2,271,068</u>	<u>5,036,586</u>	<u>107,525</u>
-	75,413	15,130
-	74,808,537	-
-	74,883,950	15,130
<u>2,271,068</u>	<u>79,920,536</u>	<u>122,655</u>
176,842	8,376,434	944,068
-	9,209,071	-
43,584	21,583,138	1,797,359
<u>220,426</u>	<u>39,168,643</u>	<u>2,741,427</u>
<u>\$ 2,491,494</u>	<u>\$ 119,089,179</u>	<u>\$ 2,864,082</u>

City of Atwater, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2018

	<u>Water</u>	<u>Sewer</u>
OPERATING REVENUES:		
Charges for service	\$ 4,624,744	\$ 12,302,448
Interdepartmental charges	-	-
Other operating revenue	1,330,256	240,028
Total operating revenues	<u>5,955,000</u>	<u>12,542,476</u>
OPERATING EXPENSES:		
Salaries and benefits	967,956	577,022
Contractual services	623,245	2,053,944
Materials and supplies	140,163	73,629
Repairs and maintenance	-	-
Utilities	818,250	873,812
Insurance	-	-
Taxes and fees	-	-
Other operating costs	827,096	1,175,285
Depreciation	593,738	3,266,479
Total operating expenses	<u>3,970,448</u>	<u>8,020,171</u>
OPERATING INCOME (LOSS)	<u>1,984,552</u>	<u>4,522,305</u>
NONOPERATING REVENUES (EXPENSES):		
Bond issuance costs	-	(1,990,413)
Intergovernmental revenues (expenses)	16,240	-
Interest revenue	54,637	104,834
Interest expense	(707)	188,165
Total non-operating revenues, net	<u>70,170</u>	<u>(1,697,414)</u>
NET INCOME BEFORE TRANSFERS	2,054,722	2,824,891
Transfers in	-	-
Transfers out	(152,373)	-
Total transfers	<u>(152,373)</u>	<u>-</u>
CHANGE IN NET POSITION	1,902,349	2,824,891
NET POSITION (DEFICIT):		
Beginning of year	8,490,640	25,730,337
End of year	<u>\$ 10,392,989</u>	<u>\$ 28,555,228</u>

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

<u>Sanitation</u>	<u>Totals</u>	<u>Governmental</u>
		<u>Internal</u>
		<u>Service Funds</u>
\$ 4,274,756	\$ 21,201,948	\$ -
-	-	2,366,269
-	1,570,284	51,280
<u>4,274,756</u>	<u>22,772,232</u>	<u>2,417,549</u>
53,905	1,598,883	215,201
2,592,860	5,270,049	474,802
709	214,501	845
-	-	382,028
-	1,692,062	-
-	-	1,042,438
-	-	105,322
418,791	2,421,172	122,511
6,021	3,866,238	111,925
<u>3,072,286</u>	<u>15,062,905</u>	<u>2,455,072</u>
<u>1,202,470</u>	<u>7,709,327</u>	<u>(37,523)</u>
-	(1,990,413)	-
-	16,240	-
6,381	165,852	13,492
-	187,458	-
<u>6,381</u>	<u>(1,620,863)</u>	<u>13,492</u>
1,208,851	6,088,464	(24,031)
-	-	-
-	(152,373)	-
<u>-</u>	<u>(152,373)</u>	<u>-</u>
1,208,851	5,936,091	(24,031)
(988,425)	33,232,552	2,765,458
<u>\$ 220,426</u>	<u>\$ 39,168,643</u>	<u>\$ 2,741,427</u>

City of Atwater, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

	<u>Water</u>	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/users for services provided	\$ 5,481,207	\$ 12,797,920
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(2,275,523)	(4,533,181)
Cash payments to employees for services	(988,794)	(573,009)
Net cash provided by operating activities	<u>2,216,890</u>	<u>7,691,730</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received (paid)	(239,217)	827,231
Intergovernmental activities	16,240	-
Net cash used by noncapital financing activities	<u>(222,977)</u>	<u>827,231</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	-	-
Acquisition and construction of capital assets	(113,502)	(43,235)
Proceeds from issuance of long-term debt	-	77,962,033
Principal paid on long term debt	-	(78,460,281)
Interest paid on long term debt	(707)	(70,782)
Bond issuance costs	-	(1,990,413)
Net cash (used) by capital and related financing activities	<u>(114,209)</u>	<u>(2,602,678)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	41,495	81,279
Net cash provided by investing activities	<u>41,495</u>	<u>81,279</u>
Net increase (decrease) in cash and cash equivalents	1,921,199	5,997,562
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>3,765,512</u>	<u>14,807,553</u>
End of year	<u>\$ 5,686,711</u>	<u>\$ 20,805,115</u>
Presentation in Statement of Net Position:		
Cash and investments	\$ 5,686,711	\$ 11,596,044
Restricted cash and investments	-	9,209,071
	<u>\$ 5,686,711</u>	<u>\$ 20,805,115</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 1,984,552	\$ 4,522,305
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	593,738	3,266,479
(Increase) decrease in current assets:		
Accounts receivable	(473,793)	255,444
Prepaid expenses	-	148,194
Increase (decrease) in liabilities:		
Accounts payable	80,520	(504,705)
Accrued payroll	(5,990)	(419)
Deposits payable	52,711	-
Compensated absences	(14,848)	4,432
Net cash provided by operating activities	<u>\$ 2,216,890</u>	<u>\$ 7,691,730</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2018.

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

Sanitation	Totals	Governmental
		Activities
		Internal
		Service Funds
\$ 4,332,473	\$ 22,611,600	\$ -
-	-	2,412,489
(3,153,050)	(9,961,754)	(2,188,631)
(53,856)	(1,615,659)	(214,000)
<u>1,125,567</u>	<u>11,034,187</u>	<u>9,858</u>
(549,699)	38,315	-
-	16,240	-
<u>(549,699)</u>	<u>54,555</u>	<u>-</u>
	-	
(55,648)	(212,385)	3,924
	77,962,033	-
-	(78,460,281)	-
-	(71,489)	-
	(1,990,413)	-
<u>(55,648)</u>	<u>(2,772,535)</u>	<u>3,924</u>
2,056	124,830	10,461
<u>2,056</u>	<u>124,830</u>	<u>10,461</u>
522,276	8,441,037	24,243
<u>1,533,762</u>	<u>20,106,827</u>	<u>1,828,542</u>
<u>\$ 2,056,038</u>	<u>\$ 28,547,864</u>	<u>\$ 1,852,785</u>
\$ 2,056,038	\$ 19,338,793	\$ 1,852,785
-	9,209,071	-
<u>\$ 2,056,038</u>	<u>\$ 28,547,864</u>	<u>\$ 1,852,785</u>
\$ 1,202,470	\$ 7,709,327	\$ (37,523)
6,021	3,866,238	111,925
57,717	(160,632)	(5,060)
-	148,194	1,436
(140,690)	(564,875)	(62,121)
39	(6,370)	430
-	52,711	-
<u>10</u>	<u>(10,406)</u>	<u>771</u>
<u>\$ 1,125,567</u>	<u>\$ 11,034,187</u>	<u>\$ 9,858</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, 2018

	Successor Agency Former Atwater Community Development Agency	Agency Funds
Current assets:		
Cash and investments	\$ 412,287	\$ 95,884
Cash and investments with trustee/fiscal agent	266,477	-
Interest receivable	1,097	272
Loans/notes receivable	111,437	-
Prepaid items	269	-
Total current assets	<u>791,567</u>	<u>96,156</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><u>\$ 1,673,243</u></u>	<u><u>\$ 96,156</u></u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,202	\$ -
Due to others	-	96,156
Due within one year	<u>645,000</u>	<u>-</u>
Total current liabilities	<u>647,202</u>	<u>96,156</u>
Long-term liabilities:		
Advance from governmental funds/activities	259,265	-
Due after one year	<u>6,525,000</u>	<u>-</u>
Total long-term liabilities	<u>6,784,265</u>	<u>-</u>
Total liabilities	<u>7,431,467</u>	<u><u>\$ 96,156</u></u>
Net Position (Deficit):		
Net investment in capital assets	(6,288,324)	
Net position held in trust for Redevelopment Dissolution	<u>530,100</u>	
Total Net Position (deficit)	<u>(5,758,224)</u>	
Total liabilities and net position	<u><u>\$ 1,673,243</u></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, 2018

	Successor Agency
	Former Atwater Community Development Agency
ADDITIONS:	
Property taxes	\$ 653,908
Investment income	44,496
Other additions	6,827
Total operating revenues	<u>705,231</u>
DEDUCTIONS:	
Urban redevelopment and housing	207,367
Costs of issuance	223,646
Depreciation and amortization	61,945
Transfer to City of Atwater	53,934
Total operating expenses	<u>546,892</u>
CHANGE IN FIDUCIARY NET POSITION	<u>158,339</u>
NET POSITION (DEFICIT):	
Beginning of year	<u>(5,916,563)</u>
End of year	<u>\$ (5,758,224)</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, 2018

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City of Atwater, California
Notes to Basic Financial Statements
For the year ended June 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2017
 Measurement Date June 30, 2017
 Measurement Period July 1, 2016 to June 30, 2017

Prior Period Adjustment

Due to the City’s adoption of GASB 75, net position was adjusted at June 30, 2018. The following is a reconciliation of the total net position as previously reported at July 1, 2017 to the restated net position.

	Governmental Activities
Net Position at June 30, 2017	\$ 5,410,233
Adjustment:	
Adoption of GASB 75, OPEB	(16,934,400)
Total Adjustments	<u>(16,934,400)</u>
Net Position at July 1, 2017, as adjusted	<u>\$ (11,524,167)</u>

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, 2018

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, 2018

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, 2018

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, 2018. 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, 2018

2. CASH AND INVESTMENTS

At June 30, 2018, 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		
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$ 18,649,086	18,649,086
Petty cash	-	-	-	450	450
Total pooled items	-	-	-	18,649,536	18,649,536
Pooled investments, at fair market value					
Central San Joaquin Valley Risk Management Authority (CSJVRMA) investment pool	1,081,060	-	-	-	1,081,060
State of California Local Agency Investment Fund	21,904,523	-	-	-	21,904,523
Total pooled investments	22,985,583	-	-	-	22,985,583
Total cash, cash equivalents and investments pooled	\$ 22,985,583	\$ -	\$ -	\$ 18,649,536	\$ 41,635,119
Amounts reported in:					
Governmental activities					\$ 12,312,607
Business-type activities					19,338,793
Business-type activities - Restricted					9,209,071
Fiduciary activities					508,171
Fiduciary activities - Restricted					266,477
Total					\$ 41,635,119

Investment Type	Fair Value
CSJVRMA investment pool	\$ 1,081,060
LAIF	21,904,523
Total fair value	\$ 22,985,583

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018, 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, 2018

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, 2018, 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, 2018

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, 2018, the carrying amount of the City's deposits was \$18,649,086 and the balances in financial institutions were \$18,649,086. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$18,399,086 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, 2018, 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

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$22,548,942 thousand of which the City had a balance of \$21,904,523, which approximated market value and was managed by the State Treasurer. Of the total invested, 97.33% was invested in non-derivative financial products and 2.67% in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. 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, 2018

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2018:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Accounts receivable	\$ -	\$ 1,872,996	\$ -	\$ 1,872,996
Taxes and assessments receivable	404,497	-	-	404,497
Interest receivable	34,798	58,210	1,369	94,377
Intergovernmental	589,982	-	-	589,982
Other	1,208,099	-	-	1,208,099
Loans/Notes receivable	-	-	111,437	111,437
Total accounts receivable	<u>\$ 2,237,376</u>	<u>\$ 1,931,206</u>	<u>\$ 112,806</u>	<u>\$ 4,281,388</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	13.82%	Financial	2.10%
Individuals/Business	43.86%	Other	40.22%

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, 2018

4. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2018
Governmental activities					
Nondepreciable assets:					
Land	\$ 323,223	\$ -	\$ -	\$ -	\$ 323,223
Construction in Progress	462,714	197,191	-	(77,417)	582,488
Total nondepreciable assets	<u>785,937</u>	<u>197,191</u>	<u>-</u>	<u>(77,417)</u>	<u>905,711</u>
Depreciable assets:					
Buildings and improvements	15,066,829	-	-	-	15,066,829
Infrastructure	1,164,766	-	-	-	1,164,766
Roads	51,498,077	-	-	-	51,498,077
Equipment	7,277,841	348,964	-	(46,924)	7,579,881
Total depreciable assets	<u>75,007,513</u>	<u>348,964</u>	<u>-</u>	<u>(46,924)</u>	<u>75,309,553</u>
Total	<u>75,793,450</u>	<u>546,155</u>	<u>-</u>	<u>(124,341)</u>	<u>76,215,264</u>
Accumulated depreciation:					
Buildings and improvements	(8,478,933)	(547,506)	-	-	(9,026,439)
Infrastructure	(341,041)	(22,170)	-	-	(363,211)
Roads	(39,710,847)	(1,371,118)	-	-	(41,081,965)
Equipment	(4,789,329)	(258,121)	-	(9,783)	(5,057,233)
Total accumulated depreciation	<u>(53,320,150)</u>	<u>(2,198,915)</u>	<u>-</u>	<u>(9,783)</u>	<u>(55,528,848)</u>
Net depreciable assets	<u>21,687,363</u>	<u>(1,849,951)</u>	<u>-</u>	<u>(56,707)</u>	<u>19,780,705</u>
Total net capital assets	<u>\$ 22,473,300</u>	<u>\$ (1,652,760)</u>	<u>\$ -</u>	<u>\$ (134,124)</u>	<u>\$ 20,686,416</u>

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

General government	\$ 612,323
Public safety	191,174
Highways and streets	1,395,418
Total	<u>\$ 2,198,915</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

4. CAPITAL ASSETS, Continued

Business-type capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2018
<u>Business-type activities</u>					
Nondepreciable assets:					
Land	\$ 764,902	\$ -	\$ -	\$ -	\$ 764,902
Construction in Progress	317,479	120,195	-	(141)	437,533
Total nondepreciable assets	<u>1,082,381</u>	<u>120,195</u>	<u>-</u>	<u>(141)</u>	<u>1,202,435</u>
Depreciable assets:					
Buildings and improvements	109,935,546	-	-	-	109,935,546
Equipment	10,235,483	92,190	-	141	10,327,814
Total depreciable assets	<u>120,171,029</u>	<u>92,190</u>	<u>-</u>	<u>141</u>	<u>120,263,360</u>
Total	<u>121,253,410</u>	<u>212,385</u>	<u>-</u>	<u>-</u>	<u>121,465,795</u>
Accumulated depreciation:					
Buildings and improvements	(27,025,354)	(3,432,040)	-	-	(30,457,394)
Equipment	(7,389,232)	(434,198)	-	-	(7,823,430)
Total accumulated depreciation	<u>(34,414,586)</u>	<u>(3,866,238)</u>	<u>-</u>	<u>-</u>	<u>(38,280,824)</u>
Net depreciable assets	<u>85,756,443</u>	<u>(3,774,048)</u>	<u>-</u>	<u>141</u>	<u>81,982,536</u>
Total net capital assets	<u>\$ 86,838,824</u>	<u>\$ (3,653,853)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,184,971</u>

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

Water	\$ 593,738
Sewer	3,266,479
Sanitation	6,021
	<u>\$ 3,866,238</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2018:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 1,079,726	\$ 516,634	\$ 2,202	\$ 1,598,562
Accrued payroll and related liabilities	333,318	44,741	-	378,059
Total	<u>\$ 1,413,044</u>	<u>\$ 561,375</u>	<u>\$ 2,202</u>	<u>\$ 1,976,621</u>

These amounts resulted in the following concentrations in payables:

Vendors	80.9%
Employees	19.1%

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, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
<u>Governmental Activities:</u>					
Compensated absences	\$ 802,866	\$ -	\$ (68,857)	\$ 734,009	\$ 47,574
Capital lease obligations	555,040	-	(73,208)	481,832	75,147
Total governmental activities	<u>\$ 1,357,906</u>	<u>\$ -</u>	<u>\$ (142,065)</u>	<u>\$ 1,215,841</u>	<u>\$ 122,721</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
<i>Business-type Activities:</i>					
2008 Wastewater Revenue Refunding Bonds	\$ 17,405,000	\$ -	\$ (17,405,000)	\$ -	\$ -
Deferred loss on refunding	(867,339)	-	867,339	-	-
2010 Wastewater Revenue Bonds	50,430,000	-	(50,430,000)	-	-
Unamortized bond premium	353,971	-	(353,971)	-	-
2011 Wastewater Revenue Bonds	9,195,000	-	(9,195,000)	-	-
Unamortized bond discount	(90,881)	-	90,881	-	-
2017A Wastewater Revenue Refunding Bonds	-	56,600,000	(1,795,000)	54,805,000	835,000
Unamortized bond premium	-	5,618,924	(183,953)	5,434,971	(200,676)
Unamortized underwriting discount	-	(509,400)	18,063	(491,337)	18,193
2018A Wastewater Revenue Refunding Bonds	-	16,255,000	-	16,255,000	540,000
Unamortized bond premium	-	143,804	-	143,804	(5,136)
Unamortized underwriting discount	-	(146,295)	-	(146,295)	5,225
Capital lease obligation	149,048	-	(73,640)	75,408	75,408
Compensated absences	101,293	-	(10,406)	90,887	15,474
	<u>149,048</u>	<u>-</u>	<u>(73,640)</u>	<u>75,408</u>	<u>75,408</u>
	<u>101,293</u>	<u>-</u>	<u>(10,406)</u>	<u>90,887</u>	<u>15,474</u>
Total business-type activities	<u>\$ 76,676,092</u>	<u>\$ 77,962,033</u>	<u>\$ (78,470,687)</u>	<u>\$ 76,167,438</u>	<u>\$ 1,283,488</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

6. LONG-TERM LIABILITIES, Continued

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,	Governmental Activities	
	Capital Lease	
	Principal	Interest
2019	\$ 75,147	\$ 12,768
2020	77,139	10,777
2021	79,183	8,733
2022	81,281	6,635
2023	83,435	4,481
2024	85,647	2,270
Total	<u>\$ 481,832</u>	<u>\$ 45,664</u>
Due within one year	\$ 75,147	\$ 12,768
Due after one year	406,685	32,896
Total	<u>\$ 481,832</u>	<u>\$ 45,664</u>

Business-type Activities

2008 Wastewater Revenue Refunding Bonds (Sewer)

In May 2008, the Atwater Public Financing Authority issued its 2008 Wastewater Revenue Refunding Bonds in the amount of \$20,020,000, to provide funds: (i) to finance the acquisition and construction of certain improvements to the Wastewater System; (ii) to fund a debt service reserve fund for the 2008 Bonds; and (iii) to pay cost of issuance of the 2008 Bonds. The term of this agreement ends on May 1, 2038. Each payment includes interest at an annual rate between 4.5 and 5.0%. 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, 2012. This bond is the refunding of the 2003 Water Revenue Refunding Bonds. These bonds were defeased by the 2017A Wastewater Revenue Refunding Bonds.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

6. LONG-TERM LIABILITIES, Continued

2010 Wastewater Revenue Bonds (Sewer)

In January 2010, the Atwater Public Financing Authority issued its 2010 Wastewater Revenue Bonds in the amount of \$54,345,000, to provide funds: (i) to finance the acquisition and construction of certain improvements to the Wastewater System; (ii) to fund a debt service reserve fund for the 2010 Bonds; and (iii) to pay cost of issuance of the 2010 Bonds. The term of this agreement ends on May 1, 2045. Each payment includes interest at an annual rate between 4.0 and 5.25%. 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, 2011. These bonds were defeased by the 2017A Wastewater Revenue Refunding Bonds.

2011 Wastewater Revenue Bonds (Sewer)

In April 2011, the Atwater Public Financing Authority issued its 2011 Wastewater Revenue Bonds in the amount of \$10,000,000, to provide funds: (i) to finance the acquisition and construction of certain improvements to the Wastewater System; (ii) to pay the premium for a reserve surety bond for the 2011 bonds; and (iii) to pay the cost of issuing the 2011 Bonds. The term of this agreements ends on May 1, 2045. Each payment includes interest at an annual rate between 2.00% and 6.125%. 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, 2012. These bonds were defeased by the 2018A Wastewater Revenue Refunding Bonds.

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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

6. LONG-TERM LIABILITIES, Continued

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.

Year Ending June 30,	Business-type Activities	
	Capital Lease	
	Principal	Interest
2019	\$ 75,408	\$ 1,810
Total	<u>\$ 75,408</u>	<u>\$ 1,810</u>
Due within one year	\$ 75,408	\$ 1,810
Due after one year	-	-
Total	<u>\$ 75,408</u>	<u>\$ 1,810</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

6. LONG-TERM LIABILITIES, Continued

Future debt service for business-type activities at June 30, 2018 is as follows for all debt except compensated absences:

Year Ending June 30,	2017A Wastewater Revenue		2018A Wastewater Revenue		Totals	
	Refunding Bonds		Refunding Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2019	\$ 835,000	\$ 2,476,338	\$ 540,000	\$ 600,139	\$ 1,375,000	\$ 3,076,477
2020	880,000	2,434,588	595,000	542,069	1,475,000	2,976,657
2021	925,000	2,389,588	615,000	524,219	1,540,000	2,913,807
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
2024-2028	5,880,000	10,666,190	3,715,000	1,993,130	9,595,000	12,659,320
2029-2033	7,470,000	9,099,940	4,360,000	1,351,612	11,830,000	10,451,552
2034-2038	9,155,000	7,405,438	5,135,000	568,276	14,290,000	7,973,714
2039-2043	18,825,000	4,464,250	-	-	18,825,000	4,464,250
2044-2045	8,850,000	467,250	-	-	8,850,000	467,250
Total	\$ 54,805,000	\$ 44,044,008	\$ 16,255,000	\$ 6,565,583	\$ 71,060,000	\$ 50,609,591
Due within one year	\$ 835,000	\$ 2,476,338	\$ 540,000	\$ 600,139	\$ 1,375,000	\$ 3,076,477
Due after one year	53,970,000	41,567,670	15,715,000	5,965,444	69,685,000	47,533,114
Total	\$ 54,805,000	\$ 44,044,008	\$ 16,255,000	\$ 6,565,583	\$ 71,060,000	\$ 50,609,591

Year Ending June 30,	2017A Wastewater Revenue		2018A Wastewater Revenue	
	Refunding Bonds		Refunding Bonds	
	Premium	Discount	Premium	Discount
2019	\$ (200,676)	\$ 18,193	\$ (73,717)	\$ 5,225
2020	(200,676)	18,193	(73,717)	5,225
2021	(200,676)	18,193	(73,717)	5,225
2022	(200,676)	18,193	(73,717)	5,225
2023	(200,676)	18,193	(73,717)	5,225
2024-2028	(1,003,380)	90,965	(368,585)	26,125
2029-2033	(1,003,380)	90,965	(368,585)	26,125
2034-2038	(1,003,380)	90,965	(368,585)	26,125
2039-2043	(1,003,380)	90,965	(368,585)	26,125
2044-2045	(418,071)	36,512	(153,565)	10,881
Total	\$ (5,434,971)	\$ 491,337	\$ (1,996,490)	\$ 141,506
Due within one year	\$ (200,676)	\$ 18,193	\$ (73,717)	\$ 5,225
Due after one year	(5,234,295)	473,144	(1,922,773)	136,281
Total	\$ (5,434,971)	\$ 491,337	\$ (1,996,490)	\$ 141,506

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

7. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Net investment in capital assets	\$ 20,686,416	\$ 8,376,434	\$ (6,288,324)	\$ 22,774,526
Restricted	5,682,967	9,209,071	-	14,892,038
Unrestricted (deficit)	(38,120,177)	21,583,138	530,100	(16,006,939)
Total	<u>\$ (11,750,794)</u>	<u>\$ 39,168,643</u>	<u>\$ (5,758,224)</u>	<u>\$ 21,659,625</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.

Fund Balance

Nonspendable and Restricted fund balance consisted of the following at June 30, 2018:

Nonspendable:	
Prepaid items	\$ 44,719
Investment in land held for resale	3,855,930
Total Nonspendable	<u><u>\$ 3,900,649</u></u>
Restricted:	
Governmental Funds:	
Gas Tax	\$ 1,059,572
Facility Impact Fee	4,159,219
HOME Investment Partnership Program	250,350
Neighborhood Stabilization	213,826
Total Restricted	<u><u>\$ 5,682,967</u></u>

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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

7. NET POSITION/ FUND BALANCES, Continued

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:

	As of June 30, 2018
<u>Major Funds:</u>	
<u>Governmental Funds:</u>	
General Fund	\$ 1,497,015
<u>Nonmajor Special Revenue Funds:</u>	
Local Transportation	15,300
Community Development Block Grants	12,441
Maintenance District Funds:	
Northwood Village	42,558
Wildwood Estates	11,220
Woodview Garland	8,617
Sierra Parks	31,974
Price Annexation	65,186
Airport Business Park	2,794
General Capital Projects	96,722
Total Governmental Funds	\$ 1,783,827
<u>Fiduciary Funds:</u>	
Successor Agency Private Purpose Trust	\$ 5,758,224

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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018:

	Due from Other Funds	Due to Other Funds
	<u> </u>	<u> </u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ -	\$ 2,288,250
Total Major Funds	<u>-</u>	<u>2,288,250</u>
Nonmajor Special Revenue Funds:		
Police Grants	-	334,550
Local Transportation	-	417,410
Community Development Block Grants	-	12,441
Maintenance Districts:		
Northwood Village	-	42,365
Orchard Park Estates	94,086	-
Wildwood Estates	-	11,189
Woodview Garland	-	8,609
Sierra Parks	-	31,923
Shaffer Lakes East	64,891	-
Price Annexation	-	64,891
Airport Business Park	-	2,759
Silva Ranch	2,759	-
Total Maintenance Districts	<u>161,736</u>	<u>161,736</u>
Total Non-major Special Revenue Funds	<u>161,736</u>	<u>926,137</u>
Capital Projects Funds		
General	-	99,858
Performance Bond	99,858	-
Total Non-major Capital Projects Funds	<u>99,858</u>	<u>99,858</u>
Total Governmental Funds	<u>261,594</u>	<u>3,314,245</u>
<u>Proprietary Funds</u>		
Water	-	173,689
Sewer	5,425,138	-
Sanitation	-	2,198,798
Total Proprietary Funds	<u>5,425,138</u>	<u>2,372,487</u>
Total	<u>\$ 5,686,732</u>	<u>\$ 5,686,732</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 1,250,495	\$ 104,354
Measure H Fund	-	1,100,000
Total Major Funds	<u>1,250,495</u>	<u>1,204,354</u>
Non-major Funds:		
Special Revenue Funds:		
Facility Impact Fee	-	24,397
Measure V	24,397	-
Maintenance Districts	104,352	-
Total Non-major Special Revenue Funds	<u>128,749</u>	<u>24,397</u>
Capital Projects Funds:		
General	1,880	-
Total Non-major Capital Projects Funds	<u>1,880</u>	<u>-</u>
Total Non-major Funds	<u>130,629</u>	<u>24,397</u>
Total Governmental Funds	<u>1,381,124</u>	<u>1,228,751</u>
<u>Proprietary Funds</u>		
Water	-	152,373
Total Proprietary Funds	<u>-</u>	<u>152,373</u>
Total Transfers	<u><u>\$ 1,381,124</u></u>	<u><u>\$ 1,381,124</u></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

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

9. RISK MANAGEMENT, Continued

compensation coverage from \$500,000 to \$4,500,000 and purchases excess insurance above the \$5,000,000 to the statutory limit.

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, 2018, the most recent available:

Total assets	\$	110,234,633
Total liabilities		92,209,231
Total equities		18,025,402
Total revenues		46,669,852
Total expenses		46,619,021
Revenues over (under) expenses		50,831

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, 2018

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

The Plans' provisions and benefits in effect at June 30, 2018, 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	14.003%	7.200%	6.533%
	<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	21.815%	12.95%	

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, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 1,174,464	\$ 1,718,382

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 12,732,963
Safety	14,805,488
Total Net Pension Liability	<u>\$ 27,538,451</u>

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2017 and 2018 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2017	0.33348%	0.26617%
Proportion - June 30, 2018	0.32300%	0.24778%
Change - Increase (Decrease)	-0.01048%	-0.01839%

For the year ended June 30, 2018, the City recognized pension expense of \$2,735,672. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	\$ 2,892,846	\$ -
Differences between actual and expected experience	133,832	207,286
Changes in assumptions	3,283,819	251,226
Net differences between projected and actual earnings on plan investments	728,348	-
Differences between employers actual and allocated contributions	1,589,741	406,788
Change in Employer's Proportion	391,344	232,509
Total	<u>9,019,930</u>	<u>1,097,809</u>

\$2,892,846 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Year Ended	
30-Jun	
2019	1,589,777
2020	2,400,040
2021	1,468,590
2022	(429,134)
2023	-
Thereafter	-
	<u>5,029,273</u>

Actuarial Assumptions -The total pension liabilities in the June 30, 2017 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, 2016 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, 2018

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, 2018

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	\$ 17,745,508	\$ 12,732,963	\$ 8,581,482
Safety	20,630,219	14,805,488	10,044,061
Total	<u>\$ 38,375,727</u>	<u>\$ 27,538,451</u>	<u>\$ 18,625,543</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 2018, the City contributed \$606,000 to 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, 2018, 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, 2018

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, 2018, the City's cash contributions were \$606,000 cash benefit payments.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2016 that was rolled forward to determine the June 30, 2017 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	3.58% at June 30, 2017 (Bond Buyer 20-bond Index)
	2.85% at June 30, 2016 (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, 2018

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 3.58 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, 2018

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 6/30/2017*	\$ 25,315,000	\$ -	\$ 25,315,000
Changes for the year			
Service Cost	1,200,000	-	1,200,000
Interest	746,000	-	746,000
Difference between actual and expected experience	-	-	-
Assumption changes	(2,981,000)	-	(2,981,000)
Contributions - employer	-	627,000	(627,000)
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments	(627,000)	(627,000)	-
Administrative expenses	-	-	-
Net Changes	(1,662,000)	-	(1,662,000)
Balance at 6/30/2018**	\$ 23,653,000	\$ -	\$ 23,653,000

*Measurement date 6/30/2016

** Measurement date 6/30/2017

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

The discount rate used for the fiscal year end 2018 is 3.58%. 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, 2017:

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	2.58%	3.58%	4.58%
Net OPEB Liability	\$ 27,880,000	\$ 23,653,000	\$ 20,321,000

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2017 (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	\$ 19,926,000	\$ 23,653,000	\$ 28,467,000

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, 2018, the City recognized OPEB expense of \$343,837. As of fiscal year ended June 30, 2018, 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	-	2,508,000
Employer contributions made subsequent to the measurement date	<u>606,000</u>	<u>-</u>
Total	<u>\$ 606,000</u>	<u>\$ 2,508,000</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

11. OTHER POSTEMPLOYMENT BENEFITS, Continued

The \$606,000 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. 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
2019	\$ (473,000)
2020	(473,000)
2021	(473,000)
2022	(473,000)
2023	(473,000)
Thereafter	(143,000)

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, 2018

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, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Trust Activities:					
1998 Tax Allocation Refunding Bonds -					
Series A	\$ 965,000	\$ -	\$ (965,000)	\$ -	\$ -
2007 Taxable Housing Tax Allocation Refunding Bonds -					
Series A	5,580,000	-	(5,580,000)	-	-
Series B	1,530,000	-	(1,530,000)	-	-
Bond discount	(69,686)	-	69,686	-	-
2017A & 2017 B Tax Allocation Refunding Bonds -	-	7,524,000	(354,000)	7,170,000	645,000
Total trust fund debt	<u>\$ 8,005,314</u>	<u>\$ 7,524,000</u>	<u>\$ (8,359,314)</u>	<u>\$ 7,170,000</u>	<u>\$ 645,000</u>

1998 Tax Allocation Refunding Bonds – Series A

In April 1998, the Atwater Redevelopment Agency issued \$2,600,000 Atwater Redevelopment Agency (Downtown Redevelopment Project) Tax Allocation Refunding Bonds, Series A. The proceeds of the bonds were used to provide moneys to the Agency to enable the Agency to: (i) generally finance redevelopment activities and specifically to refund certain outstanding obligations of the Atwater Public Financing Authority, (ii) fund a reserve fund, and (iii) pay the costs of issuance of the bonds. The final maturity date on the bonds is June 2022. Each payment includes interest at an annual rate between 4.9% and 5.5%. These bonds were defeased by the 2017AB Tax Allocation Refunding Bonds.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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

2007 Taxable Housing Tax Allocation Bonds – Series A

In April 2007, the Atwater Redevelopment Agency issued \$8,475,000 Atwater Redevelopment Agency Tax Allocation Bonds, Series A. The proceeds of the bonds were used to provide moneys to the Agency to enable the Agency to finance a variety of Agency projects. A portion of the bond proceeds was used to defease all of the outstanding 1998 B Bonds. The final maturity date on the bonds is June 2026. These bonds were defeased by the 2017AB Tax Allocation Refunding Bonds.

2007 Taxable Housing Tax Allocation Bonds – Series B

In April 2007, the Atwater Redevelopment Agency issued \$2,325,000 Atwater Redevelopment Project Taxable Housing Tax Allocation Bonds, Series B. The bond proceeds was used to by the Agency (i) finance low and moderate housing redevelopment activities in the Project Area, (ii) pay the premium for a debt service reserve fund surety bond to be deposited in a reserve fund for the bonds, and (iii) pay the costs of issuing the bonds. The final maturity date on the bonds is June 2026. These bonds were defeased by the 2017AB Tax Allocation Refunding Bonds.

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, 2018, is as follows:

Year Ending June 30,	FiduciaryActivities 2017 Series A & B Tax Allocation Refunding Bonds	
	Principal	Interest
2019	\$ 645,000	\$ 193,534
2020	863,000	172,185
2021	883,000	146,080
2022	908,000	123,298
2023	931,000	99,872
2024-2026	2,940,000	152,969
Total	<u>\$ 7,170,000</u>	<u>\$ 887,938</u>
Due within one year	\$ 645,000	\$ 193,534
Due after one year	6,525,000	694,404
Total	<u>\$ 7,170,000</u>	<u>\$ 887,938</u>

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", for OPEB. Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The City implemented this statement, as applicable, to its financial statements for the year ended June 30, 2018.

The GASB has issued Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. NEW ACCOUNTING PRONOUNCEMENTS, Continued

Statement No. 81, “*Irrevocable Split-Interest Agreements*”, *continued*

the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. The City implemented this statement, as applicable, to its financial statements for the year ended June 30, 2018.

The GASB has issued Statement No. 82, "Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2018, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City implemented this statement, as applicable, to its financial statements for the year ended June 30, 2018.

The GASB has issued Statement No. 83 “*Certain Asset Retirement Obligations*” 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. The requirements of this Statement will take effect for financial statement starting with the fiscal year that ends June 30, 2019. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

The GASB has issued Statement No. 84 “*Fiduciary Activities*” 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 requirements of this Statement will take effect for financial statement starting with the fiscal year that ends December 31, 2019. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

The GASB has issued Statement No. 85 “*Omnibus 2017*” The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement will take effect for financial statement starting with the fiscal year that ends December 31, 2018. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 86 “*Certain Debt Extinguishment Issues*” The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement will take effect for financial statement starting with the fiscal year that ends December 31, 2018. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

The GASB has issued Statement No. 87 “*Leases*” 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 requirements of this Statement will take effect for financial statement starting with the fiscal year that ends December 31, 2020. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2020.

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.

City of Atwater, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

15. MANAGEMENT’S PLAN OF OPERATIONS, Continued

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

* Due to a change in CalPERS reporting information, only 2017 was available. 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>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 1,718,382	\$ 1,619,553
Contributions in relation to the actuarially determined contributions	<u>1,718,382</u>	<u>845,462</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 774,091</u>
Covered-employee payroll	\$ 2,066,299	\$ 2,202,581
Contribution as a percentage of covered-employee payroll	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.

* Due to a change in CalPERS reporting information, only 2017 was available. 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>2018</u>	<u>2017</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.32300%	0.33345%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 12,732,963	\$ 11,584,691
Plan's Covered-Employee Payroll	<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	17.95%	21.08%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	65.06%	75.87%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 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.

* Due to a change in CalPERS reporting information, only 2017 was available. 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>2018</u>	<u>2017</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.24778%	0.66170%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 14,805,488	\$ 13,785,708
Plan's Covered-Employee Payroll	\$ 2,066,299	\$ 2,202,581
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	13.96%	15.98%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	64.44%	72.69%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 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.

* Due to a change in CalPERS reporting information, only 2017 was available. 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,

	2017
Total OPEB Liability	
Service Cost	\$ 1,200,000
Interest on the total OPEB liability	746,000
Differences between expected and actual experience	-
Changes of benefit terms	-
Changes of assumptions	(2,981,000)
Benefit payments	(627,000)
Net change in total OPEB liability	(1,662,000)
Total OPEB liability - beginning	25,315,000
Total OPEB liability - ending (a)	\$ 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)	\$ 23,653,000
Covered-employee payroll	\$ 5,940,000
Net OPEB liability as a percentage of covered-employee payroll	398.20%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available

City of Atwater, California

Required Supplementary Information - Net OPEB Liability Schedule of Contributions

June 30, 2018

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

Notes to Schedule

1)GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available

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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, 2018

	Governmental Funds			
	Special Revenue Funds	Capital Projects Funds		Non-Major Funds Totals
		General	Performance Bond	
ASSETS				
Cash and investments	\$ 8,874,023	\$ -	\$ 112,109	\$ 8,986,132
Receivables:				
Taxes and assessments	37,647	-	-	37,647
Interest	25,617	-	601	26,218
Intergovernmental	589,982	-	-	589,982
Other receivable	-	3,136	-	3,136
Due from other funds	161,736	-	99,858	261,594
Advance to Successor Agency	259,265	-	-	259,265
Investment in land held for resale	3,855,930	-	-	3,855,930
Total assets	\$ 13,804,200	\$ 3,136	\$ 212,568	\$ 14,019,904
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 61,233	\$ -	\$ -	\$ 61,233
Due to other funds	926,137	99,858	-	1,025,995
Deposits Payable	-	-	111,666	111,666
Total liabilities:	987,370	99,858	111,666	1,198,894
Deferred inflows of resources:				
Unavailable revenue	21,093	-	-	21,093
Total deferred inflows of resources	21,093	-	-	21,093
Total liabilities and deferred inflows	1,008,463	99,858	111,666	1,219,987
Fund Balances:				
Nonspendable	3,855,930	-	-	3,855,930
Restricted	5,682,967	-	-	5,682,967
Assigned	3,446,930	-	100,902	3,547,832
Unassigned (deficit)	(190,090)	(96,722)	-	(286,812)
Total fund balances	12,795,737	(96,722)	100,902	12,799,917
Total liabilities, deferred inflows and fund balances	\$ 13,804,200	\$ 3,136	\$ 212,568	\$ 14,019,904

City of Atwater, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2018

	Governmental Funds			
	Special Revenue Funds	Capital Projects Funds		Non-Major Funds Totals
		General	Performance Bond	
REVENUES:				
Taxes and assessments	\$ 1,778,785	\$ -	\$ -	\$ 1,778,785
Intergovernmental	1,350,774	560,113	-	1,910,887
Use of money and property	126,640	-	1,626	128,266
Reimbursements	7,104	-	-	7,104
Other revenues	12,502	3,936	-	16,438
Total revenues	3,275,805	564,049	1,626	3,841,480
EXPENDITURES:				
Current:				
General government	135	-	0	135
Public safety	14,303	0	-	14,303
Highways and Streets	760,001	-	-	760,001
Urban redevelopment and housing	579,970	-	-	579,970
Capital outlay	249,239	335,401	-	584,640
Total expenditures	1,603,648	335,401	-	1,939,049
REVENUES OVER (UNDER) EXPENDITURES	1,672,157	228,648	1,626	1,902,431
OTHER FINANCING SOURCES (USES):				
Transfers in	128,749	1,880	-	130,629
Transfers out	(24,397)	-	-	(24,397)
Total other financing sources (uses)	104,352	1,880	-	106,232
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	1,776,509	230,528	1,626	2,008,663
FUND BALANCES:				
Beginning of year	11,019,228	(327,250)	99,276	10,791,254
End of year	\$ 12,795,737	\$ (96,722)	\$ 100,902	\$ 12,799,917

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, 2018

	Police Grants	Gas Tax	Local Transportation	Facility Impact Fee
ASSETS				
Cash and investments	\$ 405,324	\$ 1,065,255	\$ 380,143	\$ 3,971,280
Receivables:				
Taxes and assessments				
Interest	1,150	3,291	1,084	11,010
Intergovernmental	0	19,099	41,766	191,000
Other receivable	-	-	-	-
Due from other funds	-	-	-	-
Advance to Successor Agency	-	-	-	-
Investment in land held for resale	-	-	-	-
Total assets	\$ 406,474	\$ 1,087,645	\$ 422,993	\$ 4,173,290
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 27,834	\$ -	\$ 14,071
Due to other funds	334,550	-	417,410	-
Total liabilities:	334,550	27,834	417,410	14,071
Deferred inflows of resources:				
Unavailable revenue	-	239	20,883	-
Total deferred inflows of resources	-	239	20,883	-
Total liabilities and deferred inflows	334,550	28,073	438,293	14,071
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	1,059,572	-	4,159,219
Assigned	71,924	-	-	-
Unassigned (deficit)	-	-	(15,300)	-
Total fund balances	71,924	1,059,572	(15,300)	4,159,219
Total liabilities deferred inflows and fund balances	\$ 406,474	\$ 1,087,645	\$ 422,993	\$ 4,173,290

Community Development Block Grants	CDBG Program Income	HOME Investment Partnership Program	Housing Authority	Measure V	Narcotics Program	Neighborhood Stabilization
\$ -	\$ 29,455	\$ 249,642	\$ 50,643	\$ 138,293	\$ 5,311	\$ 213,221
-	83	708	147	31,639 370	15	605
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	259,265	-	-	-
-	-	-	3,855,930	-	-	-
<u>\$ -</u>	<u>\$ 29,538</u>	<u>\$ 250,350</u>	<u>\$ 4,165,985</u>	<u>\$ 170,302</u>	<u>\$ 5,326</u>	<u>\$ 213,826</u>
\$ -	\$ -	\$ -	\$ 1,591	\$ -	\$ -	\$ -
12,441	-	-	-	-	-	-
<u>12,441</u>	<u>-</u>	<u>-</u>	<u>1,591</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(29)	-	-	-	-	-
-	(29)	-	-	-	-	-
<u>12,441</u>	<u>(29)</u>	<u>-</u>	<u>1,591</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	3,855,930	-	-	-
-	-	250,350	-	-	-	213,826
-	29,567	-	308,464	170,302	5,326	-
(12,441)	-	-	-	-	-	-
<u>(12,441)</u>	<u>29,567</u>	<u>250,350</u>	<u>4,164,394</u>	<u>170,302</u>	<u>5,326</u>	<u>213,826</u>
<u>\$ -</u>	<u>\$ 29,538</u>	<u>\$ 250,350</u>	<u>\$ 4,165,985</u>	<u>\$ 170,302</u>	<u>\$ 5,326</u>	<u>\$ 213,826</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
June 30, 2018

	Applegate Interchange	Maintenance District Funds	Totals
ASSETS			
Cash and investments	\$ 729,676	\$ 1,635,780	\$ 8,874,023
Receivables:			
Taxes and assessments	-	6,008	37,647
Interest	2,071	5,083	25,617
Intergovernmental		338,117	589,982
Other receivable		-	-
Due from other funds	-	161,736	161,736
Advance to Successor Agency	-	-	259,265
Investment in land held for resale	-	-	3,855,930
Total assets	<u>\$ 731,747</u>	<u>\$ 2,146,724</u>	<u>\$ 13,804,200</u>
AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 17,737	\$ 61,233
Due to other funds		161,736	926,137
Total liabilities:	<u>-</u>	<u>179,473</u>	<u>987,370</u>
Deferred inflows of resources:			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>21,093</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>21,093</u>
Total liabilities and deferred inflows	<u>-</u>	<u>179,473</u>	<u>1,008,463</u>
Fund Balances:			
Nonspendable	-	-	3,855,930
Restricted	-	-	5,682,967
Assigned	731,747	2,129,600	3,446,930
Unassigned (deficit)	<u>-</u>	<u>(162,349)</u>	<u>(190,090)</u>
Total fund balances	<u>731,747</u>	<u>1,967,251</u>	<u>12,795,737</u>
Total liabilities deferred inflows and fund balances	<u>\$ 731,747</u>	<u>\$ 2,146,724</u>	<u>\$ 13,804,200</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, 2018

	Police Grants	Gas Tax	Local Transportation	Facility Impact Fee
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 1,101,971
Intergovernmental	350	615,789	147,047	185,606
Use of money and property	3,164	9,203	2,911	28,170
Reimbursements	-	-	-	7,104
Other revenues	-	12,502	-	-
Total revenues	<u>3,514</u>	<u>637,494</u>	<u>149,958</u>	<u>1,322,851</u>
EXPENDITURES:				
Current:				
General government	-	-	-	135
Public safety	14,303	-	-	-
Highways and Streets	-	760,001	-	-
Urban redevelopment and housing	-	-	-	-
Capital outlay	-	111,958	3,800	98,312
Total expenditures	<u>14,303</u>	<u>871,959</u>	<u>3,800</u>	<u>98,447</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,789)</u>	<u>(234,465)</u>	<u>146,158</u>	<u>1,224,404</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(24,397)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,397)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(10,789)</u>	<u>(234,465)</u>	<u>146,158</u>	<u>1,200,007</u>
FUND BALANCES (DEFICITS):				
Beginning of year	<u>82,713</u>	<u>1,294,037</u>	<u>(161,458)</u>	<u>2,959,212</u>
End of year	<u>\$ 71,924</u>	<u>\$ 1,059,572</u>	<u>\$ (15,300)</u>	<u>\$ 4,159,219</u>

Community Development Block Grants	CDBG Program Income	HOME Investment Partnership Program	Housing Authority	Measure V	Narcotics Program	Neighborhood Stabilization
\$ -	\$ -	\$ -	\$ -	\$ 145,267	\$ -	\$ -
-	-	-	63,866	-	-	-
-	233	60,792	394	638	41	1,636
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	233	60,792	64,260	145,905	41	1,636
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	15,061	-	-	-
-	-	-	-	-	-	-
-	-	-	15,061	-	-	-
-	233	60,792	49,199	145,905	41	1,636
-	-	-	-	24,397	-	-
-	-	-	-	-	-	-
-	-	-	-	24,397	-	-
-	233	60,792	49,199	170,302	41	1,636
(12,441)	29,334	189,558	4,115,195	-	5,285	212,190
<u>\$ (12,441)</u>	<u>\$ 29,567</u>	<u>\$ 250,350</u>	<u>\$ 4,164,394</u>	<u>\$ 170,302</u>	<u>\$ 5,326</u>	<u>\$ 213,826</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, 2018

	Applegate Interchange	Maintenance District Funds	Totals
REVENUES:			
Taxes and assessments	\$ 5,534	\$ 526,013	\$ 1,778,785
Intergovernmental	-	338,116	1,350,774
Use of money and property	5,599	13,859	126,640
Reimbursements	-	-	7,104
Other revenues	-	-	12,502
Total revenues	11,133	877,988	3,275,805
EXPENDITURES:			
Current:			
General government	-	-	135
Public safety	-	-	14,303
Highways and Streets	-	-	760,001
Urban redevelopment and housing	-	564,909	579,970
Capital outlay	-	35,169	249,239
Total expenditures	-	600,078	1,603,648
REVENUES OVER (UNDER) EXPENDITURES	11,133	277,910	1,672,157
OTHER FINANCING SOURCES (USES):			
Transfers in	-	104,352	128,749
Transfers out	-	-	(24,397)
Total other financing sources and uses	-	104,352	104,352
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	11,133	382,262	1,776,509
FUND BALANCES (DEFICITS):			
Beginning of year	720,614	1,584,989	11,019,228
End of year	\$ 731,747	\$ 1,967,251	\$ 12,795,737

(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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 217,216	\$ 14,338	\$ 350	\$ (13,988)
Use of money and property	-	-	3,164	3,164
Total revenues	217,216	14,338	3,514	(10,824)
EXPENDITURES:				
Current:				
Public safety	266,685	14,338	14,303	35
Capital outlay	-	-	0	-
Total expenditures	266,685	14,338	14,303	35
REVENUES OVER (UNDER) EXPENDITURES	(49,469)	-	(10,789)	(10,789)
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	(17,812)	31,657	(10,789)	(42,446)
FUND BALANCES (DEFICITS):				
Beginning of year	82,713	82,713	82,713	-
End of year	\$ 64,901	\$ 114,370	\$ 71,924	\$ (42,446)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,127,099	\$ 1,127,099	\$ 615,789	\$ (511,310)
Use of money and property	-	-	9,203	9,203
Other revenues	-	-	12,502	12,502
Total revenues	1,127,099	1,127,099	637,494	(489,605)
EXPENDITURES:				
Current:				
Highways and Streets	1,025,563	1,025,563	760,001	265,562
Capital outlay	493,946	493,946	111,958	381,988
Total expenditures	1,519,509	1,519,509	871,959	647,550
REVENUES OVER (UNDER) EXPENDITURES	(392,410)	(392,410)	(234,465)	157,945
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	0	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(392,410)	(392,410)	(234,465)	157,945
FUND BALANCES:				
Beginning of year	1,294,037	1,294,037	1,294,037	-
End of year	\$ 901,627	\$ 901,627	\$ 1,059,572	\$ 157,945

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 147,047	\$ 147,047
Use of money and property	-	-	2,911	2,911
Other revenues	-	-	-	-
Total revenues	-	-	149,958	149,958
EXPENDITURES:				
Current:				
Highways and Streets	-	-	-	-
Capital outlay	-	-	3,800	(3,800)
Total expenditures	-	-	3,800	(3,800)
REVENUES OVER (UNDER) EXPENDITURES	-	-	146,158	146,158
Net change in fund balances	-	-	146,158	146,158
FUND BALANCES (DEFICITS):				
Beginning of year	(161,458)	(161,458)	(161,458)	-
End of year	\$ (161,458)	\$ (161,458)	\$ (15,300)	\$ 146,158

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 22,000	\$ 741,000	\$ 1,101,971	\$ 360,971
Intergovernmental	10,500	10,500	185,606	175,106
Use of money and property	4,250	2,200	28,170	25,970
Reimbursements	-	1,200	7,104	5,904
Total revenues	36,750	754,900	1,322,851	567,951
EXPENDITURES:				
Current:				
General government	-	-	135	(135)
Capital outlay	343,000	644,259	98,312	545,947
Total expenditures	343,000	644,259	98,447	545,812
REVENUES OVER (UNDER) EXPENDITURES	(306,250)	110,641	1,224,404	1,113,763
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(24,397)	(24,397)
Total other financing sources (uses)	-	-	(24,397)	(24,397)
Net change in fund balances	(306,250)	110,641	1,200,007	1,089,366
FUND BALANCES:				
Beginning of year	2,959,212	2,959,212	2,959,212	-
End of year	\$ 2,652,962	\$ 3,069,853	\$ 4,159,219	\$ 1,089,366

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
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	\$ (12,441)	\$ (12,441)	\$ (12,441)	\$ -

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 233	\$ 233
Total revenues	-	-	233	233
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	233	233
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	233	233
FUND BALANCES (DEFICITS):				
Beginning of year	29,334	29,334	29,334	-
End of year	\$ 29,334	\$ 29,334	\$ 29,567	\$ 233

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 60,792	\$ 60,792
Total revenues	-	-	60,792	60,792
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	60,792	60,792
OTHER FINANCING SOURCES (USES):				
Transfers in			0	
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	60,792	60,792
FUND BALANCES:				
Beginning of year	189,558	189,558	189,558	-
End of year	\$ 189,558	\$ 189,558	\$ 250,350	\$ 60,792

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 63,866	\$ 63,866
Total revenues	-	-	63,866	63,866
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	63,866	63,866
Net change in fund balances	-	-	63,866	63,866
FUND BALANCES:				
Beginning of year	4,115,195	4,115,195	4,115,195	-
End of year	\$ 4,115,195	\$ 4,115,195	\$ 4,179,061	\$ 63,866

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ 124,500	\$ 145,267	\$ 20,767
Use of money and property	-	-	638	638
Total revenues	-	124,500	145,905	21,405
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	124,500	145,905	21,405
OTHER FINANCING SOURCES (USES):				
Transfers in	-	24,397	24,397	-
Total other financing sources (uses)	-	24,397	24,397	-
Net change in fund balances	-	148,897	170,302	21,405
FUND BALANCES (DEFICITS):				
Beginning of year	-	-	-	-
End of year	\$ -	\$ 148,897	\$ 170,302	\$ 21,405

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	41	41
Total revenues	-	-	41	41
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	41	41
Net change in fund balances	-	-	41	41
FUND BALANCES:				
Beginning of year	5,285	5,285	5,285	-
End of year	\$ 5,285	\$ 5,285	\$ 5,326	\$ 41

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,636	1,636
Total revenues	-	-	1,636	1,636
EXPENDITURES:				
Current:				
Urban redevelopment and housing	0	0	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,636	1,636
Net change in fund balances	-	-	1,636	1,636
FUND BALANCES:				
Beginning of year	212,190	212,190	212,190	-
End of year	\$ 212,190	\$ 212,190	\$ 213,826	\$ 1,636

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 5,534	\$ 5,534
Use of money and property	-	-	5,599	5,599
Total revenues	-	-	11,133	11,133
EXPENDITURES:				
Current:				
Highways and Streets	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	11,133	11,133
Net change in fund balances	-	-	11,133	11,133
FUND BALANCES:				
Beginning of year	720,614	720,614	720,614	-
End of year	\$ 720,614	\$ 720,614	\$ 731,747	\$ 11,133

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City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2018

	Northwood Village	Orchard Parks Estates	Wildwood Estates	Woodview Garland
ASSETS				
Cash and investments	\$ -	\$ 13,777	\$ -	\$ -
Receivables:				
Taxes and assessments	-	-	-	-
Interest	-	300	-	-
Due from other funds	-	94,086	-	-
Total assets	<u>\$ -</u>	<u>\$ 108,163</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 193	\$ 83	\$ 31	\$ 8
Due to other funds	42,365	-	11,189	8,609
Total liabilities	<u>42,558</u>	<u>83</u>	<u>11,220</u>	<u>8,617</u>
Fund Balances (Deficits):				
Assigned	-	108,080	-	-
Unassigned (deficit)	(42,558)	-	(11,220)	(8,617)
Total fund balances	<u>(42,558)</u>	<u>108,080</u>	<u>(11,220)</u>	<u>(8,617)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 108,163</u>	<u>\$ -</u>	<u>\$ -</u>

Shaffer Lakes West	Woodhaven	Sierra Parks	Shaffer Lakes East	Price Annexation	Sandlewood Square	Sub- Totals
\$ 22,633	\$ 20,675	\$ -	\$ 33,442	\$ -	\$ 6,861	\$ 97,388
-	-	-	-	798	200	998
61	57	-	267	-	37	722
-	-	-	64,891	-	-	158,977
<u>\$ 22,694</u>	<u>\$ 20,732</u>	<u>\$ -</u>	<u>\$ 98,600</u>	<u>\$ 798</u>	<u>\$ 7,098</u>	<u>\$ 258,085</u>
\$ 25	\$ 9	51	\$ 100	\$ 1,093	\$ 17	\$ 1,610
-	-	31,923	-	64,891	-	158,977
<u>25</u>	<u>9</u>	<u>31,974</u>	<u>100</u>	<u>65,984</u>	<u>17</u>	<u>160,587</u>
22,669	20,723	-	98,500	-	7,081	257,053
-	-	(31,974)	-	(65,186)	-	(159,555)
<u>22,669</u>	<u>20,723</u>	<u>(31,974)</u>	<u>98,500</u>	<u>(65,186)</u>	<u>7,081</u>	<u>97,498</u>
<u>\$ 22,694</u>	<u>\$ 20,732</u>	<u>\$ -</u>	<u>\$ 98,600</u>	<u>\$ 798</u>	<u>\$ 7,098</u>	<u>\$ 258,085</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2018

	Pajaro Dunes	Redwood Estates	Cottage Gardens	Airport Business Park
ASSETS				
Cash and investments	\$ 41,717	\$ 72,211	\$ 30,486	\$ -
Receivables:				
Taxes and assessments	92	68	-	-
Interest	134	204	103	-
Intergovernmental	-	-	338,116	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 41,943</u>	<u>\$ 72,483</u>	<u>\$ 368,705</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 13	\$ 95	\$ 105	\$ 35
Due to other funds	-	-	-	2,759
Total liabilities	<u>13</u>	<u>95</u>	<u>105</u>	<u>2,794</u>
Fund Balances:				
Assigned	41,930	72,388	368,600	-
Unassigned (deficit)	-	-	-	(2,794)
Total fund balances	<u>41,930</u>	<u>72,388</u>	<u>368,600</u>	<u>(2,794)</u>
Total liabilities and fund balances	<u>\$ 41,943</u>	<u>\$ 72,483</u>	<u>\$ 368,705</u>	<u>\$ -</u>

Silva Ranch	Mello Ranch	Camelia Estates	Juniper Meadows	Camelia Meadows	Sub- Totals
\$ 120,011	\$ 133,298	\$ 26,801	\$ 4,926	\$ 49,984	\$ 479,434
-	-	-	-	-	160
347	372	74	34	141	1,409
-	-	-	1	-	338,117
2,759	-	-	-	-	2,759
<u>\$ 123,117</u>	<u>\$ 133,670</u>	<u>\$ 26,875</u>	<u>\$ 4,961</u>	<u>\$ 50,125</u>	<u>\$ 821,879</u>
\$ 267	\$ 764	\$ 54	\$ 26	\$ 143	\$ 1,502
-	-	-	-	-	2,759
<u>267</u>	<u>764</u>	<u>54</u>	<u>26</u>	<u>143</u>	<u>4,261</u>
122,850	132,906	26,821	4,935	49,982	820,412
-	-	-	-	-	(2,794)
<u>122,850</u>	<u>132,906</u>	<u>26,821</u>	<u>4,935</u>	<u>49,982</u>	<u>817,618</u>
<u>\$ 123,117</u>	<u>\$ 133,670</u>	<u>\$ 26,875</u>	<u>\$ 4,961</u>	<u>\$ 50,125</u>	<u>\$ 821,879</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2018

	Stone Creek	America West	Bell Crossing	Atwater South
ASSETS				
Cash and investments	\$ 206,079	\$ 68,708	\$ 21,893	\$ 198,085
Receivables:				
Taxes and assessments	-	-	-	-
Interest	580	193	55	557
Due from other funds	-	-	-	-
Total assets	<u>\$ 206,659</u>	<u>\$ 68,901</u>	<u>\$ 21,948</u>	<u>\$ 198,642</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 601	\$ 206	\$ 490	\$ 962
Due to other funds	-	-	-	-
Total liabilities	<u>601</u>	<u>206</u>	<u>490</u>	<u>962</u>
Fund Balances:				
Assigned	206,058	68,695	21,458	197,680
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>206,058</u>	<u>68,695</u>	<u>21,458</u>	<u>197,680</u>
Total liabilities and fund balances	<u>\$ 206,659</u>	<u>\$ 68,901</u>	<u>\$ 21,948</u>	<u>\$ 198,642</u>

Beluga Court	Mello Ranch 2	Meadow View	Aspenwood	Applegate Ranch	Reserve	Sub-Totals
\$ 5,553	\$ 238,594	\$ 155,916	\$ 102,111	\$ 28,305	\$ 12,973	\$ 1,038,217
-	-	-	-	-	-	-
16	668	432	288	76	37	2,902
-	-	-	-	-	-	-
<u>\$ 5,569</u>	<u>\$ 239,262</u>	<u>\$ 156,348</u>	<u>\$ 102,399</u>	<u>\$ 28,381</u>	<u>\$ 13,010</u>	<u>\$ 1,041,119</u>
\$ -	\$ 842	\$ 389	\$ 244	\$ 373	\$ -	\$ 4,107
-	-	-	-	-	-	-
-	842	389	244	373	-	4,107
5,569	238,420	155,959	102,155	28,008	13,010	1,037,012
-	-	-	-	-	-	-
<u>5,569</u>	<u>238,420</u>	<u>155,959</u>	<u>102,155</u>	<u>28,008</u>	<u>13,010</u>	<u>1,037,012</u>
<u>\$ 5,569</u>	<u>\$ 239,262</u>	<u>\$ 156,348</u>	<u>\$ 102,399</u>	<u>\$ 28,381</u>	<u>\$ 13,010</u>	<u>\$ 1,041,119</u>

(continued)

City of Atwater, California
Combining Balance Sheet
Maintenance District Special Revenue Funds
June 30, 2018

	<u>CFD Districts</u>	<u>Sub- Totals</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 20,741	\$ 20,741	\$ 1,635,780
Receivables:			
Taxes and assessments	4,850	4,850	6,008
Interest	50	50	5,083
Intergovernmental	-	-	338,117
Due from other funds	-	-	161,736
Total assets	<u>\$ 25,641</u>	<u>\$ 25,641</u>	<u>\$ 2,146,724</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 10,518	\$ 10,518	\$ 17,737
Due to other funds	-	-	161,736
Total liabilities	<u>10,518</u>	<u>10,518</u>	<u>179,473</u>
Fund Balances:			
Assigned	15,123	15,123	2,129,600
Unassigned (deficit)	-	-	(162,349)
Total fund balances	<u>15,123</u>	<u>15,123</u>	<u>1,967,251</u>
Total liabilities and fund balances	<u>\$ 25,641</u>	<u>\$ 25,641</u>	<u>\$ 2,146,724</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, 2018

	Northwood Village	Orchard Parks Estates	Wildwood Estates	Woodview Garland
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	813	-	-
Total revenues	-	813	-	-
EXPENDITURES:				
Current:				
Urban redevelopment and housing	6,383	3,816	1,675	657
Capital outlay	-	-	-	-
Total expenditures	6,383	3,816	1,675	657
REVENUES OVER (UNDER) EXPENDITURES	(6,383)	(3,003)	(1,675)	(657)
OTHER FINANCING SOURCES (USES):				
Transfers in	6,303	3,749	1,651	642
Transfers out	-	-	-	-
Total other financing sources and uses	6,303	3,749	1,651	642
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(80)	746	(24)	(15)
FUND BALANCES (DEFICITS):				
Beginning of year	(42,478)	107,334	(11,196)	(8,602)
End of year	\$ (42,558)	\$ 108,080	\$ (11,220)	\$ (8,617)

Shaffer Lakes West	Woodhaven	Sierra Parks	Shaffer Lakes East	Price Annexation	Sandlewood Square	Sub- Totals
\$ -	\$ -	\$ 1	\$ -	\$ 25,567	\$ 4,078	\$ 29,646
168	155	-	724	(1)	101	1,960
168	155	1	724	25,566	4,179	31,606
1,765	886	1,857	7,471	58,598	5,263	88,371
				13,752	1,530	15,282
1,765	886	1,857	7,471	72,350	6,793	103,653
(1,597)	(731)	(1,856)	(6,747)	(46,784)	(2,614)	(72,047)
1,728	864	1,840	7,321	24,904	1,788	50,790
-	-	-	-	-	-	-
1,728	864	1,840	7,321	24,904	1,788	50,790
131	133	(16)	574	(21,880)	(826)	(21,257)
22,538	20,590	(31,958)	97,926	(43,306)	7,907	118,755
\$ 22,669	\$ 20,723	\$ (31,974)	\$ 98,500	\$ (65,186)	\$ 7,081	\$ 97,498

(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, 2018

	Pajaro Dunes	Redwood Estates	Cottage Gardens	Airport Business Park
REVENUES:				
Taxes and assessments	\$ 3,442	\$ 2,798	\$ -	\$ -
Intergovernmental	-	-	338,116	-
Use of money and property	363	551	280	-
Total revenues	3,805	3,349	338,396	-
EXPENDITURES:				
Current:				
Urban redevelopment and housing	2,157	6,218	3,352	1,739
Capital outlay	845	1,559	204	-
Total expenditures	3,002	7,777	3,556	1,739
REVENUES OVER (UNDER) EXPENDITURES	803	(4,428)	334,840	(1,739)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,164	1,456	433	1,731
Transfers out	-	-	-	-
Total other financing sources and uses	1,164	1,456	433	1,731
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	1,967	(2,972)	335,273	(8)
FUND BALANCES (DEFICITS):				
Beginning of year	39,963	75,360	33,327	(2,786)
End of year	\$ 41,930	\$ 72,388	\$ 368,600	\$ (2,794)

Silva Ranch	Mello Ranch	Camelia Estates	Juniper Meadows	Camelia Meadows	Sub- Totals
\$ -	\$ -	\$ -	\$ 2,281	\$ -	\$ 8,521
-	-	-	-	-	338,116
943	1,017	202	93	383	3,832
943	1,017	202	2,374	383	350,469
8,600	16,722	1,113	672	4,204	44,777
2,185	2,200	-	73	452	7,518
10,785	18,922	1,113	745	4,656	52,295
(9,842)	(17,905)	(911)	1,629	(4,273)	298,174
1,867	5,674	1,095	372	1,008	14,800
-	-	-	-	-	-
1,867	5,674	1,095	372	1,008	14,800
(7,975)	(12,231)	184	2,001	(3,265)	312,974
130,825	145,137	26,637	2,934	53,247	504,644
\$ 122,850	\$ 132,906	\$ 26,821	\$ 4,935	\$ 49,982	\$ 817,618

(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, 2018

	Stone Creek	America West	Bell Crossing	Atwater South
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	1,577	525	158	1,520
Total revenues	<u>1,577</u>	<u>525</u>	<u>158</u>	<u>1,520</u>
EXPENDITURES:				
Current:				
Urban redevelopment and housing	13,897	4,220	13,662	23,410
Capital outlay	2,724	189	2,739	2,200
Total expenditures	<u>16,621</u>	<u>4,409</u>	<u>16,401</u>	<u>25,610</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(15,044)</u>	<u>(3,884)</u>	<u>(16,243)</u>	<u>(24,090)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,566	1,539	5,964	6,092
Total other financing sources and uses	<u>4,566</u>	<u>1,539</u>	<u>5,964</u>	<u>6,092</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(10,478)</u>	<u>(2,345)</u>	<u>(10,279)</u>	<u>(17,998)</u>
FUND BALANCES (DEFICITS):				
Beginning of year	216,536	71,040	31,737	215,678
End of year	<u>\$ 206,058</u>	<u>\$ 68,695</u>	<u>\$ 21,458</u>	<u>\$ 197,680</u>

Beluga Court	Mello Ranch 2	Meadow View	Aspenwood	Applegate Ranch	Reserve	Sub- Totals
\$ -	\$ -	\$ -	\$ 5	\$ 1	\$ -	\$ 6
42	1,815	1,185	786	214	99	7,921
42	1,815	1,185	791	215	99	7,927
153	16,470	11,415	6,013	9,311	142	98,693
-	1,894	1,865	554	204	-	12,369
153	18,364	13,280	6,567	9,515	142	111,062
(111)	(16,549)	(12,095)	(5,776)	(9,300)	(43)	(103,135)
152	7,434	7,214	2,352	3,348	71	38,732
152	7,434	7,214	2,352	3,348	71	38,732
41	(9,115)	(4,881)	(3,424)	(5,952)	28	(64,403)
5,528	247,535	160,840	105,579	33,960	12,982	1,101,415
\$ 5,569	\$ 238,420	\$ 155,959	\$ 102,155	\$ 28,008	\$ 13,010	\$ 1,037,012

(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, 2018

	CFD Districts	Sub- Totals	Totals
REVENUES:			
Taxes and assessments	\$ 487,840	\$ 487,840	\$ 526,013
Intergovernmental	-	-	338,116
Use of money and property	146	146	13,859
Total revenues	<u>487,986</u>	<u>487,986</u>	<u>877,988</u>
EXPENDITURES:			
Current:			
Urban redevelopment and housing	333,068	333,068	564,909
Capital outlay	-	-	35,169
Total expenditures	<u>333,068</u>	<u>333,068</u>	<u>600,078</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>154,918</u>	<u>154,918</u>	<u>277,910</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	30	30	104,352
Transfers out	-	-	-
Total other financing sources and uses	<u>30</u>	<u>30</u>	<u>104,352</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>154,948</u>	<u>154,948</u>	<u>382,262</u>
FUND BALANCES (DEFICITS):			
Beginning of year	<u>(139,825)</u>	<u>(139,825)</u>	<u>1,584,989</u>
End of year	<u>\$ 15,123</u>	<u>\$ 15,123</u>	<u>\$ 1,967,251</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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	6,383	(6,383)
Total expenditures	<u>-</u>	<u>-</u>	<u>6,383</u>	<u>(6,383)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>(6,383)</u>	<u>(6,383)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	6,303	6,303
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,303</u>	<u>6,303</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(80)</u>	<u>(80)</u>
FUND BALANCES (DEFICITS):				
Beginning of year	(42,478)	(42,478)	(42,478)	-
End of year	<u>\$ (42,478)</u>	<u>\$ (42,478)</u>	<u>\$ (42,558)</u>	<u>\$ (80)</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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	813	813
Total revenues	-	-	813	813
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	3,816	(3,816)
Total expenditures	-	-	3,816	(3,816)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(3,003)	(3,003)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	3,749	3,749
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	3,749	3,749
Net change in fund balances	-	-	746	746
FUND BALANCES:				
Beginning of year	107,334	107,334	107,334	-
End of year	\$ 107,334	\$ 107,334	\$ 108,080	\$ 746

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,675	(1,675)
Total expenditures	-	-	1,675	(1,675)
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	(1,675)	(1,675)
Transfers in	-	-	1,651	1,651
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,651	1,651
Net change in fund balances	-	-	(24)	(24)
FUND BALANCES (DEFICITS):				
Beginning of year	(11,196)	(11,196)	(11,196)	-
End of year	\$ (11,196)	\$ (11,196)	\$ (11,220)	\$ (24)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	657	(657)
Total expenditures	-	-	2,187	(2,187)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(2,187)	(2,187)
Transfers in			642	642
Transfers out				-
Total other financing sources (uses)	-	-	642	642
Net change in fund balances	-	-	(1,545)	(1,545)
FUND BALANCES (DEFICITS):				
Beginning of year	(8,602)	(8,602)	(8,602)	-
End of year	\$ (8,602)	\$ (8,602)	\$ (10,147)	\$ (1,545)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	168	168
Total revenues	-	-	168	168
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,765	(1,765)
Total expenditures	-	-	1,765	(1,765)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,597)	(1,597)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,728	1,728
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,728	1,728
Net change in fund balances	-	-	131	131
FUND BALANCES:				
Beginning of year	22,538	22,538	22,538	-
End of year	\$ 22,538	\$ 22,538	\$ 22,669	\$ 131

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	155	155
Total revenues	-	-	155	155
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	886	(886)
Total expenditures	-	-	886	(886)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(731)	(731)
OTHER FINANCING SOURCES (USES):				
Transfers in			864	864
Transfers out			0	-
Total other financing sources (uses)	-	-	864	864
Net change in fund balances	-	-	133	133
FUND BALANCES:				
Beginning of year	20,590	20,590	20,590	-
End of year	\$ 20,590	\$ 20,590	\$ 20,723	\$ 133

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,857	(1,857)
Total expenditures	-	-	1,857	(1,857)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(1,856)	(1,856)
Transfers in	-	-	1,840	1,840
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,840	1,840
Net change in fund balances	-	-	(16)	(16)
FUND BALANCES (DEFICITS):				
Beginning of year	(31,958)	(31,958)	(31,958)	-
End of year	\$ (31,958)	\$ (31,958)	\$ (31,974)	\$ (16)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	724	724
Total revenues	-	-	724	724
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	7,471	(7,471)
Total expenditures	-	-	7,471	(7,471)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(6,747)	(6,747)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	7,321	7,321
Transfers out	-	-	0	-
Total other financing sources (uses)	-	-	7,321	7,321
Net change in fund balances	-	-	574	574
FUND BALANCES:				
Beginning of year	97,926	97,926	97,926	-
End of year	\$ 97,926	\$ 97,926	\$ 98,500	\$ 574

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 25,567	\$ 25,567
Use of money and property	-	-	(1)	(1)
Total revenues	-	-	25,566	25,566
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	58,598	(58,598)
Capital outlay	-	-	13,752	(13,752)
Total expenditures	-	-	72,350	(72,350)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(46,784)	(46,784)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	24,904	24,904
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	24,904	24,904
Net change in fund balances	-	-	(21,880)	(21,880)
FUND BALANCES (DEFICITS):				
Beginning of year	(43,306)	(43,306)	(43,306)	-
End of year	\$ (43,306)	\$ (43,306)	\$ (65,186)	\$ (21,880)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 4,078	\$ 4,078
Use of money and property	-	-	101	101
Total revenues	-	-	4,179	4,179
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	5,263	(5,263)
Capital outlay			1,530	(1,530)
Total expenditures	-	-	6,793	(6,793)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(2,614)	(2,614)
OTHER FINANCING SOURCES (USES):				
Transfers in			1,788	1,788
Transfers out			-	-
Total other financing sources (uses)	-	-	1,788	1,788
Net change in fund balances	-	-	(826)	(826)
FUND BALANCES:				
Beginning of year	7,907	7,907	7,907	-
End of year	\$ 7,907	\$ 7,907	\$ 7,081	\$ (826)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 3,442	\$ 3,442
Use of money and property	-	-	363	363
Total revenues	-	-	3,805	3,805
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	2,157	(2,157)
Capital outlay			845	(845)
Total expenditures	-	-	3,002	(3,002)
REVENUES OVER (UNDER) EXPENDITURES	-	-	803	803
OTHER FINANCING SOURCES (USES):				
Transfers in			1,164	1,164
Transfers out			-	-
Total other financing sources (uses)	-	-	1,164	1,164
Net change in fund balances	-	-	1,967	1,967
FUND BALANCES:				
Beginning of year	39,963	39,963	39,963	-
End of year	\$ 39,963	\$ 39,963	\$ 41,930	\$ 1,967

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2,798	\$ 2,798
Use of money and property	-	-	551	551
Total revenues	-	-	3,349	3,349
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	6,218	(6,218)
Capital outlay			1,559	(1,559)
Total expenditures	-	-	7,777	(7,777)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(4,428)	(4,428)
OTHER FINANCING SOURCES (USES):				
Transfers in			1,456	1,456
Transfers out			-	-
Total other financing sources (uses)	-	-	1,456	1,456
Net change in fund balances	-	-	(2,972)	(2,972)
FUND BALANCES:				
Beginning of year	75,360	75,360	75,360	-
End of year	\$ 75,360	\$ 75,360	\$ 72,388	\$ (2,972)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental			338,116	\$ 338,116
Use of money and property	-	-	280	280
Total revenues	-	-	338,396	338,396
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	3,352	(3,352)
Capital outlay			204	(204)
Total expenditures	-	-	3,556	(3,556)
REVENUES OVER (UNDER) EXPENDITURES	-	-	334,840	334,840
OTHER FINANCING SOURCES (USES):				
Transfers in			433	433
Transfers out			-	-
Total other financing sources (uses)	-	-	433	433
Net change in fund balances	-	-	335,273	335,273
FUND BALANCES:				
Beginning of year	33,327	33,327	33,327	-
End of year	\$ 33,327	\$ 33,327	\$ 368,600	\$ 335,273

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,739	(1,739)
Total expenditures	-	-	1,739	(1,739)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,739)	(1,739)
Transfers in			1,731	1,731
Transfers out				-
Total other financing sources (uses)	-	-	1,731	1,731
Net change in fund balances	-	-	(8)	(8)
FUND BALANCES (DEFICITS):				
Beginning of year	(2,786)	(2,786)	(2,786)	-
End of year	<u>\$ (2,786)</u>	<u>\$ (2,786)</u>	<u>\$ (2,794)</u>	<u>\$ (8)</u>

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 943	\$ 943
Total revenues	-	-	943	943
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	8,600	(8,600)
Capital outlay			2,185	(2,185)
Total expenditures	-	-	10,785	(10,785)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(9,842)	(9,842)
OTHER FINANCING SOURCES (USES):				
Transfers in			1,867	1,867
Transfers out			-	-
Total other financing sources (uses)	-	-	1,867	1,867
Net change in fund balances	-	-	(7,975)	(7,975)
FUND BALANCES:				
Beginning of year	130,825	130,825	130,825	-
End of year	\$ 130,825	\$ 130,825	\$ 122,850	\$ (7,975)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,017	1,017
Total revenues	-	-	1,017	1,017
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	16,722	(16,722)
Capital outlay	-	-	2,200	(2,200)
Total expenditures	-	-	18,922	(18,922)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(17,905)	(17,905)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	5,674	5,674
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	5,674	5,674
Net change in fund balances	-	-	(12,231)	(12,231)
FUND BALANCES:				
Beginning of year	145,137	145,137	145,137	-
End of year	\$ 145,137	\$ 145,137	\$ 132,906	\$ (12,231)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	202	202
Total revenues	-	-	202	202
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	1,113	(1,113)
Total expenditures	-	-	1,113	(1,113)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(911)	(911)
OTHER FINANCING SOURCES (USES):				
Transfers in			1,095	1,095
Transfers out			-	-
Total other financing sources (uses)	-	-	1,095	1,095
Net change in fund balances	-	-	184	184
FUND BALANCES:				
Beginning of year	26,637	26,637	26,637	-
End of year	\$ 26,637	\$ 26,637	\$ 26,821	\$ 184

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2,281	\$ 2,281
Use of money and property	-	-	93	93
Total revenues	-	-	2,374	2,374
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	672	(672)
Capital outlay	-	-	73	(73)
Total expenditures	-	-	745	(745)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	1,629	1,629
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	372	372
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	372	372
Net change in fund balances	-	-	2,001	2,001
FUND BALANCES:				
Beginning of year	2,934	2,934	2,934	-
End of year	\$ 2,934	\$ 2,934	\$ 4,935	\$ 2,001

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	383	383
Total revenues	-	-	383	383
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	4,204	(4,204)
Capital outlay	-	-	452	(452)
Total expenditures	-	-	4,656	(4,656)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(4,273)	(4,273)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,008	1,008
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,008	1,008
Net change in fund balances	-	-	(3,265)	(3,265)
FUND BALANCES (DEFICIT):				
Beginning of year	53,247	53,247	53,247	-
End of year	\$ 53,247	\$ 53,247	\$ 49,982	\$ (3,265)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,577	1,577
Total revenues	-	-	1,577	1,577
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	13,897	(13,897)
Capital outlay	-	-	2,724	(2,724)
Total expenditures	-	-	16,621	(16,621)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(15,044)	(15,044)
OTHER FINANCING SOURCES (USES):				
Transfers in			4,566	4,566
Transfers out			-	-
Total other financing sources (uses)	-	-	4,566	4,566
Net change in fund balances	-	-	(10,478)	(10,478)
FUND BALANCES:				
Beginning of year	216,536	216,536	216,536	-
End of year	\$ 216,536	\$ 216,536	\$ 206,058	\$ (10,478)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	525	525
Total revenues	-	-	525	525
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	4,220	(4,220)
Capital outlay	-	-	189	(189)
Total expenditures	-	-	4,409	(4,409)
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	(3,884)	(3,884)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,539	1,539
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,539	1,539
Net change in fund balances	-	-	(2,345)	(2,345)
FUND BALANCES (DEFICITS):				
Beginning of year	71,040	71,040	71,040	-
End of year	\$ 71,040	\$ 71,040	\$ 68,695	\$ (2,345)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	158	158
Total revenues	-	-	158	158
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	13,662	(13,662)
Capital outlay	-	-	2,739	(2,739)
Total expenditures	-	-	16,401	(16,401)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(16,243)	(16,243)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	5,964	5,964
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	5,964	5,964
Net change in fund balances	-	-	(10,279)	(10,279)
FUND BALANCES:				
Beginning of year	31,737	31,737	31,737	-
End of year	\$ 31,737	\$ 31,737	\$ 21,458	\$ (10,279)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,520	1,520
Total revenues	-	-	1,520	1,520
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	23,410	(23,410)
Capital outlay	-	-	2,200	(2,200)
Total expenditures	-	-	25,610	(25,610)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(24,090)	(24,090)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	6,092	6,092
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	6,092	6,092
Net change in fund balances	-	-	(17,998)	(17,998)
FUND BALANCES:				
Beginning of year	215,678	215,678	215,678	-
End of year	\$ 215,678	\$ 215,678	\$ 197,680	\$ (17,998)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	42	42
Total revenues	-	-	42	42
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	153	(153)
Capital outlay				-
Total expenditures	-	-	153	(153)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(111)	(111)
OTHER FINANCING SOURCES (USES):				
Transfers in			152	152
Transfers out			-	-
Total other financing sources (uses)	-	-	152	152
Net change in fund balances	-	-	41	41
FUND BALANCES:				
Beginning of year	5,528	5,528	5,528	-
End of year	\$ 5,528	\$ 5,528	\$ 5,569	\$ 41

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,815	1,815
Total revenues	-	-	1,815	1,815
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	16,470	(16,470)
Capital outlay	-	-	1,894	(1,894)
Total expenditures	-	-	18,364	(18,364)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(16,549)	(16,549)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	7,434	7,434
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	7,434	7,434
Net change in fund balances	-	-	(9,115)	(9,115)
FUND BALANCES:				
Beginning of year	247,535	247,535	247,535	-
End of year	\$ 247,535	\$ 247,535	\$ 238,420	\$ (9,115)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,185	1,185
Total revenues	-	-	1,185	1,185
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	11,415	(11,415)
Capital outlay	-	-	1,865	(1,865)
Total expenditures	-	-	13,280	(13,280)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(12,095)	(12,095)
OTHER FINANCING SOURCES (USES):				
Transfers in			7,214	7,214
Transfers out			-	-
Total other financing sources (uses)	-	-	7,214	7,214
Net change in fund balances	-	-	(4,881)	(4,881)
FUND BALANCES:				
Beginning of year	160,840	160,840	160,840	-
End of year	\$ 160,840	\$ 160,840	\$ 155,959	\$ (4,881)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 5	\$ 5
Use of money and property	-	-	786	786
Total revenues	-	-	791	791
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	6,013	(6,013)
Capital outlay			554	(554)
Total expenditures	-	-	6,567	(6,567)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(5,776)	(5,776)
OTHER FINANCING SOURCES (USES):				
Transfers in			2,352	2,352
Transfers out			-	-
Total other financing sources (uses)	-	-	2,352	2,352
Net change in fund balances	-	-	(3,424)	(3,424)
FUND BALANCES:				
Beginning of year	105,579	105,579	105,579	-
End of year	\$ 105,579	\$ 105,579	\$ 102,155	\$ (3,424)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 1	\$ 1
Use of money and property	-	-	214	214
Total revenues	-	-	215	215
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	9,311	(9,311)
Capital outlay	-	-	204	(204)
Total expenditures	-	-	9,515	(9,515)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(9,300)	(9,300)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	3,348	3,348
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	3,348	3,348
Net change in fund balances	-	-	(5,952)	(5,952)
FUND BALANCES:				
Beginning of year	33,960	33,960	33,960	-
End of year	\$ 33,960	\$ 33,960	\$ 28,008	\$ (5,952)

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	99	99
Total revenues	-	-	99	99
EXPENDITURES:				
Current:				
Urban redevelopment and housing	-	-	142	(142)
Total expenditures	-	-	142	(142)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(43)	(43)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	71	71
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	71	71
Net change in fund balances	-	-	28	28
FUND BALANCES (DEFICITS):				
Beginning of year	12,982	12,982	12,982	-
End of year	\$ 12,982	\$ 12,982	\$ 13,010	\$ 28

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 448,000	\$ 448,000	\$ 487,840	\$ 39,840
Use of money and property	-	-	146	146
Total revenues	448,000	448,000	487,986	39,986
EXPENDITURES:				
Current:				
Urban redevelopment and housing	423,833	423,833	333,068	90,765
Total expenditures	423,833	423,833	333,068	90,765
REVENUES OVER (UNDER) EXPENDITURES	24,167	24,167	154,918	130,751
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	30	30
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	30	30
Net change in fund balances	24,167	24,167	154,948	130,781
FUND BALANCES (DEFICITS):				
Beginning of year	(139,825)	(139,825)	(139,825)	-
End of year	\$ (115,658)	\$ (115,658)	\$ 15,123	\$ 130,781

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, 2018

ASSETS	<u>Building Maintenance</u>	<u>Employee Benefits</u>	<u>Risk Management</u>
Current assets:			
Cash and investments	\$ 663,578	\$ 732,251	\$ 331,840
Receivables:			
Accounts	6,582	506	-
Interest	1,920	1,919	598
Prepaid expenses	-	-	3,750
Total current assets	<u>672,080</u>	<u>734,676</u>	<u>336,188</u>
Noncurrent assets:			
Capital assets, net	584,703	-	77,382
Total noncurrent assets	<u>584,703</u>	<u>-</u>	<u>77,382</u>
Total assets	<u>\$ 1,256,783</u>	<u>\$ 734,676</u>	<u>\$ 413,570</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 42,663	9,428	\$ 43,214
Accrued liabilities	6,838	1,629	-
Unearned revenue	-	-	-
Compensated absences - current portion	1,053	-	-
Due within one year - capital lease payable	-	-	-
Total current liabilities	<u>50,554</u>	<u>11,057</u>	<u>43,214</u>
Noncurrent liabilities:			
Compensated absences	15,130	-	-
Total liabilities	<u>65,684</u>	<u>11,057</u>	<u>43,214</u>
Net Position:			
Net investment in capital assets	584,703	-	77,382
Unrestricted	606,396	723,619	292,974
Total net position	<u>1,191,099</u>	<u>723,619</u>	<u>370,356</u>
Total liabilities and net position	<u>\$ 1,256,783</u>	<u>\$ 734,676</u>	<u>\$ 413,570</u>

Information Technology	Totals
\$ 125,116	\$ 1,852,785
-	7,088
309	4,746
51,645	55,395
<u>177,070</u>	<u>1,920,014</u>
281,983	944,068
<u>281,983</u>	<u>944,068</u>
<u>\$ 459,053</u>	<u>\$ 2,864,082</u>

\$ 2,700	\$ 98,005
-	8,467
-	-
-	1,053
-	-
<u>2,700</u>	<u>107,525</u>

-	15,130
<u>2,700</u>	<u>122,655</u>

281,983	944,068
<u>174,370</u>	<u>1,797,359</u>
<u>456,353</u>	<u>2,741,427</u>
<u>\$ 459,053</u>	<u>\$ 2,864,082</u>

City of Atwater, California
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2018

	Building Maintenance	Employee Benefits	Risk Management
OPERATING REVENUES:			
Interdepartmental charges	\$ 765,975	\$ 645,880	\$ 562,734
Other	0	27,635	23,645
Total operating revenues	765,975	673,515	586,379
OPERATING EXPENSES:			
Salaries and benefits	215,201	-	-
Contractual services	64,224	1,750	175,816
Materials and supplies	845	-	-
Repairs and maintenance	382,028	-	-
Insurance	-	670,760	371,678
Utilities	105,322	-	-
Other operating costs	3,996	-	11,491
Depreciation	49,099	-	3,269
Total operating expenses	820,715	672,510	562,254
OPERATING INCOME (LOSS)	(54,740)	1,005	24,125
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	5,422	5,507	1,705
Total non-operating revenues (expenses)	5,422	5,507	1,705
NET INCOME (LOSS) BEFORE TRANSFERS	(49,318)	6,512	25,830
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	-	-	-
Change in net position	(49,318)	6,512	25,830
NET POSITION:			
Beginning of year	1,240,417	717,107	344,526
End of year	<u>\$ 1,191,099</u>	<u>\$ 723,619</u>	<u>\$ 370,356</u>

Information Technology	Totals
\$ 391,680	\$ 2,366,269
-	51,280
<u>391,680</u>	<u>2,417,549</u>
-	215,201
233,012	474,802
-	845
-	382,028
-	1,042,438
-	105,322
107,024	122,511
59,557	111,925
<u>399,593</u>	<u>2,455,072</u>
<u>(7,913)</u>	<u>(37,523)</u>
858	13,492
<u>858</u>	<u>13,492</u>
(7,055)	(24,031)
-	-
-	-
<u>-</u>	<u>-</u>
(7,055)	(24,031)
<u>463,408</u>	<u>2,765,458</u>
<u>\$ 456,353</u>	<u>\$ 2,741,427</u>

City of Atwater, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2018

	Building Maintenance	Employee Benefits	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interfund services provided	\$ 760,132	\$ 674,298	\$ 586,379
Cash paid to suppliers for goods and services	(642,130)	(679,563)	(528,273)
Cash paid to employees for services	(214,000)	-	-
Net cash provided (used) by operating activities	(95,998)	(5,265)	58,106
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
(Acquisition)/Disposal of capital assets	3,923	-	-
Net cash (used) by capital and related financing activities	3,923	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	4,220	4,292	1,327
Net cash provided by investing activities	4,220	4,292	1,327
Net increase (decrease) in cash and cash equivalents	(87,855)	(973)	59,433
CASH AND CASH EQUIVALENTS:			
Beginning of year	751,433	733,224	272,407
End of year	\$ 663,578	\$ 732,251	\$ 331,840
Reconciliation of income from operations to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (54,740)	\$ 1,005	\$ 24,125
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	49,099	-	3,269
(Increase) decrease in current assets:			
Accounts receivable	(5,843)	783	-
Prepaid expenses	-	425	(3,750)
Increase (decrease) in liabilities:			
Accounts payable	(85,715)	(7,478)	34,462
Accrued liabilities	430	-	-
Compensated absences	771	-	-
Net cash provided by operating activities	\$ (95,998)	\$ (5,265)	\$ 58,106

Information Technology		Totals	
\$	391,680	\$	2,412,489
	(338,665)		(2,188,631)
	-		(214,000)
	<u>53,015</u>		<u>9,858</u>
	1		3,924
	<u>1</u>		<u>3,924</u>
	622		10,461
	<u>622</u>		<u>10,461</u>
	53,638		24,243
	71,478		1,828,542
\$	<u>125,116</u>	\$	<u>1,852,785</u>
\$	(7,913)	\$	(37,523)
	59,557		111,925
	-		(5,060)
	4,761		1,436
	(3,390)		(62,121)
	-		430
	-		771
\$	<u>53,015</u>	\$	<u>9,858</u>

City of Atwater, California
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2018

	<u>Sec 125 Medical</u>	<u>Sec 125 Dep Care</u>	<u>Community Facilities District #1</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 64	\$ 407	\$ 95,413	\$ 95,884
Receivables:				
Interest	-	-	272	272
Assessments	-	-	-	-
Due from other funds	-	-	407	407
Total assets	<u>\$ 64</u>	<u>\$ 407</u>	<u>\$ 96,092</u>	<u>\$ 96,563</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	407	-	407
Due to others	64	-	96,092	96,156
Total liabilities	<u>\$ 64</u>	<u>\$ 407</u>	<u>\$ 96,092</u>	<u>\$ 96,563</u>

City of Atwater, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
SECTION 125 MEDICAL				
ASSETS				
Cash and investments	\$ 240	\$ 64	\$ (240)	\$ 64
Due from other funds	-	-	-	-
Total assets	<u>\$ 240</u>	<u>\$ 64</u>	<u>\$ (240)</u>	<u>\$ 64</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to (from) others	240	64	(240)	64
Total liabilities	<u>\$ 240</u>	<u>\$ 64</u>	<u>\$ (240)</u>	<u>\$ 64</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	\$ 95,413	\$ (73,985)	\$ 95,413
Cash and investments held by trustees	-	-	-	-
Receivables:				
Interest	25	272	(25)	272
Assessments	2,373	-	(2,373)	-
Due from other funds	407	407	(407)	407
Total assets	<u>\$ 76,790</u>	<u>\$ 96,092</u>	<u>\$ (76,790)</u>	<u>\$ 96,092</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to (from) others	76,790	96,092	(76,790)	96,092
Total liabilities	<u>\$ 76,790</u>	<u>\$ 96,092</u>	<u>\$ (76,790)</u>	<u>\$ 96,092</u>

(continued)

City of Atwater, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

TOTAL OF ALL AGENCY FUNDS	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
ASSETS				
Cash and investments	\$ 74,225	\$ 95,884	\$ (74,225)	\$ 95,884
Cash and investments held by trustees	-	-	-	-
Receivables:				
Interest	25	272	(25)	272
Assessments	2,373	-	(2,373)	-
Due from other funds	407	407	(407)	407
Total assets	<u>\$ 77,030</u>	<u>\$ 96,563</u>	<u>\$ (77,030)</u>	<u>\$ 96,563</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	407	-	407
Due to (from) others	77,030	96,156	(77,030)	96,156
Total liabilities	<u>\$ 77,030</u>	<u>\$ 96,563</u>	<u>\$ (77,030)</u>	<u>\$ 96,563</u>

(concluded)

SUPPLEMENTAL SCHEDULE

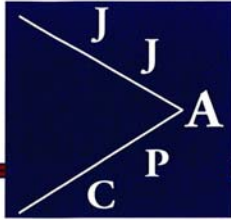
City of Atwater, California
Schedule of Debt Service Coverage
June 30, 2018 and 2017

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.

	2018	2017
Service charges	\$ 11,775,192	\$ 11,778,118
Connection fees	527,256	313,413
Total service charges	<u>12,302,448</u>	<u>12,091,531</u>
Investment income	104,834	84,678
Other income	3,336	-
Total miscellaneous revenue	<u>108,170</u>	<u>84,678</u>
Total Revenue	<u>\$ 12,410,618</u>	<u>\$ 12,176,209</u>
Personnel costs	577,022	527,664
Supplies (1)	82,912	89,332
Professional Services (2)	1,614,393	1,581,209
Wastewater Treatment Plant Mgmt. Service (3)	1,922,091	1,831,758
Other Charges (1), (4)	389,256	456,251
Total Operations and Maintenance	<u>4,585,674</u>	<u>4,486,214</u>
Net Revenue Available For Debt Service	<u>\$ 7,824,944</u>	<u>\$ 7,689,995</u>
Debt service:		
2008 Wastewater Bond	\$ 1,347,856	\$ 1,348,781
2010 Wastewater Bond	3,244,030	3,245,030
2011 Wastewater Bond	683,100	683,700
Total debt service	<u>\$ 5,274,986</u>	<u>\$ 5,277,511</u>
Net Revenue After Debt Service		
Calculated coverage	<u>1.48</u>	<u>1.46</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, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 9, 2019.

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.

May 9, 2019

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA